

Accelerate Diagnostics Reports First Quarter 2021 Financial Results

TUCSON, Ariz., May 6, 2021 /PRNewswire/ -- Accelerate Diagnostics, Inc. (Nasdaq: AXDX) today announced financial results for the first quarter for the period ended March 31, 2021.

"First quarter financial results were consistent with our expectations," commented Jack Phillips, Chief Executive Officer of Accelerate Diagnostics, Inc. "We also progressed key commercial and product development programs during the quarter."

First Quarter 2021 Highlights

- Added 2 contracted instruments and brought 12 instruments live in the U.S. in the quarter.
- Ended the first quarter with 274 U.S. clinically live and revenue-generating instruments, with another 111 U.S. contracted instruments in the process of being implemented and not yet revenue-generating.
- Net sales were \$2.5 million, compared to \$2.3 million in the first quarter of 2020, or an 8% increase. Instrument revenue declined while consumable revenue grew by 16%.
- Gross margin was 36% for the quarter, compared to 45% in the first quarter of 2020. The decline in gross margins resulted from ongoing pandemic-related impacts to manufacturing costs and other factors.
- Selling, general, and administrative (SG&A) costs for the quarter were \$14.0 million, compared to \$12.9 million from the same quarter of the prior year. SG&A costs for the quarter excluding non-cash stock-based compensation were \$8.0 million, compared to \$9.9 million from the same quarter of the prior year. This decrease was the result of the ongoing benefits from cost-cutting efforts put in place during 2020.
- Research and development (R&D) costs for the quarter were \$6.9 million, compared to \$5.8 million from the same quarter of the prior year. R&D costs excluding non-cash stock-based compensation expense for the quarter were \$4.1 million, compared to \$4.7 million from the quarter of the prior year. This decrease was the result of improved internal efficiencies and lower external study-related costs.
- Net loss was \$24.2 million in the first quarter, resulting in \$0.41 net loss per share. Net loss excluding non-cash stock-based compensation expense for the first quarter was \$15.4 million.
- Net cash used in the quarter was \$12.3 million, and the company ended the quarter with total cash, investments, and cash equivalents of \$66.7 million.
- Closed on the first of three equal \$10.7M tranches of previously announced financing.

Full financial results for the quarter ending March 31, 2021 will be filed on Form 10-Q through the Securities and Exchange Commission's (SEC) website at <http://www.sec.gov>.

Audio Webcast and Conference Call

The company will host a conference call at 4:30PM ET today to review its first quarter financial results. To listen to the 2021 first quarter financial results call by phone, +1.877.883.0383 and enter Elite Entry Number: 4747452. International participants may dial +1.412.902.6506. Please dial in 10-15 minutes prior to the start of the conference. A replay of the call will be available by telephone at +1.877.344.7529 (U.S.) or +1.412.317.0088 (International) using the replay code 10154554 until May 27, 2021.

This conference call will also be webcast and can be accessed from the company's website at ir.axdx.com. A replay of the audio webcast will be available until August 6, 2021.

Use of Non-GAAP Financial Measures

This press release contains certain financial measures that are not recognized measures under accounting principles generally accepted in the United States of America ("GAAP"), which include SG&A, R&D, and Net income (loss) amounts excluding stock-based compensation expenses.

Our management and board of directors use expenses excluding the cost of stock-based compensation to understand and evaluate our operating performance and trends, to prepare and approve our annual budget and to develop short-term and long-term operating and financing plans. Accordingly, we believe that expenses excluding the cost of stock-based compensation provides useful information for investors in understanding and evaluating our operating results in the same manner as our management and our board of directors. Expenses excluding the cost of stock-based compensation is a non-GAAP financial measure and should be considered in addition to, not as superior to, or as a substitute for, SG&A expenses, R&D expenses, and net income (loss) reported in accordance with GAAP. The following tables present a reconciliation of SG&A expenses, R&D

expenses and net income (loss) excluding stock-based compensation to comparable GAAP measures for the periods indicated:

| | Three Months Ended March 31, (in thousands) | |
|----------------------------------------------------------------------------------------|------------------------------------------------------|-------------|
| | 2021 | 2020 |
| Sales, general and administrative | \$14,029 | \$12,943 |
| Non-cash equity-based compensation as a component of sales, general and administrative | 5,992 | 3,005 |
| Sales, general and administrative less non-cash equity-based compensation | \$8,037 | \$9,938 |

| | Three Months Ended March 31, (in thousands) | |
|-------------------------------------------------------------------------------|------------------------------------------------------|-------------|
| | 2021 | 2020 |
| Research and development | \$6,895 | \$5,842 |
| Non-cash equity-based compensation as a component of research and development | 2,746 | 1,123 |
| Research and development less non-cash equity-based compensation | \$4,149 | \$4,719 |

| | Three Months Ended March 31, (in thousands) | |
|---------------------------------------------------------------|------------------------------------------------------|--|
| | 2021 | |
| Net loss | \$24,239 | |
| Non-cash equity-based compensation as a component of net loss | 8,839 | |
| Net loss less non-cash equity-based compensation | \$15,400 | |

About Accelerate Diagnostics, Inc.

Accelerate Diagnostics, Inc. is an *in vitro* diagnostics company dedicated to providing solutions for the global challenges of antibiotic resistance and sepsis. The Accelerate Pheno[®] system and Accelerate PhenoTest[®] BC kit combine several technologies aimed at reducing the time clinicians must wait to determine the most optimal antibiotic therapy for deadly infections. The FDA cleared system and kit fully automate the sample preparation steps to report phenotypic antibiotic susceptibility results in approximately 7 hours direct from positive blood cultures. Recent external studies indicate the solution offers results 1-2 days faster than existing methods, enabling clinicians to optimize antibiotic selection and dosage specific to the individual patient days earlier.

The "ACCELERATE DIAGNOSTICS" and "ACCELERATE PHENO" and "ACCELERATE PHENOTEST" and diamond shaped logos and marks are trademarks or registered trademarks of Accelerate Diagnostics, Inc.

For more information about the company, its products and technology, or recent publications, visit axdx.com.

Forward-Looking Statements

Certain of the statements made in this press release are forward looking or may have forward looking implications. Actual results or developments may differ materially from those projected or implied in these forward-looking statements. Information about the risks and uncertainties faced by Accelerate Diagnostics is contained in the section captioned "Risk Factors" in the company's most recent Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 2, 2021, and in any other reports that the company files with the Securities and Exchange Commission. The company's forward-looking statements could be affected by general industry and market conditions. Except as required by federal securities laws, the company undertakes no obligation to update or revise these forward-looking statements to reflect new events, uncertainties or other contingencies.

Source: Accelerate Diagnostics Inc.

| | March 31, 2021 | December 31, 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------|
| | Unaudited | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 42,726 | \$ 35,781 |
| Investments | 23,954 | 32,488 |
| Trade accounts receivable | 1,976 | 1,550 |
| Inventory | 9,785 | 9,216 |
| Prepaid expenses | 1,891 | 1,172 |
| Other current assets | 1,479 | 1,780 |
| Total current assets | <u>81,811</u> | <u>81,987</u> |
| Property and equipment, net | 5,825 | 6,135 |
| Right of use assets | 3,007 | 3,183 |
| Other non-current assets | 2,025 | 2,120 |
| Total assets | <u>\$ 92,668</u> | <u>\$ 93,425</u> |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,917 | \$ 1,290 |
| Accrued liabilities | 3,221 | 2,991 |
| Accrued interest | 191 | 1,262 |
| Deferred revenue | 357 | 376 |
| Current portion of long-term debt | 1,127 | 553 |
| Current operating lease liability | 551 | 497 |
| Total current liabilities | <u>7,364</u> | <u>6,969</u> |
| Non-current operating lease liability | 2,900 | 3,063 |
| Other non-current liabilities | 453 | 335 |
| Long-term debt | 4,108 | 4,659 |
| Convertible notes | 144,207 | 141,211 |
| Total liabilities | <u>\$ 159,032</u> | <u>\$ 156,237</u> |
| Commitments and contingencies | | |
| Stockholders' deficit: | | |
| Preferred shares, \$0.001 par value; 5,000,000 preferred shares authorized and none outstanding as of March 31, 2021 and December 31, 2020 | — | — |
| Common stock, \$0.001 par value; 85,000,000 common shares authorized with 59,561,357 shares issued and outstanding on March 31, 2021 and 85,000,000 common shares authorized with 57,607,939 shares issued and outstanding on December 31, 2020 | 60 | 58 |
| Contributed capital | 495,857 | 475,072 |
| Treasury stock | (45,067) | (45,067) |
| Accumulated deficit | (517,205) | (492,966) |
| Accumulated other comprehensive income (loss) | (9) | 91 |
| Total stockholders' deficit | <u>(66,364)</u> | <u>(62,812)</u> |
| Total liabilities and stockholders' deficit | <u>\$ 92,668</u> | <u>\$ 93,425</u> |

See accompanying notes to condensed consolidated financial statements.

ACCELERATE DIAGNOSTICS, INC.
CONDENSED CONSOLIDATED
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
Unaudited
(in thousands, except per share data)

| | Three Months Ended | |
|------------------------------------------------------------------|---------------------------|------------------|
| | March 31, | March 31, |
| | 2021 | 2020 |
| Net sales | \$ 2,518 | \$ 2,342 |
| Cost of sales | 1,621 | 1,287 |
| Gross profit | 897 | 1,055 |
| Costs and expenses: | | |
| Research and development | 6,895 | 5,842 |
| Sales, general and administrative | 14,029 | 12,943 |
| Total costs and expenses | 20,924 | 18,785 |
| Loss from operations | (20,027) | (17,730) |
| Other income (expense): | | |
| Interest expense | (4,090) | (3,749) |
| Foreign currency exchange loss | (159) | (128) |
| Interest income | 43 | 380 |
| Other expense, net | (6) | (82) |
| Total other expense, net | (4,212) | (3,579) |
| Net loss before income taxes | (24,239) | (21,309) |
| Provision for income taxes | — | — |
| Net loss | \$ (24,239) | \$ (21,309) |
| Basic and diluted net loss per share | \$ (0.41) | \$ (0.39) |
| Weighted average shares outstanding | 58,520 | 54,837 |
| Other comprehensive loss: | | |
| Net loss | \$ (24,239) | \$ (21,309) |
| Net unrealized (loss) gain on debt securities available-for-sale | (19) | 223 |
| Foreign currency translation adjustment | (81) | (15) |
| Comprehensive loss | \$ (24,339) | \$ (21,101) |

See accompanying notes to condensed consolidated financial statements.

ACCELERATE DIAGNOSTICS, INC.
CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS
Unaudited
(in thousands)

| | Three Months Ended | |
|-----------------------------------------------------------------------------|---------------------------|------------------|
| | March 31, | March 31, |
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Net loss | \$ (24,239) | \$ (21,309) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 659 | 755 |
| Amortization of investment discount | 49 | (4) |
| Equity-based compensation | 8,839 | 4,199 |
| Amortization of debt discount and issuance costs | 2,996 | 2,674 |
| Loss on disposal of property and equipment | — | 432 |
| Contributions to deferred compensation plan | (112) | — |
| (Increase) decrease in assets: | | |
| Accounts receivable | (401) | (9) |
| Inventory and instruments in property and equipment | (683) | (1,735) |

| | | |
|-----------------------------------------------------|-----------|-----------|
| Prepaid expense and other | (292) | (1,011) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 575 | 968 |
| Accrued liabilities, and other | 183 | (1,475) |
| Accrued interest | (1,048) | (1,071) |
| Deferred revenue and income | (19) | (85) |
| Deferred compensation | 118 | 74 |
| Net cash used in operating activities | (13,375) | (17,597) |
| Cash flows from investing activities: | | |
| Purchases of equipment | — | (438) |
| Purchase of marketable securities | (7,307) | (21,582) |
| Maturities of marketable securities | 15,829 | 16,664 |
| Net cash provided by (used in) investing activities | 8,522 | (5,356) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of common stock | 10,746 | 111 |
| Proceeds from exercise of options | 1,109 | 1,318 |
| Net cash provided by financing activities | 11,855 | 1,429 |
| Effect of exchange rate on cash | (57) | (3) |
| Increase (decrease) in cash and cash equivalents | 6,945 | (21,527) |
| Cash and cash equivalents, beginning of period | 35,781 | 61,014 |
| Cash and cash equivalents, end of period | \$ 42,726 | \$ 39,487 |

See accompanying notes to condensed consolidated financial statements.

ACCELERATE DIAGNOSTICS, INC.
CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS (CONTINUED)
Unaudited
(in thousands)

| | Three Months Ended | |
|----------------------------------------------------------------------|---------------------------|------------------|
| | March 31, | March 31, |
| | 2021 | 2020 |
| Non-cash investing activities: | | |
| Net transfer of instruments from inventory to property and equipment | \$ 306 | \$ 1,282 |
| Supplemental cash flow information: | | |
| Interest paid | \$ 2,144 | \$ 2,144 |
| Income taxes paid, net of refunds | \$ — | \$ 26 |

See accompanying notes to condensed consolidated financial statements.

SOURCE Accelerate Diagnostics, Inc.

For further information: For further information: Investor Inquiries & Media Contact: Laura Pierson, Accelerate Diagnostics, +1 520 365-3100, investors@axdx.com

<https://ir.axdx.com/2021-05-06-Accelerate-Diagnostics-Reports-First-Quarter-2021-Financial-Results>