

**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 December 31, 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  
Ordinary Shares, nil par value

Trading Symbol  
QTNT

Name of each exchange on which registered  
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 February 2, 2022, there were 102,599,121 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 \$21.4 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/A 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](http://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](http://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)

	December 31, 2021	March 31, 2021
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 85,060	\$ 45,673
Short-term investments	18,719	65,999
Trade accounts receivable, net	6,146	5,323
Inventories	22,759	22,011
Prepaid expenses and other current assets	6,771	4,870
<b>Total current assets</b>	<b>139,455</b>	<b>143,876</b>
Restricted cash	8,309	9,024
Property and equipment, net	34,950	39,071
Operating lease right-of-use assets	20,405	22,011
Intangible assets, net	553	619
Deferred income taxes	240	255
Other non-current assets	4,864	4,956
<b>Total assets</b>	<b>\$ 208,776</b>	<b>\$ 219,812</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 3,253	\$ 4,659
Accrued compensation and benefits	7,155	12,343
Accrued expenses and other current liabilities	10,037	14,009
Current portion of long-term debt	—	24,167
Current portion of operating lease liability	3,113	3,446
Current portion of finance lease obligation	617	835
<b>Total current liabilities</b>	<b>24,175</b>	<b>59,459</b>
Long-term debt, less current portion	228,670	145,059
Derivative liabilities	28,984	—
Operating lease liability, less current portion	20,093	20,907
Finance lease obligation, less current portion	408	445
Deferred income taxes	2,216	1,152
Defined benefit pension plan obligation	7,577	6,896
7% Cumulative redeemable preference shares	22,263	21,475
<b>Total liabilities</b>	<b>334,386</b>	<b>255,393</b>
Commitments and contingencies		
<b>Shareholders' equity (deficit):</b>		
Ordinary shares (nil par value) 102,510,717 and 101,264,412 issued and outstanding at December 31, 2021 and March 31, 2021 respectively	540,732	540,813
Additional paid in capital	45,117	38,116
Accumulated other comprehensive loss	(12,329)	(14,598)
Accumulated deficit	(699,130)	(599,912)
<b>Total shareholders' equity (deficit)</b>	<b>(125,610)</b>	<b>(35,581)</b>
<b>Total liabilities and shareholders' equity (deficit)</b>	<b>\$ 208,776</b>	<b>\$ 219,812</b>

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 December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
<b>Revenue:</b>				
Product sales	10,172	\$ 8,740	\$ 28,497	\$ 26,207
Other revenues	—	11	231	7,534
<b>Total revenue</b>	<u>10,172</u>	<u>8,751</u>	<u>28,728</u>	<u>33,741</u>
Cost of revenue	(7,928)	(4,970)	(17,579)	(14,883)
<b>Gross profit</b>	<u>2,244</u>	<u>3,781</u>	<u>11,149</u>	<u>18,858</u>
<b>Operating expenses:</b>				
Sales and marketing	(2,878)	(2,283)	(8,011)	(6,757)
Research and development, net of government grants	(13,260)	(14,350)	(42,545)	(38,508)
General and administrative expense:				
Compensation expense in respect of share options and management equity incentives	(2,319)	(1,214)	(5,546)	(3,498)
Other general and administrative expenses	(15,038)	(7,524)	(32,009)	(24,334)
Total general and administrative expense	(17,357)	(8,738)	(37,555)	(27,832)
<b>Total operating expense</b>	<u>(33,495)</u>	<u>(25,371)</u>	<u>(88,111)</u>	<u>(73,097)</u>
<b>Operating loss</b>	<u>(31,251)</u>	<u>(21,590)</u>	<u>(76,962)</u>	<u>(54,239)</u>
<b>Other (expense) income:</b>				
Interest expense, net	(9,559)	(9,404)	(21,914)	(22,632)
Other, net	(3,507)	617	677	6,179
<b>Other expense, net</b>	<u>(13,066)</u>	<u>(8,787)</u>	<u>(21,237)</u>	<u>(16,453)</u>
<b>Loss before income taxes</b>	<u>(44,317)</u>	<u>(30,377)</u>	<u>(98,199)</u>	<u>(70,692)</u>
Provision for income taxes	(504)	(1,303)	(1,019)	(999)
<b>Net loss</b>	<u>\$ (44,821)</u>	<u>\$ (31,680)</u>	<u>\$ (99,218)</u>	<u>\$ (71,691)</u>
<b>Other comprehensive income (loss):</b>				
Change in fair value of foreign currency cash flow hedges	\$ (37)	\$ 295	\$ (380)	\$ 571
Change in unrealized gain on short-term investments	—	111	(193)	(372)
Foreign currency gain (loss)	788	1,606	2,798	(2,026)
Provision for pension benefit obligation	15	13	44	(135)
<b>Other comprehensive loss, net</b>	<u>766</u>	<u>2,025</u>	<u>2,269</u>	<u>(1,962)</u>
<b>Comprehensive loss</b>	<u>\$ (44,055)</u>	<u>\$ (29,655)</u>	<u>\$ (96,949)</u>	<u>\$ (73,653)</u>
Net loss available to ordinary shareholders - basic and diluted	\$ (44,821)	\$ (31,680)	\$ (99,218)	\$ (71,691)
Loss per share - basic and diluted	\$ (0.44)	\$ (0.31)	\$ (0.98)	\$ (0.81)
Weighted-average shares outstanding - basic and diluted	102,127,141	101,016,040	101,695,746	88,512,823

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' Equity (Deficit)
	Shares	Amount				
<b>September 30, 2021</b>	<u>101,591,632</u>	<u>\$ 540,733</u>	<u>\$ 41,343</u>	<u>\$ (13,095)</u>	<u>\$ (654,309)</u>	<u>\$ (85,328)</u>
Issue of shares upon exercise of incentive share options and vesting of RSUs	50,643	(1)	—	—	—	(1)
Issue of Consent Shares associated with Senior Secured Note modification	868,442	—	2,263	—	—	2,263
Net loss	—	—	—	—	(44,821)	(44,821)
Change in the fair value of foreign currency cash flow hedges	—	—	—	(37)	—	(37)
Change in unrealized gain on short-term investments	—	—	—	—	—	—
Foreign currency cumulative translation adjustment	—	—	—	788	—	788
Provision for pension benefit obligation	—	—	—	15	—	15
Other comprehensive loss	—	—	—	766	—	766
Stock-based compensation	—	—	1,511	—	—	1,511
<b>December 31, 2021</b>	<u>102,510,717</u>	<u>\$ 540,732</u>	<u>\$ 45,117</u>	<u>\$ (12,329)</u>	<u>\$ (699,130)</u>	<u>\$ (125,610)</u>
	Ordinary shares		Additional paid in capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount				
<b>March 31, 2021</b>	<u>101,264,412</u>	<u>\$ 540,813</u>	<u>\$ 38,116</u>	<u>\$ (14,598)</u>	<u>\$ (599,912)</u>	<u>\$ (35,581)</u>
Issue of shares upon exercise of incentive share options and vesting of RSUs	377,863	(81)	—	—	—	(81)
Issue of Consent Shares associated with Senior Secured Note modification	868,442	—	2,263	—	—	2,263
Net loss	—	—	—	—	(99,218)	(99,218)
Change in the fair value of foreign currency cash flow hedges	—	—	—	(380)	—	(380)
Change in unrealized gain on short-term investments	—	—	—	(193)	—	(193)
Foreign currency cumulative translation adjustment	—	—	—	2,798	—	2,798
Provision for pension benefit obligation	—	—	—	44	—	44
Other comprehensive loss	—	—	—	2,269	—	2,269
Stock-based compensation	—	—	4,738	—	—	4,738
<b>December 31, 2021</b>	<u>102,510,717</u>	<u>\$ 540,732</u>	<u>\$ 45,117</u>	<u>\$ (12,329)</u>	<u>\$ (699,130)</u>	<u>\$ (125,610)</u>

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

	Ordinary shares		Additional paid in capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount				
<b>September 30, 2020</b>	<u>100,965,451</u>	<u>540,769</u>	<u>35,416</u>	<u>(16,659)</u>	<u>(528,891)</u>	<u>30,635</u>
Issue of shares, net of issue costs of \$5,565	—	—	—	—	—	—
Issue of shares upon exercise of incentive share options and vesting of RSUs	110,394	50	—	—	—	50
Net loss	—	—	—	—	(31,680)	(31,680)
Change in fair value of the effective portion of foreign currency cash flow hedges	—	—	—	295	—	295
Change in unrealized gain in short-term investments	—	—	—	111	—	111
Foreign currency cumulative translation adjustment	—	—	—	1,606	—	1,606
Provision for pension benefit obligation	—	—	—	13	—	13
Other comprehensive loss	—	—	—	2,025	—	2,025
Stock-based compensation	—	—	1,214	—	—	1,214
<b>December 31, 2020</b>	<u>101,075,845</u>	<u>540,819</u>	<u>36,630</u>	<u>(14,634)</u>	<u>(560,571)</u>	<u>2,244</u>
	Ordinary shares		Additional paid in capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount				
<b>March 31, 2020</b>	<u>80,398,326</u>	<u>459,931</u>	<u>33,132</u>	<u>(12,672)</u>	<u>(488,880)</u>	<u>(8,489)</u>
Issue of shares, net of issue costs of \$5,565	20,294,117	80,685	—	—	—	80,685
Issue of shares upon exercise of incentive share options and vesting of RSUs	383,402	203	—	—	—	203
Net loss	—	—	—	—	(71,691)	(71,691)
Change in fair value of the effective portion of foreign currency cash flow hedges	—	—	—	571	—	571
Change in unrealized gain in short-term investments	—	—	—	(372)	—	(372)
Foreign currency cumulative translation adjustment	—	—	—	(2,026)	—	(2,026)
Provision for pension benefit obligation	—	—	—	(135)	—	(135)
Other comprehensive loss	—	—	—	(1,962)	—	(1,962)
Stock-based compensation	—	—	3,498	—	—	3,498
<b>December 31, 2020</b>	<u>101,075,845</u>	<u>540,819</u>	<u>36,630</u>	<u>(14,634)</u>	<u>(560,571)</u>	<u>2,244</u>

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)

	Nine months ended December 31,	
	2021	2020
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (99,218)	\$ (71,691)
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>		
Depreciation, amortization and loss on disposal of fixed assets	5,696	6,354
Share-based compensation	4,738	3,498
Increase in deferred lease rentals	505	512
Swiss pension obligation	493	776
Amortization of deferred debt issue costs and discount	6,377	9,728
Change in fair value of derivative liabilities	(3,926)	—
Accrued preference share dividends	788	788
Income taxes	1,109	999
<b>Net change in assets and liabilities:</b>		
Trade accounts receivable, net	(879)	1,268
Inventories	(468)	(1,218)
Accounts payable and accrued liabilities	(3,805)	(4,601)
Accrued compensation and benefits	(5,239)	(2,825)
Other assets	(2,344)	(330)
<b>Net cash used in operating activities</b>	<b>(96,173)</b>	<b>(56,742)</b>
<b>INVESTING ACTIVITIES:</b>		
Increase in short-term investments	(4,500)	(72,247)
Realization of short-term investments	51,425	57,683
Purchase of property and equipment	(2,282)	(3,602)
<b>Net cash provided by investing activities</b>	<b>44,643</b>	<b>(18,166)</b>
<b>FINANCING ACTIVITIES:</b>		
Repayment of finance leases	(528)	(491)
Proceeds from issuance of long-term debt	104,222	—
Debt issuance costs	(3,732)	—
Repayment of long-term debt	(12,083)	—
(Cost of) proceeds from issuance of ordinary shares and warrants	(81)	80,888
<b>Net cash provided by financing activities</b>	<b>87,798</b>	<b>80,397</b>
Effect of exchange rate fluctuations on cash and cash equivalents	2,404	(5,982)
Change in cash and cash equivalents	38,672	(493)
Beginning cash and cash equivalents	54,697	12,940
Ending cash and cash equivalents	<u>\$ 93,369</u>	<u>\$ 12,447</u>
<b>Supplemental cash flow disclosures:</b>		
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	85,060	3,401
Restricted cash	8,309	9,046
<b>Total cash, cash equivalents and restricted cash</b>	<b><u>\$ 93,369</u></b>	<b><u>\$ 12,447</u></b>

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of U.S. Dollars — except for share data and per share data, unless otherwise stated)

### 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/A for the year then ended. The results of operations for the three month and nine month period ended December 31, 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 \$699.1 million as of December 31, 2021. At December 31, 2021, the Company had available cash holdings and short-term investments of \$103.8 million. These holdings include \$18.7 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 and are subject to significant valuation uncertainty. The Company has 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 December 31, 2021, that would indicate further impairments were required.

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.

The Company has expenditure plans over the twelve months from the date these financial statements are issued that exceed its current cash and short-term investment balances, raising substantial doubt about its ability to continue as a going concern. 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. The Company’s Directors are confident in the availability of these funding sources and accordingly have prepared the financial statements on the going concern basis. However, there can be no assurance the Company will be able to obtain adequate financing when necessary and the terms of any financings may not be advantageous to the Company and may result in dilution to its shareholders.

#### *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 December 31, 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 \$309 and \$324 at December 31, 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 \$89.0 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 \$89.0 million, the Company received \$2.2 million of distributions during the three month period ended December 31, 2021, and \$31.9 million during the nine months December 31, 2021. 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 December 31, 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 December 31, 2021 and March 31, 2021.

### ***Revenue Recognition***

In the three and nine month periods ended December 31, 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 December 31, 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 Annual Report on Form 10-K/A for the fiscal year ended March 31, 2021.

### ***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

Total debt comprises:

	December 31, 2021	March 31, 2021
Secured Notes	\$ 132,917	\$ 145,000
Debt discount, net of amortization	(14,899)	(11,127)
Deferred debt costs, net of amortization	(2,929)	(4,261)
Carrying value Secured Notes	115,089	129,612
Royalty liability	38,001	39,614
Convertible Notes	105,000	—
Debt discount, net of amortization	(26,075)	—
Deferred debt costs, net of amortization	(3,345)	—
Carrying value Convertible Notes	75,580	—
Total Debt	\$ 228,670	\$ 169,226

The Company's debt at December 31, 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. As of March 31, 2021, the Company's long term debt, included \$24,167 of principal payments due within 1 year which is classified as current within the balance sheet.

#### 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 were due on each April 15 and October 15 until April 15, 2024 pursuant to a fixed amortization schedule.

On October 13, 2021, the Company received consents from all of the holders (the "Consenting Holders") of its Secured Notes issued pursuant to the Indenture, dated as of October 14, 2016 (as subsequently amended, the "Indenture"), by and among the Company, the guarantors party thereto and U.S. Bank National Association, a national banking association, as trustee and collateral agent, to certain amendments to the indenture governing the Secured Notes (the "Indenture Amendments") pursuant to the fourth supplemental indenture, dated as of October 13, 2021 (the "Fourth Supplemental Indenture").

The Indenture Amendments include an 18-month extension of the final maturity of the Secured Notes to October 2025 and a revision of the Notes' principal amortization schedule (which previously required semi-annual payments of principal beginning April 2021) to commence April 2023. The revised amortization schedule will defer approximately \$60 million of principal payments previously required to be made between April 2021 and April 2023. The Indenture Amendments also change the redemption prices for Notes

redeemed pursuant to the optional redemption provisions of the Indenture. The Secured Notes may be redeemed from and after October 14, 2021 at redemption prices beginning at 106% of par and declining over time to 100.0% for redemptions occurring from and after April 14, 2024.

The interest rate on the Notes and the financial and other covenants in the Indenture remain unchanged.

In consideration for the Consenting Holders' consents to the Indenture Amendments, the Company agreed among other things to issue them (i) an aggregate of 932,772 of the Company's ordinary shares, nil par value per share (the "Consent Shares") and (ii) 5-year warrants to purchase an aggregate of 1,844,020 of the Company's ordinary shares for \$4 per share (the "Consent Warrants"). The Company filed a registration statement with the SEC covering resales of the Consent Shares and the shares issuable on exercise of the Consent Warrants. The fair value of Consent Shares not yet issued are included in accrued expenses and other current liabilities and the fair value of Consent Warrants is included in derivative liabilities within our condensed consolidated balance sheet. Changes in fair value are recognized within other, net in the accompanying consolidated financial statements.

The new principal amortization schedule of the Secured Notes is as follows:

<u>Payment Date</u>	<u>Amount</u>
April 15, 2023	\$12,100,000
October 15, 2023	\$18,100,000
April 15, 2024	\$24,200,000
October 15, 2024	\$24,200,000
April 15, 2025	\$24,200,000
October 15, 2025	The principal balance then outstanding

### ***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 were estimated at \$68.4 million at December 31, 2021, and \$106.5 million at March 31, 2021. The royalty rights agreements are accounted for separately as freestanding financial instruments. Consideration received for the debt and royalty rights was allocated to each component on a relative fair value basis. The difference between the relative fair value of the royalty rights agreements and the principle on the Secured Notes is accounted for as debt discount and amortized through non-cash interest expense over the life of the Secured Notes. 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 royalty liability. The decrease in value of the future cash outflows under the royalty rights agreement as of December 31, 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 December 31, 2021, accrued interest of \$635 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 nine months ended December 31, 2021, the total interest expense was \$6.0 million with coupon interest of \$3.0 million and the amortization of debt discount and issuance costs of \$3.0 million. For the three months ended December 31, 2021, the total interest expense was \$2.5 million with coupon interest of \$1.3 million and the amortization of debt discount and issuance costs of \$1.2 million.

#### Note 4. Consolidated Balance Sheet Detail

##### *Inventory*

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

	December 31, 2021	March 31, 2021
Raw materials	\$ 9,173	\$ 9,189
Work in progress	7,798	9,105
Finished goods	5,788	3,717
Total inventories	<u>\$ 22,759</u>	<u>\$ 22,011</u>

Inventory at December 31, 2021 included \$5,584 of raw materials, \$4,510 of work in progress and \$3,643 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. During the three months ended December 31, 2021 the Company recorded inventory provisions of \$2.5 million in respect of certain raw materials and work-in-progress items related to the MosaiQ project following evaluation of the Company's current estimated manufacturing costs and the initial market price.

##### *Accrued expenses and other current liabilities*

Accrued expenses and other current liabilities consist of the following:

	December 31, 2021	March 31, 2021
Accrued legal and professional fees	\$ 1,176	\$ 1,005
Accrued interest	4,032	8,009
Goods received not invoiced	2,360	1,722
Accrued capital expenditure	113	1,201
Other accrued expenses	2,356	2,072
Total accrued expenses and other current liabilities	<u>\$ 10,037</u>	<u>\$ 14,009</u>

#### Note 5. Commitments and contingencies

##### *Hedging arrangements*

The Company's subsidiary in the United Kingdom ("UK") has entered into 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 December 31, 2021, and similar contracts in place at March 31, 2021, amounted to a liability of \$25 and an asset of \$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:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Pension plan assets <sup>(1)</sup>	\$ —	\$ 26,068	\$ —	\$ 26,068
Short-term investments <sup>(2)</sup>	—	—	—	—
Total assets measured at fair value	\$ —	\$ 26,068	\$ —	\$ 26,068
<b>December 31, 2021</b>				
	Level 1	Level 2	Level 3	Total
<b>Liabilities:</b>				
Foreign currency forward contracts <sup>(3)</sup>	\$ —	\$ 25	\$ —	\$ 25
Convertible loan derivatives <sup>(4)</sup>	—	25,040	—	25,040
Debt related Consent Warrants <sup>(5)</sup>	—	3,944	—	3,944
Debt related Consent Shares	166	—	—	166
Total liabilities measured at fair value	\$ 166	\$ 29,009	\$ —	\$ 29,175
<b>March 31, 2021</b>				
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Pension plan assets <sup>(1)</sup>	\$ —	\$ 15,751	\$ —	\$ 15,751
Short-term investments <sup>(2)</sup>	—	15,000	—	15,000
Foreign currency forward contracts <sup>(3)</sup>	—	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 March 31, 2021, relate to investments made in a Treasury Money Market Fund. Quotient sold these investments during the quarter ended September 30, 2021
- (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.
- (5) The fair value of the Consent Warrants has been determined by utilizing a Black-Scholes model using market-based observable inputs such as historical share prices for Quotient Limited, quotations for US treasury interest rates, 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 \$89.0 million. Of this \$89.0 million, the Company received \$2.2 million of distributions during the three month period ended December 31, 2021 and \$31.9 million during the nine month period ended December 31, 2021. 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 December 31, 2021 that would indicate further impairments were required. The carrying value of the investments at December 31, 2021 was \$18.7 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 \$275 and \$638 in the nine month periods ended December 31, 2021 and December 31, 2020, respectively. The amount of these unrealized gains reclassified to earnings were \$193 and \$1,010 in the nine month periods ended December 31, 2021 and December 31, 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		Par value
	December 31, 2021	March 31, 2021	
Ordinary shares	102,510,717	101,264,412	\$ —
Total	102,510,717	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	
	December 31, 2021	March 31, 2021	December 31, 2021	March 31, 2021
7% Cumulative Redeemable Preference shares	666,665	666,665	\$ 33.39	\$ 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 \$2,319 and \$1,214 in the quarters ended December 31, 2021 and December 31, 2020, respectively, and \$5,546 and \$3,498 in the nine month periods ended December 31, 2021 and December 31, 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	1,800,622	3.32	120
Exercised	(4,837)	1.44	—
Forfeited	(598,629)	6.29	—
Outstanding — December 31, 2021	3,007,941	\$ 5.36	88
Exercisable — December 31, 2021	1,379,923	\$ 7.79	58

The closing price of the Company’s ordinary shares on the Nasdaq Global Market at December 31, 2021 was \$2.59.

The following table summarizes the options granted in the nine month period ended December 31, 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
August 1, 2021	118,734	3.41	3.41	2.21
August 3, 2021	4,556	3.38	3.38	2.20
September 1, 2021	36,813	3.07	3.07	2.01
October 4, 2021	147,134	2.72	2.72	1.79
October 5, 2021	235,477	2.91	2.91	1.91
October 31, 2021	144,240	2.53	2.53	1.66
November 19, 2021	123,267	2.08	2.08	1.37

- (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. During the quarter ended December 31, 2021, 138,227 of the stock options originally granted to Mr. Méndez were cancelled and cash settled in connection with an amendment to his employment agreement with the Company and shown as forfeited in the share option activity table.

##### 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 nine months ended December 31, 2021 and December 31, 2020 amounted to \$3.9 million and \$0.9 million, 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 weighted-average assumptions applicable to the share options issued during the nine month period ended December 31, 2021 is as follows:

Risk-free interest rate	1.60 %
Expected lives (years)	6
Volatility	74.46 %
Dividend yield	—
Grant date fair value (per share)	\$ 3.32
Number granted	1,800,622

A summary of the RSUs in issue at December 31, 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	2,266,103	14	N/A
RSUs subject to milestone and performance based vesting	1,097,398	N/A	N/A

At December 31, 2021, 2,266,103 RSUs were subject to time-based vesting and the weighted average remaining vesting period was 14 months. In addition, 46,031 RSUs were subject to vesting based on the achievement of various business milestones related mainly to the development, approval and marketing of MosaiQ. 1,051,367 RSUs were subject to vesting based on the achievement of financial objectives in the year 2024. During the quarter ended December 31, 2021, 181,159 of the outstanding RSUs were cancelled and cash settled in connection with an amendment to the employment agreement between Mr. Méndez and the Company. The Company recognized \$820 in stock compensation related to the cash settlement of Mr. Mendez's RSU and stock options described above.

#### 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 December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Income tax expense at statutory rate	\$ —	\$ —	\$ —	\$ —
Impact of tax uncertainties	—	(1,455)	—	(1,455)
Tax rate change	—	—	(335)	—
Foreign tax rate differential	816	155	2,736	1,737
Increase in valuation allowance against deferred tax assets	(1,320)	(3)	(3,420)	(1,281)
Provision for income tax	\$ (504)	\$ (1,303)	\$ (1,019)	\$ (999)

**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 December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Employer service cost	622	\$ 620	\$ 1,874	\$ 1,818
Interest cost	22	33	66	95
Expected return on plan assets	(76)	(62)	(228)	(183)
Amortization of prior service credit	14	13	44	40
Amortization of net loss		—		—
Net pension cost	<u>\$ 582</u>	<u>\$ 604</u>	<u>\$ 1,756</u>	<u>\$ 1,770</u>

The employer contributions for the nine month ended December 31, 2021 and December 31, 2020 were \$1,263 and \$995, 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, the ordinary shares issuable upon vesting of the RSUs, and the ordinary shares issuable on conversion of Convertible Notes.

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

	Quarter ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
<b>Numerator:</b>				
Net loss	\$ (44,821)	\$ (31,680)	\$ (99,218)	\$ (71,691)
Net loss available to ordinary shareholders - basic and diluted	(44,821)	(31,680)	(99,218)	(71,691)
<b>Denominator:</b>				
Weighted-average shares outstanding - basic and diluted	102,127,141	101,016,040	101,695,746	88,512,823
Loss per share - basic and diluted	\$ (0.44)	\$ (0.31)	\$ (0.98)	\$ (0.81)

The following table sets out the numbers of ordinary shares excluded from the above computation of earnings per share at December 31, 2021 and December 31, 2020 as their inclusion would have been anti-dilutive:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Ordinary shares issuable on conversion of Senior Convertible Notes at \$5.67 per share	18,518,514	-
Restricted share units awarded	3,363,501	854,422
Ordinary shares issuable on exercise of options to purchase ordinary shares	3,007,941	1,899,280
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
Ordinary shares issuable on exercise of Consent Warrants at \$4.00 per share	1,844,020	-
Consent Shares not yet issued	64,330	-
Total	<u>26,973,831</u>	<u>2,929,227</u>

## 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/A for the year ended March 31, 2021 filed with the SEC on November 15, 2021.*

*The information set forth and discussed below for the quarters ended December 31, 2021 and December 31, 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/A 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 426 employees in the United Kingdom, Switzerland and the United States, as of December 31, 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 46% of total revenue during the nine month period ended December 31, 2021 and 30% during the nine month period ended December 31, 2020.

We have incurred net losses and negative cash flows from operations in each year since we commenced operations in 2007. As of December 31, 2021, we had an accumulated deficit of \$699.1 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 nine month period ended December 31, 2021, our total revenue was \$28.7 million and our net loss was \$99.2 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 December 31, 2021, we had available cash, cash equivalents and short-term investments of \$103.8 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/A for the year ended March 31, 2021

filed with the SEC on November 15, 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.
- 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. Subsequent governmental restrictions implemented towards the end of 2020 impacted our ability to conduct these trials. 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.
- Ongoing Regulatory Approval Process – we submitted the European regulatory dossier for the expanded MosaiQ IH Microarray in November 2021. We continue to expect to receive the CE mark for the expanded MosaiQ IH Microarray by the end of the first quarter of calendar year 2022. We expect FDA submission by mid-year 2022. The expanded immunohematology microarray will require BLA for US and the anticipated timeline of approval is between 15-18 months depending on the agency. 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 fourth quarter of calendar year 2022.
- 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 make a European regulatory submission in the second half 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/A for the year ended March 31, 2021 filed with the SEC on November 15, 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. On December 22, 2021, the Company requested the FDA revoke our EUA for this Microarray which was accepted on January 11, 2022. Revocation was done in order for the Company to focus resources on the development of our other products.

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 nine months ended December 31, 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 65% and 69% for the nine month periods ended December 31, 2021 and December 31, 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 debt discount and 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, warrant liabilities 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, Euros, and U.S. Dollars depending on the entity.

Provision for income taxes in the nine month periods ended December 31, 2021 and 2020, reflected the taxes chargeable on the taxable income of our subsidiaries.

## Results of Operations

### Comparison of the Quarters ended December 31, 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 December 31,				Change	
	2021		2020		Amount	%
	Amount	% of revenue	Amount	% of revenue		
	(in thousands, except percentages)					
<b>Revenue:</b>						
Product sales	\$ 10,172	100 %	\$ 8,740	100 %	\$ 1,432	16 %
Other revenues	—	0 %	11	0 %	(11)	-100 %
<b>Total revenue</b>	<b>10,172</b>	<b>100 %</b>	<b>8,751</b>	<b>100 %</b>	<b>1,421</b>	<b>16 %</b>
Cost of revenue	7,928	78 %	4,970	57 %	2,958	60 %
<b>Gross profit</b>	<b>2,244</b>	<b>22 %</b>	<b>3,781</b>	<b>43 %</b>	<b>(1,537)</b>	<b>-41 %</b>
<b>Operating expenses:</b>						
Sales and marketing	2,878	28 %	2,283	26 %	595	26 %
Research and development	13,260	130 %	14,350	164 %	(1,090)	-8 %
General and administrative	17,357	171 %	8,738	100 %	8,619	99 %
<b>Total operating expenses</b>	<b>33,495</b>	<b>329 %</b>	<b>25,371</b>	<b>290 %</b>	<b>8,124</b>	<b>32 %</b>
<b>Operating loss</b>	<b>(31,251)</b>	<b>-307 %</b>	<b>(21,590)</b>	<b>-247 %</b>	<b>(9,661)</b>	<b>45 %</b>
<b>Other (expense) income:</b>						
Interest expense, net	(9,559)	-94 %	(9,404)	-107 %	(155)	2 %
Other, net	(3,507)	-34 %	617	7 %	(4,124)	-668 %
<b>Total other expense, net</b>	<b>(13,066)</b>	<b>-128 %</b>	<b>(8,787)</b>	<b>-100 %</b>	<b>(4,279)</b>	<b>49 %</b>
<b>Loss before income taxes</b>	<b>(44,317)</b>	<b>-436 %</b>	<b>(30,377)</b>	<b>-347 %</b>	<b>(13,940)</b>	<b>46 %</b>
Provision for income taxes	(504)	—	(1,303)	—	799	-61 %
<b>Net loss</b>	<b>\$ (44,821)</b>	<b>-441 %</b>	<b>\$ (31,680)</b>	<b>-362 %</b>	<b>\$ (13,141)</b>	<b>41 %</b>

## Revenue

Total revenue for the quarter ended December 31, 2021 increased by 16% to \$10.2 million, compared with \$8.8 million for the quarter ended December 31, 2020. Product sales for the quarter ended December 31, 2021 increased by 16% to \$10.2 million, compared with \$8.7 million for the quarter ended December 31, 2020. The increase in product sales was attributable to growth in incremental direct sales of conventional reagent products to an OEM customer. Other revenues for the quarter ended December 31, 2020 related to a small development project for an OEM customer.

Products sold by standing purchase order were 63% of product sales for the quarter ended December 31, 2021, compared with 70% for the quarter ended December 31, 2020.

The table below sets forth revenue by product group:

	Quarter ended December 31,				Change	
	2021		2020			
	Amount	% of revenue	Amount	% of revenue	Amount	%
(in thousands, except percentages)						
<b>Revenue:</b>						
Product sales - OEM customers	\$ 7,174	71 %	\$ 5,536	63 %	\$ 1,638	30 %
Product sales - direct customers and distributors	\$ 2,983	29 %	2,846	33 %	137	5 %
Product sales - MosaiQ	15	0 %	358	4 %	(343)	-96 %
Other revenues	—	0 %	11	0 %	(11)	-100 %
Total revenue	<u>\$ 10,172</u>	<u>100 %</u>	<u>\$ 8,751</u>	<u>100 %</u>	<u>\$ 1,421</u>	<u>16 %</u>

**OEM Sales.** Product sales to OEM customers increased 30% to \$7.2 million for the quarter ended December 31, 2021, compared with \$5.5 million for the quarter ended December 31, 2020. The increase was attributable to growth in incremental sales of conventional reagent products.

**Direct Sales to Customers and Distributors.** Product sales directly to customers and distributors of \$3.0 million for the quarter ended December 31, 2021 increased by \$0.1 million compared with \$2.8 million for the quarter ended December 31, 2020. This increase was due to increased direct sales in the United States which increased by \$0.1 million in the quarter ended December 31, 2021 from \$2.6 million in the quarter ended December 31, 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 December 31, 2021 and December 31, 2020 consisted of revenues from our MosaiQ COVID-19 Microarray which decreased due to change in demand related to the COVID-19 pandemic.

**Other Revenues.** In the quarter ended December 31, 2020, other revenues related to a small development project for an OEM customer.

### Cost of revenue and gross margin

Cost of revenue increased by 60% to \$7.9 million for the quarter ended December 31, 2021 compared with \$5.0 million for the quarter ended December 31, 2020. The increase was driven by a \$2.5 million write-down of certain raw materials and work in process associated with MosaiQ to net realizable value and an increase in sales volumes.

Gross profit on total revenue for the quarter ended December 31, 2021 was \$2.2 million, a decrease of 41% when compared with \$3.8 million for the quarter ended December 31, 2020. The decrease was mainly attributable to the write-down of inventory explained above.

Gross profit on product sales, which excludes other revenues, was \$2.2 million for the quarter ended December 31, 2021, a decrease of 41% when compared with \$3.8 million for the quarter ended December 31, 2020. This decrease was mainly attributable to the write-down of inventory explained above and offset partially by sales of higher margin products in the quarter.

Gross margin on product sales, which excludes other revenues, was 22% for the quarter ended December 31, 2021 compared with 43% for the quarter ended December 31, 2020.

### Sales and marketing expenses

Sales and marketing expenses were \$2.9 million for the quarter ended December 31, 2021, compared with \$2.3 million for the quarter ended December 31, 2020. This increase was attributable to greater personnel and other expenses related to the planned commercial launch of MosaiQ and in travel related costs. As a percentage of total revenue, sales and marketing expenses were 28% for the quarter ended December 31, 2021 compared to 26% for the quarter ended December 31, 2020.

#### *Research and development expenses*

Research and development expenses decreased by 8% to \$13.3 million for the quarter ended December 31, 2021 compared with \$14.4 million for the quarter ended December 31, 2020. The decrease in research and development expenses is driven by a \$2.0 million impairment recorded in the quarter ended December 31, 2020 with respect to certain raw materials and work-in-progress items following evaluation of further development data and corresponding changes in our manufacturing processes compared to \$1.0 million recorded in the quarter ended December 31, 2021.

#### *General and administrative expenses*

General and administrative expenses increased by 99% to \$17.4 million for the quarter ended December 31, 2021, compared with \$8.7 million for the quarter ended December 31, 2020. This increase was attributable to additional costs, including stock compensation charges, associated with changes in company management as well as fees incurred to refinance our debt during the quarter ended December 31, 2021. We recognized \$2.3 million of stock compensation expense in the quarter ended December 31, 2021 compared with \$1.2 million in the quarter ended December 31, 2020. As a percentage of total revenue, general and administrative expenses were 171% for the quarter ended December 31, 2021 compared to 100% for the quarter ended December 31, 2020.

#### *Other (expense) income*

Net interest expense was \$9.6 million for the quarter ended December 31, 2021 compared with \$9.4 million for the quarter ended December 31, 2020. Interest expense in the quarter ended December 31, 2021 included \$6.8 million of interest charges on our Secured Notes and royalty liabilities compared with \$9.2 million for the quarter ended December 31, 2020. The higher expense recognized in the prior year was a result in a change in the royalty cost estimates while no significant changes to estimates occurred in the quarter ended December 31, 2021. Interest expense for the quarter ended December 31, 2021 also included \$2.5 million of interest charges related to the Convertible Notes which were issued during the three months ended June 30, 2021. Net interest expense also included \$0.3 million of dividends accrued on the 7% cumulative redeemable preference shares in each of the quarters ended December 31, 2021 and December 31, 2020. In addition, in the quarter ended December 31, 2020 we realized gains of \$0.1 million on our short-term money market investments.

Other, net was \$3.5 million expense for the quarter ended December 31, 2021 compared with \$0.6 million in income for the quarter ended December 31, 2020. For the quarter ended December 31, 2021 this comprised a \$3.3 million loss related to the change in fair value associated with derivative liabilities and \$0.2 million in foreign exchange losses arising on monetary assets and liabilities denominated in foreign currencies compared to \$0.6 million of foreign exchange gains for the quarter ended December 31, 2020.

#### *Provision for income taxes*

Provision for income taxes in the quarter ended December 31, 2021 and 2020, reflected the taxes chargeable on the taxable income of our subsidiaries.

**Comparison of the Nine Month Periods ended December 31, 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.

	Nine months ended December 31				Change	
	2021		2020		Amount	%
	Amount	% of revenue	Amount	% of revenue		
	(in thousands, except percentages)					
<b>Revenue:</b>						
Product sales	\$ 28,497	99 %	\$ 26,207	78 %	\$ 2,290	9 %
Other revenues	231	1 %	7,534	22 %	(7,303)	-97 %
Total revenue	28,728	100 %	33,741	100 %	(5,013)	-15 %
Cost of revenue	17,579	61 %	14,883	44 %	2,696	18 %
Gross profit	11,149	39 %	18,858	56 %	(7,709)	-41 %
<b>Operating expenses:</b>						
Sales and marketing	8,011	28 %	6,757	20 %	1,254	19 %
Research and development	42,545	148 %	38,508	114 %	4,037	10 %
General and administrative	37,555	131 %	27,832	82 %	9,723	35 %
Total operating expenses	88,111	307 %	73,097	217 %	15,014	21 %
Operating (loss)	(76,962)	-268 %	(54,239)	-161 %	(22,723)	42 %
<b>Other income (expense):</b>						
Interest expense, net	(21,914)	-76 %	(22,632)	-67 %	718	-3 %
Other, net	677	2 %	6,179	18 %	(5,502)	-89 %
Total other expense, net	(21,237)	-74 %	(16,453)	-49 %	(4,784)	29 %
Loss before income taxes	(98,199)	-342 %	(70,692)	-210 %	(27,507)	39 %
Provision for income taxes	(1,019)	—	(999)	—	(20)	2 %
Net loss	\$ (99,218)	-345 %	\$ (71,691)	-212 %	\$ (27,527)	38 %

*Revenue*

Total revenue for the nine month period ended December 31, 2021 decreased by 15% to \$28.7 million, compared with \$33.7 million for the nine month period ended December 31, 2020. Product sales increased by 9% while other revenue decreased by 97%. These changes are further explained below. Products sold by standing purchase order were 65% of product sales for the nine month period ended December 31, 2021, compared with 69% for the nine month period ended December 31, 2020.

The table below sets forth revenue by product group:

	Nine months ended December 31				Change	
	2021		2020		Amount	%
	Amount	% of revenue	Amount	% of revenue		
	(in thousands, except percentages)					
<b>Revenue:</b>						
Product sales - OEM customers	\$ 18,999	66 %	\$ 16,754	50 %	\$ 2,245	13 %
Product sales - direct customers and distributors	9,407	33 %	8,417	25 %	990	12 %
Product sales - MosaiQ	91	0 %	1,036	3 %	(945)	-91 %
Other revenues	231	1 %	7,534	22 %	(7,303)	-97 %
Total revenue	\$ 28,728	100 %	\$ 33,741	100 %	\$ (5,013)	-15 %

**OEM Sales.** Product sales to OEM customers increased 13% to \$19.0 million for the nine month period ended December 31, 2021, compared with \$16.8 million for the nine month period ended December 31, 2020. The increase was attributable to growth in incremental sales of conventional reagent products.

**Direct Sales to Customers and Distributors.** Product sales directly to customers and distributors of \$9.4 million for the nine month period ended December 31, 2021 increased by \$1.0 million compared with \$8.4 million for the nine month period ended December 31, 2020. This increase was due to increased direct sales in the United States which increased by \$0.9 million for the nine months ended December 31, 2021 from \$7.6 million in the nine months ended December 31, 2020 as a result of growth in sales to existing customers and expansion of our customer base.

**MosaiQ Product Sales.** MosaiQ sales in the nine months ended December 31, 2021 and December 31, 2020 consisted of revenues from our MosaiQ COVID-19 Microarray which decreased due to change in demand related to the COVID-19 pandemic.

**Other Revenues.** Other revenues for the nine month period ended December 31, 2021 related to a development project for an OEM customer. Other revenues for the nine month period ended December 31, 2020 arose from the recognition of an initial milestone payment of \$7.5 million received from Ortho in respect of the development of the MosaiQ IH3 Microarray and a small development project for an OEM customer.

#### *Cost of revenue and gross margin*

Cost of revenue increased by 18% to \$17.6 million for the nine month period ended December 31, 2021, compared with \$14.9 million for the nine month period ended December 31, 2020. The increase in cost of revenue reflected the incremental costs associated with the 9% increase in product sales in the nine month period ended December 31, 2021 and a \$2.5 million write-down of certain raw materials and work in process associated with MosaiQ to net realizable value.

Gross profit on total revenue for the nine month period ended December 31, 2021 was \$11.1 million, compared with \$18.9 million for the nine month period ended December 31, 2020. The decrease was attributable to the decrease of \$7.3 million of other revenues in the nine month period ended December 31, 2020, the write down of certain raw materials and work in process inventory associated with MosaiQ to net realizable value and offset by higher sales of higher margin products.

Gross profit on product sales, which excludes other revenues, was \$10.9 million for the nine month period ended December 31, 2021 compared with \$11.3 million for the nine month period ended December 31, 2020. Decrease was caused primarily by the write down of certain raw materials and work in process inventory associated with MosaiQ to net realizable value and offset by higher sales of higher margin products.

Gross margin on product sales, which excludes other revenues, was 38% for the nine month period ended December 31, 2021 compared with 43% for the nine month period ended December 31, 2020.

#### *Sales and marketing expenses*

Sales and marketing expenses were \$8.0 million for the nine month period ended December 31, 2021, compared with \$6.8 million for the nine month period ended December 31, 2020. This increase was attributable to greater personnel and other expenses related to the planned commercial launch of MosaiQ and in related travel costs. As a percentage of total revenue, sales and marketing expenses were 28% for the nine month period ended December 31, 2021 compared to 20% for the nine month period ended December 31, 2020.

#### *Research and development expenses*

Research and development expenses increased by 10% to \$42.5 million for the nine month period ended December 31, 2021, compared with \$38.5 million for the nine month period ended December 31, 2020. Our research and development expenses included expenses of \$1.5 million in the nine month periods ended December 31, 2021 compared to \$1.0 million in December 31, 2020 related to the costs of our intellectual property license with TTP. The increase in research and development costs is driven by higher material expenditures associated with the development of MosaiQ, salary and benefit costs, provisions on certain raw materials, and the impact of foreign exchange on costs incurred in the United Kingdom and Switzerland.

#### *General and administrative expenses*

General and administrative expenses increased by 35% to \$37.6 million for the nine month period ended December 31, 2021, compared with \$27.8 million for the nine month period ended December 31, 2020, reflecting higher salary and benefit costs, costs related to the debt modification which occurred in October 2021, the impact of foreign exchange on costs incurred in the United Kingdom and Switzerland, and offset by lower legal expenses related to our now settled dispute with Ortho. We recognized \$5.5 million of stock compensation expense in the nine month period ended December 31, 2021 compared with \$3.5 million in the nine month period ended December 31, 2020. As a percentage of total revenue, general and administrative expenses were 131% for the nine month period ended December 31, 2021 and 82% for the nine month period ended December 31, 2020.

### *Other income (expense)*

Net interest expense was \$21.9 million for the nine month period ended December 31, 2021, compared with \$22.6 million for the nine month period ended December 31, 2020. Interest expense in the nine month period ended December 31, 2021 included \$15.3 million of interest charges on our Secured Notes and royalty liabilities compared with \$22.7 million in the nine-month period ended December 31, 2020. The decreased expense reflected changes in the royalty cost estimates. Interest expense for the nine month period ended December 31, 2021 also included \$6.0 million of interest charges related to the Convertible Notes which were issued during the nine month period ended December 31, 2021. Net interest expense also included \$0.8 million of dividends accrued on the 7% cumulative redeemable preference shares in each of the nine month periods ended December 31, 2021 and December 31, 2020. In addition, in the nine month period ended December 31, 2021 we realized interest income of \$0.2 million on our short-term money market investments compared with \$0.9 million for the nine month period ended December 31, 2020.

Other, net was \$0.7 million in income for the nine month period ended December 31, 2021 compared with \$6.2 million in income for nine month period ended December 31, 2020. For the nine month period ended December 31, 2021 this comprised a \$3.9 million gain related to the change in fair value of derivatives liabilities and \$3.2 million of foreign exchange losses arising on monetary assets and liabilities denominated in foreign currencies compared to \$6.2 million of foreign exchange gains for the nine month period ended December 31, 2020.

### *Provision for income taxes*

Provision for income taxes in the nine months ended December 31, 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 December 31, 2021, we had an accumulated deficit of \$699.1 million. During the nine month period ended December 31, 2021, we incurred a net loss of \$99.2 million and used \$96.2 million of cash in operating activities. As described under results of operations, our use of cash during the nine month period ended December 31, 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.

During the quarter ended December 31, 2021, we amended the Indentures governing our Secured Notes to, among other things, extend the final maturity of the Secured Notes to October 2025 and revise the principal amortization schedule of the Secured Notes to defer approximately \$60 million of principal payments previously required to be made between April 2021 and April 2023. See Note 3, "Debt" for additional information.

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 \$89.0 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 December 31, 2021, we had available cash, cash equivalents and short-term investments of \$103.8 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 nine month ended December 31, 2021 and 2020**

##### *Operating activities*

Net cash used in operating activities was \$96.2 million during the nine month period ended December 31, 2021, which included net losses of \$99.2 million offset by non-cash items of \$15.8 million. Non-cash items were depreciation and amortization expense of \$5.7 million, share-based compensation expense of \$4.7 million, a reduction from the change in fair value of loan derivatives of \$3.9 million, Swiss pension costs of \$0.5 million, amortization of deferred debt issue costs and discounts of \$6.4 million, accrued preference share dividends of \$0.8 million, deferred lease rentals of \$0.5 million and income taxes of \$1.1 million. We also experienced a net cash outflow of \$12.7 million from changes in operating assets and liabilities during the period, consisting of a \$5.2 million reduction in accrued compensation and benefits, a \$0.5 million increase in inventories, a \$2.3 million increase in other assets, a \$3.8 million reduction in accounts payable and accrued liabilities and a \$0.9 million increase in accounts receivables.

Net cash used in operating activities was \$56.7 million during the nine month period ended December 31, 2020, which included net losses of \$71.7 million offset by non-cash items of \$22.7 million. Non-cash items were depreciation and amortization expense of \$6.4 million, share-based compensation expense of \$3.5 million, Swiss pension costs of \$0.8 million, amortization of deferred debt issue costs of \$9.7 million, accrued preference share dividends of \$0.8 million, deferred lease rentals of \$0.5 million and deferred income taxes of \$1.0 million. We also experienced a net cash outflow of \$7.7 million from changes in operating assets and liabilities during the period, consisting of a \$2.8 million reduction in accrued compensation and benefits, a \$1.2 million increase in inventories and a \$0.4 million increase in other assets, a \$4.6 million reduction in accounts payable and accrued liabilities, and offset by a \$1.3 million increase in accounts receivable.

##### *Investing activities*

Net cash provided by investing activities was \$44.6 million for the nine month period ended December 31, 2021. We spent \$2.3 million on purchases of property and equipment in the nine month period ended December 31, 2021, which was mainly related to purchasing MosaiQ instruments and investments in our IT infrastructure. We also received distributions on our short-term money market investments of \$31.9 million from CSAM in the nine month period ended December 31, 2021, received \$19.5 million from selling other short term investments and invested \$4.5 million in other short-term money market investments.

Net cash used in investing activities was \$18.2 million for the nine month period ended December 31, 2020. We spent \$3.6 million on purchases of property and equipment in the nine month period ended December 31, 2020, which was mainly related to purchasing MosaiQ instruments. We also increased our short-term money market investments by \$14.6 million in the nine month period ended December 31, 2020.

##### *Financing activities*

Net cash provided by financing activities was \$87.8 million during the nine month period ended December 31, 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 \$0.5 million of repayments on finance leases. Net cash provided by financing activities was \$80.4 million during the nine month period ended December 31, 2020, consisting of \$80.7 million generated from the issuance of ordinary shares on September 15, 2020 and \$0.2 million generated from the exercise of share options, offset by \$0.5 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 December 31, 2021, we had \$103.8 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 \$21.4 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 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/A 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/A for the year ended March 31, 2021. We have summarized material new significant judgements and estimates and critical accounting policies during the nine month period ended December 31, 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 nine month period ended December 31, 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 December 31, 2021, our disclosure controls and procedures were effective and operating to provide reasonable assurance 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 to provide reasonable assurance that we accumulate and communicate such information 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.

### Changes in Internal Control over Financial Reporting

Other than disclosed below, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the third quarter of the year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### Remediation of Previously Reported Material Weakness

As previously reported in our Form 10-K/A filed in November 15, 2021, management identified a material weakness in the operation of our internal control related to the historical accounting of the Senior Secured Notes and royalty rights agreements originating in October 2016, August 2018, and June 2019. Specifically, management of the Company determined that it did not identify the correct accounting treatment at the time of entering into these transactions, and accounted for these instruments on a combined basis instead of treating these as separate freestanding financial instruments. This material weakness resulted in the restatement of the Company's previously filed consolidated financial statements as of and for the fiscal year ended March 31, 2021 and 2020 and relevant unaudited condensed consolidated financial information for the fiscal year 2021 quarterly periods to correct errors in the Company's accounting for its Senior Secured Notes and related royalty rights agreements. This also resulted in a restatement and reporting of a material weakness within our June 30, 2021 Form 10-Q/A filed on November 15, 2021, and a material weakness reported in our Q2 FY 2022 Form 10-Q filed on November 16, 2021.

To remediate the material weakness identified above, we have implemented additional controls and procedures, which included:

- increased involvement of external accounting specialists to assist and review complex, non-routine financing transactions entered into after March 31, 2021.
- management review (with the assistance of external accounting advisors) of the accounting treatment of all historical debt arrangements under US GAAP.

Given the remedial measures, testing of applicable controls and the determination that controls are designed and operating effectively, management has concluded that the material weakness previously identified has been remediated as of December 31, 2021.

## 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/A 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	<a href="#">Form of Share Option Agreement</a>
10.2	<a href="#">Form of Restricted Share Award Agreement</a>
10.3	<a href="#">Form of Performance Share Award Agreement</a>
10.4	<a href="#">Employment Agreement, dated as of February 23, 2021 (amended June 7, 2021), by and between Quotient Limited and Manuel O. Méndez (Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q on August 5, 2021 and incorporated herein by reference).</a>
10.5	<a href="#">Amendment to Employment Agreement, dated as of October 5, 2021, by and between Quotient Limited and Manuel O. Méndez (Filed as Exhibit 10.2 to our Current Report on Form 8-K on October 6, 2021 and incorporated herein by reference).</a>
10.6	<a href="#">Amendment to Employment Agreement, dated as of October 15, 2021, by and between Quotient Limited and Manuel O. Méndez (Filed as Exhibit 10.3 to our Current Report on Form 8-K on October 15, 2021 and incorporated herein by reference).</a>
10.7	<a href="#">Amendment to Employment Agreement, dated as of January 12, 2022, by and between Quotient Limited and Manuel O. Méndez (Filed as Exhibit 10.4 to our Current Report on Form 8-K on January 14, 2022 and incorporated herein by reference).</a>
31.1	<a href="#">Certification of Manuel O. Méndez, Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of Ali Kiboro, Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification of Manuel O. Méndez, Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certification of Ali Kiboro, Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101	The following financial information from Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 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: February 8, 2022

/s/ Manuel O. Méndez  
Manuel O. Méndez  
Chief Executive Officer

Date: February 8, 2022

/s/ Ali Kiboro  
Ali Kiboro  
Chief Financial Officer

## QUOTIENT LIMITED

OPTION AWARD AGREEMENT

AGREEMENT by and between Quotient Limited, a public no par value limited liability company incorporated in Jersey, Channel Islands (the "Company") and [●] (the "Optionee"), dated as of the date of acceptance of this Agreement by the Optionee

[WHEREAS, the Company maintains the Quotient Limited 2014 Stock Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);]

[WHEREAS, Options awarded hereunder are granted as an "inducement" award under NASDAQ Marketplace Rules outside of the Plan; and

WHEREAS, in connection with the Optionee's becoming [\_\_\_\_\_], the Administrator has determined that it is in the best interests of the Company and its Shareholders to grant an Option to the Optionee subject to the terms and conditions set forth below.]

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Stock Option.

The Company hereby grants the Optionee an option (the "Option") to purchase [●] Ordinary Shares, subject to the terms and conditions of this agreement. In case the Options and Ordinary Shares issuable upon settlement of the Options are not issued pursuant to the Plan (i) the terms of the Options granted hereunder shall be governed in all respects as if issued under the Plan as currently in effect and as may be amended hereafter from time to time, and, (ii) unless inconsistent with the express terms of this Agreement, this Agreement shall be construed and administered in a manner consistent with the provisions of the Plan as if granted pursuant thereto, the terms of which are incorporated herein by reference (including, without limitation, any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan, which shall be deemed to apply to the Options granted hereunder without any further action of the Committee, unless expressly provided otherwise by the Committee). The Committee shall have final authority to interpret and construe the Plan's terms as they are incorporated herein by reference and deemed to apply to the Options granted hereunder, and this Agreement, and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Optionee and the Optionee's beneficiary in respect of any questions arising under the Plan as incorporated by reference herein or this Agreement. The Optionee acknowledges that the Optionee has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan as incorporated by reference herein. [For the avoidance of doubt, neither the Options granted hereunder nor any Ordinary Shares issued upon settlement of such Options shall reduce the number of Ordinary Shares available for issuance pursuant to awards granted under the Plan.] Where the context permits, references to the Company shall include any successor to the Company.

The Option is not intended to be and shall not be qualified as an "incentive stock option" under Section 422 of the United States Internal Revenue Code of 1986.

2. Exercise Price.

The Exercise Price per Share shall be [●].

3. Initial Exercisability.

Subject to Paragraph 5 below, the Option, to the extent that there has been no Termination of Service and the Option has not otherwise expired or been forfeited, shall first become exercisable as follows:

<u>For the Period Ending On (each a Vesting Date):</u>	<u>Percent of the Option Exercisable</u>
April 1, 2022	33.33%
April 1, 2023	33.33%
April 1, 2024	33.34%

4. Termination of Service.

(a) If the Optionee has a Termination of Service, other than by reason of death or Disability, the Option as then exercisable may be exercised by the Optionee during the 40-day period following the Termination of Service, or if earlier, the expiration of the term of the Option as provided under Paragraph 5 below; provided that, (i) if the Optionee dies during such 40-day period, the successor of the Optionee may exercise the Option until the earlier of (x) 12 months from the date of the Termination of Service of the Optionee, or (y) the date on which the term of the Option expires in accordance with Paragraph 5 below, and (ii) if the Optionee has a Termination of Service for Cause, any Option not exercised in full prior to such Termination of Service shall be cancelled.

(b) In the event the Optionee has a Termination of Service on account of death or Disability, the Option as then exercisable may be exercised by the Optionee or the successor of the Optionee, as applicable, until the earlier of (i) 12 months from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires in accordance with Paragraph 5 below.

(c) Except as otherwise provided by the Administrator or as set forth in the Optionee's employment agreement with the Company, no Option (or portion thereof) which had not become exercisable at or before the time of Termination of Service shall ever be or become exercisable. No provision of this Paragraph 4 is intended to or shall permit the exercise of the Option to the extent the Option was not exercisable upon Termination of Service.

(d) Termination of Service as an employee shall not be treated as a termination of employment for purposes of this Paragraph 4 if the Optionee continues without interruption to serve thereafter as an officer or director of the Company or in such other capacity as determined by the Administrator (or if no Administrator is appointed, the Board), and the termination of such successor service shall be treated as the applicable termination.

(e) For purposes of this Agreement, a "Termination of Service" shall mean the time when the employee-employer relationship or directorship, or other service relationship, between the Optionee and the Company (or an Affiliated Company) is terminated for any reason, with or without Cause, including, but not limited to, any termination by resignation, discharge, death or retirement. The Administrator, in its absolute discretion, shall determine the effects of all matters and questions relating to Termination of Service, including, but not limited to, the question of whether any Termination of Service was for Cause

and all questions of whether particular leaves of absence constitute Terminations of Service. For this purpose, the service relationship shall be treated as continuing intact while the Optionee is on military leave, sick leave or other bona fide leave of absence (to be determined in the discretion of the Administrator).

5. Definitions

- a) "Award Date" means [\_\_\_\_\_]
- b) "Vesting Date" means the date upon which a percent of the Option becomes Exercisable as indicated under Section 3 and the Optionee's service relationship with the Company has not terminated prior to such Vesting Date.
- c) "Agent": the Company's selected transfer agent together with any other party the Company determines necessary to execute this Agreement. As at the Award Date, the Agent is [\_\_\_\_\_].
- d) "Plan": Quotient Limited 2014 Stock Incentive Plan.

Capitalized terms used but not defined in this Agreement, shall have the respective meanings ascribed thereto by the Plan.

6. Term.

Unless earlier forfeited, the Option shall, notwithstanding any other provision of this Agreement, expire in its entirety upon the tenth anniversary of the date hereof. The Option shall also expire and be forfeited at such earlier times and in such circumstances as otherwise provided hereunder.

7. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by the laws of Jersey without reference to the principles of conflicts of law.

(b) The Administrator may construe and interpret this Agreement and establish, amend and revoke such rules, regulations and procedures for the administration of this Agreement as it deems appropriate. In this connection, the Administrator may correct any defect or supply any omission, or reconcile any inconsistency in this Agreement or in any related agreements, in the manner and to the extent it shall deem necessary or expedient to make this Agreement fully effective. All decisions and determinations by the in the exercise of this power shall be final and binding upon the Company and the Optionee.

(c) All notices hereunder shall be in writing, and if to the Company or the Administrator, shall be delivered to the Committee or mailed to its principal office, addressed to the attention of the Committee; and if to the Optionee, shall be delivered personally, sent by email or facsimile transmission or mailed to the Optionee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Paragraph 6(c).

(d) The failure of the Optionee or the Company to insist upon strict compliance with any provision of this Agreement, or to assert any right the Optionee or the Company, respectively, may have under this

Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(e) The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

(f) The Optionee agrees that, at the request of the Administrator, the Optionee shall represent to the Company in writing that the Ordinary Shares being acquired are acquired for investment only and not with a view to distribution and that such Ordinary Shares will be disposed of only if properly registered for sale or if there is an available exemption for such disposition. The Optionee expressly understands and agrees that, in the event of such a request, the making of such representation shall be a condition precedent to receipt of Ordinary Shares upon exercise of the Option.

(g) Nothing in this Agreement shall confer on the Optionee any right to continue in the employ or other service of the Company or any Affiliated Company or interfere in any way with the right of the Company or any Affiliated Company and its Shareholders to terminate the Optionee's employment or other service at any time. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Optionee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or service as provided in this Agreement.

(h) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

(i) This Agreement may be executed in any number of counterparts, including via facsimile, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

(j) Except as otherwise provided hereunder, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

IN WITNESS WHEREOF, the Optionee accepted this Agreement on the date shown below.

QUOTIENT LIMITED

By: \_

Name:

Title:

OPTIONEE

---

Name:

Date:

## QUOTIENT LIMITED

RESTRICTED STOCK UNIT AWARD AGREEMENT

AGREEMENT by and between Quotient Limited, a public no par value limited liability company incorporated in Jersey, Channel Islands (the "Company") and [●] (the "Grantee"), dated as of the date of acceptance of this Agreement by the Grantee.

[WHEREAS, the Company maintains the Quotient Limited 2014 Stock Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, under the Plan, the Company may from time to time issue awards of Restricted Stock Units ("RSUs") to individuals and persons who provide services to, among others, the Company and certain of its affiliates;]

[WHEREAS, RSUs awarded hereunder are granted as an "inducement" award under NASDAQ Marketplace Rules outside of the Plan; and;

[WHEREAS, in connection with the Grantee's becoming [\_\_\_\_\_], the Administrator has determined that it is in the best interests of the Company and its Shareholders to grant RSUs to the Grantee subject to the terms and conditions set forth below.]

1. Grant of RSUs.

The Company hereby grants the Grantee [●] Restricted Stock Units (RSUs). The RSUs are subject to the terms and conditions of this Agreement. In case the RSUs and Ordinary Shares issuable upon settlement of the RSUs are not issued pursuant to the Plan (i) the terms of the RSUs granted hereunder shall be governed in all respects as if issued under the Plan as currently in effect and as may be amended hereafter from time to time, and, (ii) unless inconsistent with the express terms of this Agreement, this Agreement shall be construed and administered in a manner consistent with the provisions of the Plan as if granted pursuant thereto, the terms of which are incorporated herein by reference (including, without limitation, any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan, which shall be deemed to apply to the RSUs granted hereunder without any further action of the Committee, unless expressly provided otherwise by the Committee). The Committee shall have final authority to interpret and construe the Plan's terms as they are incorporated herein by reference and deemed to apply to the RSUs granted hereunder, and this Agreement, and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Grantee and the Grantee's beneficiary in respect of any questions arising under the Plan as incorporated by reference herein or this Agreement. The Grantee acknowledges that the Grantee has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan as incorporated by reference herein. [For the avoidance of doubt, neither the RSUs granted hereunder nor any Ordinary Shares issued upon settlement of such RSUs shall reduce the number of Ordinary Shares available for issuance pursuant to awards granted under the Plan.] Where the context permits, references to the Company shall include any successor to the Company.

2. Restrictions.

(a) Subject to clause 2(b) below and except as otherwise set forth in the Grantee's employment agreement with the Company, upon the Grantee's Termination of Service for any reason prior to the Vesting Date, all RSUs which have not vested shall, with no further action, be forfeited by the Grantee, and neither

the Grantee nor any of his or her successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such RSUs.

(b) For purposes of this Agreement, a "Termination of Service" shall mean the time when the employee-employer relationship or directorship, or other service relationship, between the Grantee and the Company (or an Affiliated Company) is terminated for any reason, with or without Cause, including, but not limited to, any termination by resignation, discharge, death or retirement. The Administrator, in its absolute discretion, shall determine the effects of all matters and questions relating to Termination of Service, including, but not limited to, the question of whether any Termination of Service was for Cause and all questions of whether particular leaves of absence constitute Terminations of Service. For this purpose, the service relationship shall be treated as continuing intact while the Grantee is on military leave, sick leave or other bona fide leave of absence (to be determined in the discretion of the Administrator).

3. Voting and Other Rights.

The Grantee shall have no rights of a Shareholder (including the right to distributions or dividends), and will not be treated as an owner of Shares for tax purposes, except with respect to Ordinary Shares that have been issued.

4. Settlement.

Each vested and outstanding RSU shall be settled in one Ordinary Share on the Vesting Date (either by delivering one or more certificates for such Ordinary Share or by entering such Ordinary Share in book-entry form, as determined by the Company in its discretion). Such issuance shall constitute payment of the RSUs. References herein to issuances to the Grantee shall include issuances to any beneficial owner or other person to whom (or to which) the Ordinary Shares are issued. The Company's obligation to issue Ordinary Shares or otherwise make any payment with respect to vested RSUs is subject to the condition precedent that the Grantee or other person entitled under the terms of the Plan as incorporated by reference herein to receive any Ordinary Shares with respect to the vested RSUs deliver to the Company any representations or other documents or assurances required pursuant to Paragraph 6(k). The Grantee shall have no further rights with respect to any RSUs that are paid or that terminate pursuant to Paragraph 2. For the avoidance of doubt, to the extent the terms of this Paragraph 4 conflict with any terms of the Plan as incorporated by reference herein relating to the settlement of RSUs, the terms of this Paragraph 4 shall govern.

5. Definitions.

(a) "Award Date" means [\_\_\_\_\_]

(b) "Vesting Date" means the date upon which the Vesting occurs and the Grantee's service relationship with the Company has not terminated prior to such Vesting Date.

(c) "Vesting" shall occur as follows:

<u>Date</u>	<u>Release of Award</u>
[•]	[•]
[•]	[•]
[•]	[•]

(d) "Agent": the Company's selected transfer agent together with any other party the Company determines necessary to execute this Agreement. As at the Award Date, the Agent is [\_\_\_\_\_].

(e) "Plan": Quotient Limited 2014 Stock Incentive Plan.

Capitalized terms used but not defined in this Agreement, shall have the respective meanings ascribed thereto by the Plan.

6. Sell to Cover Election and Non-Discretionary Sale Instructions.

The following shall apply under this Agreement if the Grantee elects for the Sell to Cover Election at the time the Grantee accepts this Agreement (as evidenced through the document "Notice and acceptance of equity award agreement and Sell to Cover Election" signed by the Grantee concomitant with this Agreement).

6.1 The Grantee hereby affirmatively and irrevocably makes an election (the "Sell to Cover Election") to sell that number of shares of Common Stock issued from the vesting and/or settlement of the RSUs amongst one of the following alternatives as per the alternative that the Grantee selected as part of the Grantee's Sell to Cover Election:

6.1(a) to the extent subject to income tax withholdings as an employee of the Company or any of its Affiliates, with a value equal to the amount that the Company will determine to be necessary to satisfy all applicable tax withholding obligations with respect to any taxable event arising in connection with the vesting or settlement of the RSUs,

or,

6.1(b) to the extent not subject to income tax withholdings as an employee of the Company or any of its Affiliates, with a value equal to one of the following which Grantee irrevocably agrees is designed to satisfy Grantee's income tax obligations with respect to any taxable event arising in connection with the vesting or settlement of the RSUs:

x- only for Grantees residing in the USA, the product of (i) the amount of taxable income incurred with respect to any taxable event arising in connection with the vesting of the RSUs and (ii) the highest marginal U.S. federal and applicable state income tax rates that are applicable to the Grantee (based on his or her state of residence),

or,

y- for Grantees regardless of their country of residency (whether in the USA or elsewhere), the product of (i) the amount of taxable income incurred with respect to any taxable event arising in connection with the vesting or settlement of the RSUs and (ii) the fixed tax rate that Grantee indicates through the Grantee's Sell to Cover Election,

it being understood that under both alternatives 6.1(b)-x- and 6.1(b)-y-, the Company and the Agent would be acting as a collection agent for Grantee and as such Grantee acknowledges and agrees that the Company through its Agent would temporarily hold the proceeds from the sale(s) made pursuant to section 6.2 and 6.3. below. Grantee acknowledges and agrees to hold the Company and the Agent harmless from and against liabilities, claims, damages and expenses that may arise from the proceeds to be prevented from being made available to Grantee while in the Company's temporary possession, for reasons independent

from the Company's, its Affiliates' or the Agent's acts or omission, including in case the Company or its Affiliates experience bankruptcy events.

6.2 As part of the Sell to Cover Election, Grantee hereby:

6.2(a) agrees to execute any letter of instruction or agreement required by the Agent, stock plan administrator, bank, broker, nominee or other similar agent or representative to allow the Agent to timely remit the cash proceeds of such sale(s) to the Company, including as temporary depository of the funds for Grantee under options 6.1(b)-x- and 6.1(b)-y.

6.2(b) represents and warrants that, as of the date of this Sell to Cover Election, Grantee is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales (other than any limitations in any insider trading policy of the Company), does not have, and will not attempt to exercise, authority, influence or control over any sales of shares of Common Stock effected by the Agent pursuant to this Sell to Cover Election, and is entering into this Sell to Cover Election in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act. It is the Grantee's intent that this Sell to Cover Election comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

6.3 To effect the Grantee's Sell to Cover Election pursuant to this Agreement, the Grantee hereby acknowledges and agrees:

6.3(a) The Grantee hereby appoints the Agent as the Grantee's agent and authorizes the Agent to sell on the open market at the then prevailing market price(s), on the Grantee's behalf, as soon as practicable on or after the date on which the shares of Common Stock are issued upon each vesting and/or settlement of the Relevant Equity, that number (rounded up to the next whole number) of the shares of Common Stock so issued necessary to generate proceeds to cover the amount elected in the Sell to Cover Election and all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto.

6.3(b) The Grantee hereby authorizes the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to subsection 6.3(a) above.

6.3(c) The Grantee understands that the Agent may effect sales as provided in subsection 6.3(a) above in one or more sales and that the average price for executions resulting from bunched orders will be assigned to the Grantee's account. In addition, the Grantee acknowledges that it may not be possible to sell shares of Common Stock as provided by subsection 6.3(a) above due to (x) a legal or contractual restriction applicable to the Grantee or the Agent, (y) a market disruption, or (z) rules governing order execution priority on the national exchange where the shares of Common Stock may be traded. The Grantee further agrees and acknowledges that in the event the sale of shares of Common Stock would result in material adverse harm to the Company, as determined by the Company in its sole discretion, the Company may instruct the Agent not to sell shares of Common Stock as provided by subsection 6.3(a) above. In the event of the Agent's inability to sell shares of Common Stock, the Grantee will continue to be responsible for the timely payment to the Company and/or its Affiliates or to the applicable tax authority of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in subsection 1(A) above.

6.3(d) The Grantee hereby agrees to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this Sell to Cover Election.

6.3(e) The Grantee hereby agrees that the Company has no duty or obligation to minimize the tax consequences to the Grantee of this Sell to Cover Election and shall not be liable to the Grantee for any adverse tax consequences to the Grantee arising in connection with this Sell to Cover Election. The Grantee is hereby advised to consult with the Grantee's personal tax, financial and/or legal advisors regarding the tax consequences of this Sell to Cover Election and by signing this Sell to Cover Election, the Grantee has agreed that the Grantee has done so or knowingly and voluntarily declined to do so. The Grantee understands that the Grantee (and not the Company) shall be responsible for the Grantee's own tax liability that may arise as a result of this investment or the transactions contemplated by this Sell to Cover Election.

6.3(f) The Grantee hereby agrees that to the extent the Grantee becomes subject to income tax withholdings as an employee of the Company or any of its Affiliates after this Agreement is accepted and after Sell to Cover 6.1(b)-x or 6.1(b)-y have been elected, the Company shall have sole decision authority to then sell that number of shares of Common Stock issued from the vesting and/or settlement of the RSUs with a value equal to the amount that the Company will determine to be necessary to satisfy the newly applicable tax withholding obligations with respect to any taxable event arising in connection with the vesting or settlement of the RSUs.

6.4 The Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Company, the board of directors of the Company and the compensation committee of the board of directors of the Company with respect to any questions arising under this Sell to Cover Election.

6.5 This Sell to Cover Election shall terminate not later than the date on which all tax obligations (whether tax withholding obligations on the Company or Grantee's personal income tax obligations) arising in connection with each vesting and/or settlement of the RSUs have been satisfied.

## 7. Miscellaneous.

(a) In the event of any change in the Company's outstanding Shares by reason of any stock dividend, split, spinoff, recapitalization or other similar change, the terms (including each applicable Target Price) and the number of any outstanding RSUs (and the Shares represented by such RSUs) shall be equitably adjusted by the Administrator in its discretion to the extent the Administrator determines that such adjustment is necessary to preserve the benefit, including the economic value, of this Agreement for the Grantee and the Company.

(b) Nothing in this Agreement confers any rights or interests other than as herein provided. With respect to this Agreement, (i) the RSUs are bookkeeping entries, (ii) the obligations of the Company under this Agreement are unsecured and constitute a commitment by the Company to make benefit payments in the future, (iii) to the extent that any person acquires a right to receive payments from the Company under this Agreement, such right shall be no greater than the right of any general unsecured creditor of the Company, (iv) all payments under this Agreement (including distributions of Ordinary Shares) shall be paid from the general funds of the Company and (v) no special or separate fund shall be established or other segregation of assets made to assure such payments (except that the Company may in its discretion establish a bookkeeping reserve to meet its obligations under this Agreement). The RSUs shall be used solely as a device for the determination of the payment to eventually be made to the Grantee if the RSUs vest pursuant to Paragraph 2. The award of RSUs is intended to be an arrangement that is unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

(c) **Governing Law.** This Agreement shall be governed by the laws of Jersey without reference to the principles of conflicts of law.

(d) The Administrator may construe and interpret this Agreement and establish, amend and revoke such rules, regulations and procedures for the administration of this Agreement as it deems appropriate. In this connection, the Administrator may correct any defect or supply any omission, or reconcile any inconsistency in this Agreement or in any related agreements, in the manner and to the extent it shall deem necessary or expedient to make this Agreement fully effective. All decisions and determinations by the Administrator in the exercise of this power shall be final and binding upon the Company and the Grantee.

(e) All notices hereunder shall be in writing, and if to the Company or the Administrator, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Grantee, shall be delivered personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Paragraph 6(e).

(f) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement, or to assert any right the Grantee or the Company, respectively, may have under this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(g) The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

(h) Notwithstanding anything to the contrary contained in this Agreement, to the extent that the Board determines that this Agreement or the RSU is subject to Section 409A or Section 457A of the Code and fails to comply with the requirements of Section 409A or Section 457A of the Code, the Board reserves the right (without any obligation to do so or to indemnify the Grantee for failure to do so), without the consent of the Grantee, to amend or terminate this Agreement and/or amend, restructure, terminate or replace the RSU in order to cause the RSU to either not be subject to Section 409A or Section 457A of the Code or to comply with the applicable provisions of such section.

(i) The terms of this Agreement shall be binding upon the Grantee and upon the Grantee's heirs, executors, administrators, personal representatives, transferees, assignees and successors in interest and upon the Company and its successors and assignees, subject to the terms of the Plan as incorporated by reference herein.

(j) Unless otherwise permitted in the sole discretion of the Administrator, (i) neither this Agreement nor any rights granted herein shall be assignable by the Grantee, and (ii) no purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any RSUs or Ordinary Shares by any holder thereof in violation of the provisions of this Agreement or the terms of the Plan as incorporated by reference herein will be valid, and the Company will not transfer any of said RSUs or Ordinary Shares on its books nor will any Ordinary Shares be entitled to vote, nor will any distributions be paid thereon, unless and until there has been full compliance with said provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

(k) The Grantee hereby agrees to perform all acts, and to execute and deliver any documents, that may be reasonably necessary to carry out the provisions of this Agreement, including but not limited to all acts and documents related to compliance with securities, tax and other applicable laws and regulations.

(l) The Grantee hereby represents and agrees that the Grantee is not acquiring the RSUs or the Ordinary Shares with a view to distribution thereof.

(m) Nothing in this Agreement shall confer on the Grantee any right to continue in the employ or other service of the Company or any Affiliated Company or interfere in any way with the right of the Company or any Affiliated Company and its Shareholders to terminate the Grantee's employment or other

service at any time. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or service as provided in this Agreement or under the Plan.

(n) This Agreement and the terms of the Plan as incorporated by reference herein contain the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

(o) This Agreement may be executed in any number of counterparts, including via facsimile, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

(p) Except as otherwise provided hereunder, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

IN WITNESS WHEREOF, the Grantee accepted this Agreement on the date below.

QUOTIENT LIMITED

By: \_

Name:

Title:

GRANTEE

\_\_\_\_\_  
Name:

Date:

## QUOTIENT LIMITED

RESTRICTED STOCK UNIT AWARD AGREEMENT

AGREEMENT by and between Quotient Limited, a public no par value limited liability company incorporated in Jersey, Channel Islands (the "Company") and [●] (the "Grantee"), dated as of the date of acceptance of this Agreement by the Grantee.

[WHEREAS, the Company maintains the Quotient Limited 2014 Stock Incentive Plan (the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan);

WHEREAS, under the Plan, the Company may from time to time issue awards of Restricted Stock Units ("RSUs") to individuals and persons who provide services to, among others, the Company and certain of its affiliates;]

[WHEREAS, RSUs awarded hereunder are granted as an "inducement" award under NASDAQ Marketplace Rules outside of the Plan; and;

WHEREAS, in connection with the Grantee's becoming the Chief Executive Officer of the Company, the Administrator has determined that it is in the best interests of the Company and its Shareholders to grant RSUs to the Grantee subject to the terms and conditions set forth below.]

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of RSUs.

The Company hereby grants the Grantee [●] Grant Restricted Stock Units (RSUs). The RSUs are subject to the terms and conditions of this Agreement. Although the RSUs and Ordinary Shares issuable upon settlement of the RSUs are not issued pursuant to the Plan the terms of the RSUs granted hereunder shall be governed in all respects as if issued under the Plan as currently in effect and as may be amended hereafter from time to time. It is understood that the RSUs granted hereunder are not being granted pursuant to the Plan; provided however that, unless inconsistent with the express terms of this Agreement, this Agreement shall be construed and administered in a manner consistent with the provisions of the Plan as if granted pursuant thereto, the terms of which are incorporated herein by reference (including, without limitation, any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan, which shall be deemed to apply to the RSUs granted hereunder without any further action of the Committee, unless expressly provided otherwise by the Committee). The Committee shall have final authority to interpret and construe the Plan's terms as they are incorporated herein by reference and deemed to apply to the RSUs granted hereunder, and this Agreement, and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Grantee and the Grantee's beneficiary in respect of any questions arising under the Plan as incorporated by reference herein or this Agreement. The Grantee acknowledges that the Grantee has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan as incorporated by reference herein. [For the

avoidance of doubt, neither the RSUs granted hereunder nor any Ordinary Shares issued upon settlement of such RSUs shall reduce the number of Ordinary Shares available for issuance pursuant to awards granted under the Plan.] Where the context permits, references to the Company shall include any successor to the Company.

2. Restrictions.

(a) Subject to the Grantee remaining in continuous employment with the Company through the Vesting Date, the percentage of the Grantee's RSUs granted hereunder that shall become vested upon the Vesting Date shall be determined based on the level of the Company's revenue with respect to the Company's 2024 fiscal year ("Fiscal Year 2024 Revenue"), as determined by the Committee, as follows:

[Revenue-based performance targets set by the remuneration committee of the board of directors.]

In the event the Fiscal Year 2024 Revenue, as determined by the Committee, falls between Threshold and Maximum achievement as set forth in the above table, the percentage of the Grantee's RSUs granted hereunder that shall vest on the Vesting Date shall be determined by using straight line linear interpolation. In no event shall the Grantee vest in more than 150% of the RSUs granted hereunder.

(b) Subject to clause 2(c) below and except as otherwise set forth in the Grantee's employment agreement with the Company, upon the Grantee's Termination of Service for any reason prior to the Vesting Date, all RSUs which have not vested shall, with no further action, be forfeited by the Grantee, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such RSUs.

(c) For purposes of this Agreement, a "Termination of Service" shall mean the time when the employee-employer relationship or directorship, or other service relationship, between the Grantee and the Company (or an Affiliated Company) is terminated for any reason, with or without Cause, including, but not limited to, any termination by resignation, discharge, death or retirement. The Administrator, in its absolute discretion, shall determine the effects of all matters and questions relating to Termination of Service, including, but not limited to, the question of whether any Termination of Service was for Cause and all questions of whether particular leaves of absence constitute Terminations of Service. For this purpose, the service relationship shall be treated as continuing intact while the Grantee is on military leave, sick leave or other bona fide leave of absence (to be determined in the discretion of the Administrator).

3. Voting and Other Rights.

The Grantee shall have no rights of a Shareholder (including the right to distributions or dividends), and will not be treated as an owner of Shares for tax purposes, except with respect to Ordinary Shares that have been issued.

4. Settlement.

Each vested and outstanding RSU shall be settled in one Ordinary Share on the Vesting Date (either by delivering one or more certificates for such Ordinary Share or by entering such Ordinary Share in book-entry form, as determined by the Company in its discretion). Such issuance shall constitute payment of the RSUs. References herein to issuances to the Grantee shall

include issuances to any beneficial owner or other person to whom (or to which) the Ordinary Shares are issued. The Company's obligation to issue Ordinary Shares or otherwise make any payment with respect to vested RSUs is subject to the condition precedent that the Grantee or other person entitled under the terms of the Plan as incorporated by reference herein to receive any Ordinary Shares with respect to the vested RSUs deliver to the Company any representations or other documents or assurances required pursuant to Paragraph 6(k). The Grantee shall have no further rights with respect to any RSUs that are paid or that terminate pursuant to Paragraph 2. For the avoidance of doubt, to the extent the terms of this Paragraph 4 conflict with any terms of the Plan as incorporated by reference herein relating to the settlement of RSUs, the terms of this Paragraph 4 shall govern.

5. Definitions.

(a) "Award Date" means [\_\_\_\_\_].

(b) "Vesting Date" means the third anniversary of the Award Date and the Grantee's service relationship with the Company has not terminated prior to such Vesting Date.

(c) "Agent": the Company's selected transfer agent together with any other party the Company determines necessary to execute this Agreement. As at the Award Date, the Agent is [\_\_\_\_\_].

(d) "Plan": Quotient Limited 2014 Stock Incentive Plan.

Capitalized terms used but not defined in this Agreement, shall have the respective meanings ascribed thereto by the Plan.

6. Sell to Cover Election and Non-Discretionary Sale Instructions.

The following shall apply under this Agreement if the Grantee elects for the Sell to Cover Election at the time the Grantee accepts this Agreement (as evidenced through the Agent's online platform).

6.1 The Grantee hereby affirmatively and irrevocably makes an election (the "Sell to Cover Election") to sell that number of shares of Common Stock issued from the vesting and/or settlement of the RSUs amongst one of the following alternatives as per the alternative that the Grantee selected as part of the Grantee's Sell to Cover Election:

6.1(a) to the extent subject to income tax withholdings as an employee of the Company or any of its Affiliates, with a value equal to the amount that the Company will determine to be necessary to satisfy all applicable tax withholding obligations with respect to any taxable event arising in connection with the vesting or settlement of the RSUs,

or,

6.1(b) to the extent not subject to income tax withholdings as an employee of the Company or any of its Affiliates, with a value equal to one of the following which Grantee irrevocably agrees is designed to satisfy Grantee's income tax obligations with respect to any taxable event arising in connection with the vesting or settlement of the RSUs:

x- only for Grantees residing in the USA, the product of (i) the amount of taxable income incurred with respect to any taxable event arising in connection with the vesting of the RSUs and (ii) the highest marginal U.S. federal and applicable state

income tax rates that are applicable to the Grantee (based on his or her state of residence),

or,

y- for Grantees regardless of their country of residency (whether in the USA or elsewhere), the product of (i) the amount of taxable income incurred with respect to any taxable event arising in connection with the vesting or settlement of the RSUs and (ii) the fixed tax rate that Grantee indicates through the Grantee's Sell to Cover Election,

it being understood that under both alternatives 6.1(b)-x- and 6.1(b)-y-, the Company and the Agent would be acting as a collection agent for Grantee and as such Grantee acknowledges and agrees that the Company through its Agent would temporarily hold the proceeds from the sale(s) made pursuant to section 6.2 and 6.3. below. Grantee acknowledges and agrees to hold the Company and the Agent harmless from and against liabilities, claims, damages and expenses that may arise from the proceeds to be prevented from being made available to Grantee while in the Company's temporary possession, for reasons independent from the Company's, its Affiliates' or the Agent's acts or omission, including in case the Company or its Affiliates experience bankruptcy events.

6.2 As part of the Sell to Cover Election, Grantee hereby:

6.2(a) agrees to execute any letter of instruction or agreement required by the Agent, stock plan administrator, bank, broker, nominee or other similar agent or representative to allow the Agent to timely remit the cash proceeds of such sale(s) to the Company, including as temporary depository of the funds for Grantee under options 6.1(b)-x- and 6.1(b)-y.

6.2(b) represents and warrants that, as of the date of this Sell to Cover Election, Grantee is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales (other than any limitations in any insider trading policy of the Company), does not have, and will not attempt to exercise, authority, influence or control over any sales of shares of Common Stock effected by the Agent pursuant to this Sell to Cover Election, and is entering into this Sell to Cover Election in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act. It is the Grantee's intent that this Sell to Cover Election comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

6.3 To effect the Grantee's Sell to Cover Election pursuant to this Agreement, the Grantee hereby acknowledges and agrees:

6.3(a) The Grantee hereby appoints the Agent as the Grantee's agent and authorizes the Agent to sell on the open market at the then prevailing market price(s), on the Grantee's behalf, as soon as practicable on or after the date on which the shares of Common Stock are issued upon each vesting and/or settlement of the Relevant Equity, that number (rounded up to the next whole

number) of the shares of Common Stock so issued necessary to generate proceeds to cover the amount elected in the Sell to Cover Election and all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto.

6.3(b) The Grantee hereby authorizes the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to subsection 6.3(a) above.

6.3(c) The Grantee understands that the Agent may effect sales as provided in subsection 6.3(a) above in one or more sales and that the average price for executions resulting from bunched orders will be assigned to the Grantee's account. In addition, the Grantee acknowledges that it may not be possible to sell shares of Common Stock as provided by subsection 6.3(a) above due to (x) a legal or contractual restriction applicable to the Grantee or the Agent, (y) a market disruption, or (z) rules governing order execution priority on the national exchange where the shares of Common Stock may be traded. The Grantee further agrees and acknowledges that in the event the sale of shares of Common Stock would result in material adverse harm to the Company, as determined by the Company in its sole discretion, the Company may instruct the Agent not to sell shares of Common Stock as provided by subsection 6.3(a) above. In the event of the Agent's inability to sell shares of Common Stock, the Grantee will continue to be responsible for the timely payment to the Company and/or its Affiliates or to the applicable tax authority of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in subsection 1(A) above.

6.3(d) The Grantee hereby agrees to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this Sell to Cover Election.

6.3(e) The Grantee hereby agrees that the Company has no duty or obligation to minimize the tax consequences to the Grantee of this Sell to Cover Election and shall not be liable to the Grantee for any adverse tax consequences to the Grantee arising in connection with this Sell to Cover Election. The Grantee is hereby advised to consult with the Grantee's personal tax, financial and/or legal advisors regarding the tax consequences of this Sell to Cover Election and by signing this Sell to Cover Election, the Grantee has agreed that the Grantee has done so or knowingly and voluntarily declined to do so. The Grantee understands that the Grantee (and not the Company) shall be responsible for the Grantee's own tax liability that may arise as a result of this investment or the transactions contemplated by this Sell to Cover Election.

6.3(f) The Grantee hereby agrees that to the extent the Grantee becomes subject to income tax withholdings as an employee of the Company or any of its Affiliates after this Agreement is accepted and after Sell to Cover 6.1(b)-x or 6.1(b)-y have been elected, the Company shall have sole decision authority to then sell that number of shares of Common Stock issued from the vesting and/or settlement of the RSUs with a value equal to the amount that the Company will determine to be necessary to satisfy the newly applicable tax withholding obligations with respect to any taxable event arising in connection with the vesting or settlement of the RSUs.

6.4 The Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Company, the board of directors of the Company and the compensation committee of the board of directors of the Company with respect to any questions arising under this Sell to Cover Election.

6.5 This Sell to Cover Election shall terminate not later than the date on which all tax obligations (whether tax withholding obligations on the Company or Grantee's personal income tax obligations) arising in connection with each vesting and/or settlement of the RSUs have been satisfied.

7. Miscellaneous.

(a) In the event of any change in the Company's outstanding Shares by reason of any stock dividend, split, spinoff, recapitalization or other similar change, the terms (including each applicable Target Price) and the number of any outstanding RSUs (and the Shares represented by such RSUs) shall be equitably adjusted by the Administrator in its discretion to the extent the Administrator determines that such adjustment is necessary to preserve the benefit, including the economic value, of this Agreement for the Grantee and the Company.

(b) Nothing in this Agreement confers any rights or interests other than as herein provided. With respect to this Agreement, (i) the RSUs are bookkeeping entries, (ii) the obligations of the Company under this Agreement are unsecured and constitute a commitment by the Company to make benefit payments in the future, (iii) to the extent that any person acquires a right to receive payments from the Company under this Agreement, such right shall be no greater than the right of any general unsecured creditor of the Company, (iv) all payments under this Agreement (including distributions of Ordinary Shares) shall be paid from the general funds of the Company and (v) no special or separate fund shall be established or other segregation of assets made to assure such payments (except that the Company may in its discretion establish a bookkeeping reserve to meet its obligations under this Agreement). The RSUs shall be used solely as a device for the determination of the payment to eventually be made to the Grantee if the RSUs vest pursuant to Paragraph 2. The award of RSUs is intended to be an arrangement that is unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

(c) **Governing Law.** This Agreement shall be governed by the laws of Jersey without reference to the principles of conflicts of law.

(d) The Administrator may construe and interpret this Agreement and establish, amend and revoke such rules, regulations and procedures for the administration of this Agreement as it deems appropriate. In this connection, the Administrator may correct any defect or supply any omission, or reconcile any inconsistency in this Agreement or in any related agreements, in the manner and to the extent it shall deem necessary or expedient to make this Agreement fully effective. All decisions and determinations by the Administrator in the exercise of this power shall be final and binding upon the Company and the Grantee.

(e) All notices hereunder shall be in writing, and if to the Company or the Administrator, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Grantee, shall be delivered personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this Paragraph 6(e).

(f) The failure of the Grantee or the Company to insist upon strict compliance with any provision of this Agreement, or to assert any right the Grantee or the Company, respectively, may

have under this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(g) The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

(h) Notwithstanding anything to the contrary contained in this Agreement, to the extent that the Board determines that this Agreement or the RSU is subject to Section 409A or Section 457A of the Code and fails to comply with the requirements of Section 409A or Section 457A of the Code, the Board reserves the right (without any obligation to do so or to indemnify the Grantee for failure to do so), without the consent of the Grantee, to amend or terminate this Agreement and/or amend, restructure, terminate or replace the RSU in order to cause the RSU to either not be subject to Section 409A or Section 457A of the Code or to comply with the applicable provisions of such section.

(i) The terms of this Agreement shall be binding upon the Grantee and upon the Grantee's heirs, executors, administrators, personal representatives, transferees, assignees and successors in interest and upon the Company and its successors and assignees, subject to the terms of the Plan as incorporated by reference herein.

(j) Unless otherwise permitted in the sole discretion of the Administrator, (i) neither this Agreement nor any rights granted herein shall be assignable by the Grantee, and (ii) no purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any RSUs or Ordinary Shares by any holder thereof in violation of the provisions of this Agreement or the terms of the Plan as incorporated by reference herein will be valid, and the Company will not transfer any of said RSUs or Ordinary Shares on its books nor will any Ordinary Shares be entitled to vote, nor will any distributions be paid thereon, unless and until there has been full compliance with said provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

(k) The Grantee hereby agrees to perform all acts, and to execute and deliver any documents, that may be reasonably necessary to carry out the provisions of this Agreement, including but not limited to all acts and documents related to compliance with securities, tax and other applicable laws and regulations.

(l) The Grantee hereby represents and agrees that the Grantee is not acquiring the RSUs or the Ordinary Shares with a view to distribution thereof.

(m) Nothing in this Agreement shall confer on the Grantee any right to continue in the employ or other service of the Company or any Affiliated Company or interfere in any way with the right of the Company or any Affiliated Company and its Shareholders to terminate the Grantee's employment or other service at any time. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or service as provided in this Agreement or under the Plan.

(n) This Agreement and the terms of the Plan as incorporated by reference herein contain the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

(o) This Agreement may be executed in any number of counterparts, including via facsimile, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

(p) Except as otherwise provided hereunder, no amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement as of the day and year first above written.

QUOTIENT LIMITED

By: \_

Name:

Title:

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GRANTEE

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Name:

Date:

## 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: February 8, 2022

/s/ Manuel O. Méndez  
Manuel O. Méndez  
*Chief Executive Officer*

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## CERTIFICATION

I, Ali Kiboro, 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: February 8, 2022

/s/ Ali Kiboro

Ali Kiboro

Chief Financial Officer

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## 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 December 31, 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: February 8, 2022

/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.

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**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 December 31, 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: February 8, 2022

/s/ Ali Kiboro

Ali Kiboro

*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.

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