Oxford Immunotec Global PLC

FINANCIAL STATEMENTS

for the year ended

31 December 2019

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OXFORD IMMUNOTEC GLOBAL PLC
COMPANY INFORMATION

DIRECTORS	Mr R Andrews Jr Mr P J Balthrop Sr Mr M Klausner Ms P Randall Mr H Rosenman Mr R A Sandberg Mr J R Tobin Mr A S Walton Dr P J Wrighton-Smith
SECRETARY	Ms J L Kidd (appointed 18 November 2019) Mr M T E McLaughlin (resigned 17 November 2019)
COMPANY NUMBER	08654254
REGISTERED OFFICE	94C Innovation Drive Milton Park Abingdon Oxfordshire OX14 4RZ
AUDITOR	Ernst & Young LLP Apex Plaza Reading Berkshire RG1 1YE

The Directors submit this report and the consolidated financial statements of Oxford Immunotec Global PLC and its subsidiaries, (which may be referred to as "the Group", "we", "us" or "our") for the year ended 31 December 2019. In addition, the Directors submit the parent company financial statements for Oxford Immunotec Global PLC ("Global" or the "parent company") for the year ended 31 December 2019.

Oxford Immunotec Global PLC is a public company limited by shares and incorporated and domiciled in the United Kingdom.

BASIS OF PRESENTATION

The Group financial statements for the year ended 31 December 2019 have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards, or IFRS, as adopted by the European Union, or EU, (IFRS) and related interpretations as adopted by the EU and, therefore, the Group financial statements comply with Article 4 of the EU International Accounting Standard (IAS) Regulation.

The parent company financial statements for the year ended 31 December 2019 have been prepared in accordance with IFRS.

PRINCIPAL ACTIVITIES

We are a global, high-growth diagnostics company focused on developing and commercialising proprietary tests for immunology and infectious disease by leveraging the technological, product development, manufacturing, quality, regulatory, and sales and marketing capabilities we have developed over our seventeen year history. Our proprietary T-SPOT®.*TB* test utilises our T-SPOT technology platform to test for tuberculosis, which is the leading cause of infectious disease death worldwide.

On 6 November 2018, we completed the sale of our U.S. Laboratory Services Business to Quest Diagnostics Incorporated, a Delaware Corporation, or Quest, for gross proceeds of $170 million in cash, or the Transaction. The Transaction represented a strategic business shift and it had a major effect on our operations and financial results.

RESULTS AND DIVIDENDS

Our loss after income taxes from continuing operations for the year was $2.9 million (2018: loss of $27.6 million). Our net loss after income taxes for the year was $2.4 million (2018: profit of $119.9 million).

Our Directors do not recommend the payment of a dividend on the ordinary shares (2018: $nil).

In 2019, our Board of Directors authorized the repurchase of up to $100 million of our ordinary shares in the aggregate, subject to the approval of our shareholders by an ordinary resolution at our 2019 Annual General Meeting, or the share repurchase program. The share repurchase program was approved by our shareholders at our Annual General Meeting held on June 18, 2019 and was initiated during September 2019. During the four month period ended 31 December 2019, we repurchased 478,856 shares at a total cost of $7.0 million. During the three-month period ended March 31, 2020, we repurchased 530,890 ordinary shares at a total cost of $7.7 million. At March 31, 2020, $85.3 million of ordinary shares remain eligible for repurchase. In an effort to conserve cash, as a result of the COVID-19 pandemic, we have currently paused our share repurchase program. The repurchase program may be resumed by us at any time prior to its expiration or earlier termination.

SEASONALITY

Our revenue fluctuates from quarter-to-quarter as a result of a number of factors, many of which are outside our control, including ordering patterns, particularly relating to our large distributor customers.

FUTURE DEVELOPMENTS

Our Directors continually evaluate the policies and strategies needed to continue our revenue growth. As the COVID-19 pandemic continues to spread and impact global populations and economies, we continue to evaluate the impact of COVID-19 on both the broad diagnostics market, and on the Company's operations more particularly. Given the importance of supporting patients with tuberculosis, which continues to be the leading cause of infectious disease death worldwide, we are diligently working with our suppliers, healthcare providers and partners to provide patients with access to our diagnostic tests, while taking into account regulatory, institutional, and government guidance, policies and protocols. COVID-19 has affected the global economy as a whole, including the economies and industries in which we operate. Uncertainties regarding the scope and impact of the recent outbreak of COVID-19 has caused a re-prioritization of public health activities. This has impacted our sales, sources of supply and operations, along with the operations of our suppliers, other partners and customers, particularly as COVID-19 protocols and resources have restricted patient access to hospitals, physicians' offices and other testing sites. Additionally, COVID-19 has restricted our sales representatives' access to these sites. As a result, COVID-19 has impacted our 2020 performance and continues to represent a risk to our future performance.

The ultimate impacts of COVID-19 on our business are currently unknown. We are actively monitoring the situation and may take precautionary and preemptive actions that we determine are in the best interests of our business. We cannot predict the long-term effects that such actions may have on our business or on our financial results, in particular with respect to demand for our products.

POLITICAL CONTRIBUTIONS

We have not made political contributions in the period (2018: $nil).

RESEARCH AND DEVELOPMENT

Our research and development efforts are primarily focused on development programs to enhance our TB product offering.

Our research and development activities include performing research, development, clinical and regulatory activities and validating improvements to our technology and processes for the purposes of enhancing product performance. Research and development expenses include personnel-related expenses, including share-based compensation, fees for contractual and consulting services, clinical trial costs, travel costs, laboratory supplies, amortisation, depreciation, rent, insurance and repairs and maintenance.

We have active development programs to enhance our T-SPOT.*TB* test offering. We are developing multiple product enhancements that aim to improve the clinical utility of our test and improve test workflow and automation. We believe these enhancements will also serve to increase the barriers to entry in both the U.S. and outside the U.S.

Product development activities are inherently uncertain, and there can be no assurance that we will be able to obtain regulatory body clearance to market our products. Delays in obtaining regulatory clearance may allow for increased competition, thereby potentially impacting the successful commercialisation of our products. In addition, we may terminate our development efforts with respect to one or more of our products under development at any time, including before or during clinical trials, based upon changed market conditions.

Our total research and development expenses for continuing operations were $8.7 million, (2018: $13.9 million), and we employ research and development staff of 82 (2018: 81). In the opinion of our Directors, continuity of investment in this area is important for the maintenance of the Group's market position and for future growth.

EVENTS SINCE THE END OF THE YEAR

Between January and March 2020, the Company acquired a total of 530,890 of the Company's shares at a total cost of $7.7 million. All shares were repurchased under an authorization covering up to $100 million of the Company's ordinary shares in the aggregate including commissions, as approved by the Company's Board of Directors and approved by shareholders at the Company's Annual General Meeting held on June 18, 2019. Purchases under the share buy-back programme have been paused, as a precaution to conserve cash, as part of the Group's response to the global COVID-19 pandemic.

In March 2020, the Company entered into a lease for new space in Marlborough, Massachusetts, which extends through November 2028 that will allow it combine its laboratory, warehousing and office space, currently located in Norwood,

Massachusetts, with its U.S. corporate headquarters that is currently located in a separate location in Marlborough, Massachusetts, into a single facility.

China's National Medical Products Administration, or the NMPA (formerly known as the China Food and Drug Administration, or the CFDA) requires that companies re-register their product every five years. Consistent with NMPA re-registration requirements, we secured re-registration of our test on April 13, 2020, which registration lasts until April 12, 2025. We have been able to continue to supply the Chinese market throughout the last several months, including during the ongoing COVID-19 pandemic and while working to obtain the re-registration.

As discussed above, the recent outbreak of COVID-19 has caused a re-prioritization of public health activities. However, the ultimate impacts of COVID-19 on our business are currently unknown. We are actively monitoring the situation and may take precautionary and preemptive actions that we determine are in the best interests of our business. We cannot predict the effects that such actions may have on our business or on our financial results, in particular with respect to demand for our product.

FINANCIAL INSTRUMENTS

Please refer to the 'Risks in relation to the use of financial instruments' section included in our Strategic Report, beginning on page 17 of this document.

GREENHOUSE GAS REPORT

Please refer to the section of the same name included in our Strategic Report, on page 21 of this document.

STRUCTURE OF THE GROUP'S CAPITAL

See Note 18 – Share capital of the Notes to the Consolidated Financial Statements.

DIRECTORS

Our Board of Directors is divided into three classes. Each class has a three-year term. At each annual general meeting of shareholders, directors whose terms will then expire (or their successors, if such directors are not nominated for re-election) will stand for election by the shareholders to serve for a three year term.

The following Directors have all served throughout the period covered by this report.

Mr R Andrews Jr
Mr P J Balthrop Sr
Mr Mark Klausner
Ms P Randall
Mr H Rosenman
Mr R A Sandberg
Mr J R Tobin
Mr A S Walton
Dr P J Wrighton-Smith

In 2019, our Board of Directors met 9 times. All of our directors attended a minimum of 89% of the meetings of our Board of Directors and its committees during their membership on the board. Our directors are strongly encouraged to attend our annual general meetings of shareholders.

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS AND CHANGE IN CONTROL PROVISIONS

A qualifying third party indemnity provision is in place for the benefit of each of our Directors. Dr Wrighton-Smith's share option awards include a "double trigger" to accelerate vesting upon a change in control and the termination of his employment with us. A change in control event will be deemed to occur upon the purchase of substantially all of our outstanding shares by, or the sale of substantially all of our assets to, a third party.

GOING CONCERN

Our business activities, together with the factors likely to affect our future development, performance and position are set out in the Strategic Report on pages 5 to 23.

In determining whether our financial statements can be prepared on a going concern basis, our Directors considered the Group's business activities, together with the factors likely to affect our future development and performance. The review also included our financial position and cash flows. The key factors considered by the Directors were:

- the strength of our balance sheet, including $181.3 million in cash, as compared with current net annual operating cash outflows of $7.2 million;
- the implications of the economic environment, including possible impacts of the COVID-19 pandemic and potential future uncertainties on the Group's revenue and results;
- the impact of the regulatory and competitive environment within which we operate; and
- the potential actions that could be taken in the event that revenue is worse than expected to limit the impact on our results of operations and cash flows.

COVID-19 has affected the global economy as a whole, including the economies and industries in which we operate. However, the ultimate impacts of COVID-19 on our business are currently unknown. We are actively monitoring the situation and may take precautionary and preemptive actions that we determine are in the best interests of our business. We cannot predict the effects that such actions may have on our business or on our financial results, in particular with respect to demand for our products.

We have considered available information in respect of our route to market, supply chain, people and infrastructure against a backdrop of the 2020 year to date management information and the inherent uncertainties of the COVID-19 pandemic. And, given the strength of our cash position, as of the date of this report, our Directors have a reasonable expectation that we have adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

AUDITOR

A resolution to reappoint Ernst & Young LLP (registered in the U.K.) will be proposed at the forthcoming Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all necessary steps in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

The Directors' Report was approved by the Board on 26 May 2020.

On behalf of the board

Patrick J Balthrop Sr
Chairman
26 May 2020

INTRODUCTION

Oxford Immunotec Global PLC was incorporated on 16 August 2013. Oxford Immunotec Global PLC on behalf of itself and its subsidiaries (which may be referred to as "the Group", "we", "us" or "our") is required to produce a strategic report complying with the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014 (the "Regulations").

We are a global, high-growth diagnostics company focused on developing and commercialising proprietary tests for immunology and infectious disease by leveraging the technological, product development, manufacturing, quality, regulatory, and sales and marketing capabilities we have developed over our seventeen year history. Our proprietary T-SPOT®[1].*TB* test utilises our T-SPOT technology platform to test for tuberculosis, which is the leading cause of infectious disease death worldwide. Alongside this, we have also developed reagents and methods to purify white blood cells for use in immunology assays. When used in conjunction with T-SPOT.*TB,* these reagents extend blood stability of samples for our test and/or enable workflow automation for T-SPOT.*TB.*

On 6 November 2018, we completed the sale of our U.S. Laboratory Services Business to Quest, for gross proceeds of $170 million in cash. This Transaction represented a strategic business shift and it had a major effect on our operations and financial results. In conjunction with the Transaction, the parties entered into certain ancillary agreements as of the Closing Date, including: (i) a transitional services agreement, (ii) a technology license agreement and (iii) a long-term supply agreement, pursuant to which Oxford Immunotec USA, Inc., or Oxford USA, agreed to sell, and Quest agreed to purchase, T-SPOT.*TB* test kits and related accessories from Oxford USA. In addition, the parties entered into a strategic collaboration agreement to drive continued growth of T.SPOT.*TB* testing in the U.S.

REVIEW OF THE BUSINESS

Overview

We currently offer our T-SPOT®[1].*TB* test as an *in vitro* diagnostic kit globally, meaning we sell test kits and associated accessories to laboratories that perform the testing themselves. We have also established a clinical testing laboratory in the United Kingdom, where we perform our T-SPOT.*TB* test on samples sent to us by customers. We market our service offering under the name Oxford Diagnostic Laboratories®, or ODL®.

Our approach to each country is based on opportunity size, health systems characteristics and maturity of its programs to fight TB. We prefer to establish direct connections with end customers in the most important markets. Today, we market our T-SPOT.*TB* test directly in the United States, China, Japan and many countries in Europe. In these countries, we use a combination of sales managers, sales representatives, customer service staff and technical experts to interact with clinicians, nurses, administrative staff, laboratories and other groups who are involved in the implementation of TB screening programs. Outside of these territories, we have contracted with distributors who market and sell our test. Our current customer base includes hospitals, commercial testing laboratories, importers and distributors.

Our goal is to educate these groups about the clinical, operational and economic benefits of switching from the TST to our T-SPOT.*TB* test. Our customer service staff and technical experts are also involved in the practical training of customers to perform and order our T-SPOT.*TB* test as well as providing ongoing customer support. In addition to these teams, we offer a diverse array of awareness-raising and educational activities, which include advertising, medical education and attendance at scientific meetings.

[1] "T-SPOT®," "T-Cell *Xtend*®," "Oxford Diagnostic Laboratories®," "ODL®," "Immunetics®", the Oxford Immunotec logo, our laboratory logo and other marks are our trademarks. Solely for convenience, trademarks and trade names referred to in this Annual Report, including logos, artwork and other visual displays, may appear without the ® or ™ symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

In the U.S., we maintain a strategic collaboration agreement with Quest to provide for close coordination between the two entities across functions such as Sales, Marketing, Medical Affairs, Customer Experience, Managed Care and Product Development. The agreement requires the development and execution of a joint annual commercial plan that includes promotional activities, education events, training, market research and analysis and customer experience. The agreement commits both organizations to executive oversight and regular review of progress on the commercial plan. Our U.S. organization also markets T-SPOT.*TB* to end customers not affiliated with Quest.

As of 31 December 2019 we had consolidated accumulated profits of $21.2 million. Our revenue from continuing operations for the year ended 31 December 2019 was $73.7 million and for the year ended 31 December 2018 was $51.8 million. Our net loss for the year ended 31 December 2019 was $2.4 million, including income of $0.5 million from discontinued operations and our net income for the year ended 31 December 2018 was $119.9 million, which included income from discontinued operations of $147.6 million.

DEVELOPMENT AND PERFORMANCE DURING THE YEAR

Revenue

We generate revenue from sales associated with our T-SPOT technology platform via our direct sales force and also through distributors. Our T-SPOT.*TB* test is our first commercialised product based on this technology.

Revenue mix

We currently offer our T-SPOT.*TB* test as both an *in vitro* diagnostic kit and a service. In the former, we sell test kits and associated accessories to distributors for resale and directly to institutions and laboratories that perform TB testing. In the latter, we have an established clinical testing laboratory in the U.K., where we perform our T-SPOT.*TB* test on samples sent to us by customers. We primarily negotiate pricing directly with our customers; our prices are influenced to some degree by the mechanism and level of funding our customers receive for performing tests for TB infection.

Revenue by type

By type, total revenues from continuing operations were as summarised in the table below.

	Year ended 31 December	
	2019	2018
	$000s	$000s
Revenue		
Product	69,763	46,722
Service	3,947	5,066
Total revenue	73,710	51,788

Revenue by geography

We have a direct sales force in the U.S., certain European countries, China and Japan. Additionally, we market and sell our products through distributors in various countries, including some where we also have direct sales forces. As a result, our revenue is denominated in multiple currencies.

The following table reflects total revenue by geography (United States, Europe and rest of world, or Europe and ROW, and Asia) and as a percentage of total revenue, based on the billing address of our customers.

	Year ended 31 December			
	2019		2018	
	$000s	%	$000s	%
Revenue				
United States	24,177	33%	8,477	16%
Europe and ROW	10,421	14%	9,153	18%
Asia	39,112	53%	34,158	66%
Total revenue	73,710	100%	51,788	100%

Our revenue is denominated in multiple currencies. Sales in the U.S. and South Korea are denominated in U.S. Dollars. Sales in China were denominated in U.S. dollars up until September 2019, and thereafter in Chinese Yuan. Sales in Europe and ROW are denominated primarily in Pounds Sterling and Euros. Sales in Japan are denominated in Yen. Our expenses are generally denominated in the currencies in which our operations are located, which are primarily in the U.S., the U.K., China, Japan, Germany, France and South Korea. 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 and gross margin

Cost of revenue consists of direct labour expenses, including employee benefits and share-based remuneration expenses, overhead expenses, material costs, cost of laboratory supplies, freight costs, royalties paid under license agreements, depreciation of laboratory equipment and leasehold improvements.

During the years ended 31 December 2019 and 2018, our cost of revenue represented 27% and 17%, respectively, of our total revenue.

	Year ended 31 December	
	2019	2018
	$000s	$000s
Cost of revenue		
Product	18,207	5,663
Service	1,457	3,253
Total cost of revenue	19,664	8,916

Our gross profit represents total revenue less the cost of revenue, and gross margin is gross profit expressed as a percentage of total revenue. Our gross margins were 73% and 83% for the years ended 31 December 2019 and 2018, respectively.

We expect our overall cost of revenue to increase as we continue to increase our volume of kits manufactured and tests performed. However, we also believe that through these increased volumes, we can achieve certain efficiencies in our manufacturing and laboratory operations that could help improve our overall margins.

The accounting treatment under IFRS for discontinued operations results in revenue and cost of revenue that differ from U.S. GAAP. The gross margin amounts remain unchanged.

Distribution costs

Our distribution costs include costs associated with our sales organisation, including our direct sales force and sales management, and our marketing, customer service and business development personnel. These expenses consist principally of salaries, commissions, bonuses and employee benefits for these personnel, including share-based compensation, as well as travel costs related to sales, marketing, customer service activities, medical education activities and overhead expenses. We expense all sales and marketing costs as incurred.

Distribution costs increased as we have expanded business development activities, geographic presence and medical education programs to increase awareness and adoption of T-SPOT.*TB.* The increase in distribution costs is primarily related to salary and other employee related expenses.

Administrative expenses

With respect to the following discussion of expenses, administrative expenses include both research and development and general and administrative expenses.

Our research and development efforts are focused on development programs to enhance our TB product offering. We are developing multiple product enhancements that aim to improve the clinical utility of our test and improve test workflow and automation.

Our research and development activities include performing research, development, clinical and regulatory activities and validating improvements to our technology and processes for the purposes of enhancing product performance. Research and development expenses include personnel-related expenses, including share-based compensation, fees for contractual and consulting services, clinical trial costs, travel costs, laboratory supplies, amortisation, depreciation, rent, insurance and repairs and maintenance. We expense or capitalise research and development costs in accordance with the accounting policy.

Our general and administrative expenses include costs for our executive, accounting, treasury and finance, legal, information technology, or IT, and human resources functions. These expenses consist principally of salaries, bonuses and employee benefits for the personnel included in these functions, including share-based compensation and travel costs, professional services fees, such as consulting, audit, tax and legal fees, costs related to our Board of Directors, general corporate costs, overhead expenses, and bad debt expense. We expense all general and administrative expenses as incurred.

Other operating income

Other operating income (expense) includes foreign exchange gains/ (losses) and other income and expense items.

Settlement expense

Settlement expense for 2019 relates to a 30 September 2019 Settlement Agreement and Release with Oxford University Innovation Limited, or OUI, or the OUI Settlement Agreement, to resolve outstanding disputes arising from a license agreement with OUI. The terms of the OUI Settlement Agreement are confidential.

Settlement expense for 2018 relates mainly to the 18 June 2018 settlement agreement with the former shareholders of Immunetics, Inc., or Immunetics, or the Immunetics Settlement Agreement, to resolve disputes arising from the Agreement and Plan of Merger dated 12 October 2016. The terms of the Immunetics Settlement Agreement are confidential.

Finance costs

Finance costs include interest expense, net, and foreign exchange gains/ (losses).

Interest expense for 2018 mainly related to our 4 October 2016 agreement with MidCap, or the MidCap agreement, that provided us with $40.0 million in debt financing, comprised of both a term loan and a revolving line of credit. In connection with the sale of the U.S. Laboratory Services Business to Quest pursuant to a Limited Liability Company Interest Purchase Agreement on 6 November 2018, approximately $32.3 million of the gross proceeds received pursuant to the Transaction was paid directly to MidCap to repay the outstanding indebtedness under the MidCap agreement, which included prepayment and exit fees of approximately $2.3 million. In connection with the Group's repayment of the outstanding indebtedness under the MidCap agreement, the Term Loan and the Revolving Loan, and all related agreements thereunder, were terminated and all borrowings outstanding thereunder were repaid in full. The repayment resulted in a loss on extinguishment of debt of $2.1 million, which represented the cash paid to settle the debt in excess of debt related balances at the time of settlement.

Monetary assets and liabilities that are denominated in foreign currencies are re-measured at the period-end closing rate with resulting unrealised exchange fluctuations. Realised exchange fluctuations result from the settlement of transactions in currencies other than the functional currencies of our businesses. The functional currencies of our businesses are U.S. Dollars, Pounds Sterling, Euros, Japanese Yen and Chinese Yuan, depending on the entity.

Discontinued operations

Discontinued operations represent the U.S. Laboratory Services Business that the Group sold to Quest during 2018. For financial statement purposes, the results of operations for the discontinued operations have been segregated from those of our continuing operations and are presented in our consolidated financial statements as discontinued operations.

Income from discontinued operations for the year ended 31 December 2019 was $0.5 million, comprising a loss before taxes of $0.5 million offset by a tax benefit of $1.0 million. Income from discontinued operations for the year ended 31 December 2018 was $147.6 million and included a gain on disposal of discontinued operations of $146.0 million.

Results of operations

Comparison of years ended 31 December 2019 and 2018

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

	2019		2018		Change	
	Amount $000s	% of revenue	Amount $000s	% of revenue	Amount $000s	%
Continuing operations						
Revenue						
Product	69,763	95 %	46,722	90 %	23,041	49%
Service	3,947	5 %	5,066	10 %	(1,119)	(22)%
Revenue	**73,710**	**100 %**	**51,788**	**100 %**	21,922	42**%**
Cost of revenue						
Product	18,207	25 %	5,663	11 %	12,544	222%
Service	1,457	2 %	3,253	6 %	(1,796)	(55)%
Cost of revenue	**(19,664)**	**27 %**	**(8,916)**	**(17)%**	(10,748)	121**%**
Gross profit	**54,046**	**73 %**	**42,872**	**83 %**	11,174	26**%**
Distribution costs	28,424	39 %	26,393	51 %	2,031	8%
Administrative expenses	28,739	39 %	31,386	61 %	(2,647)	(8)%
Intangible assets impairment charges	—	— %	1,007	2 %	(1,007)	(100) %
Settlement expense	1,110	2 %	2,193	4 %	(1,083)	(49) %
Operating expenses	**(58,273)**	**(79)%**	**(60,979)**	**(118)%**	2,706	(4)**%**
Operating loss	**(4,227)**	**(6)%**	**(18,107)**	**(35)%**	13,880	(77)**%**
Finance income	4,259	6%	111	0%	4,148	3,737%
Finance expense	(3,931)	(5)%	(6,975)	(13)%	3,044	(44)%
Profit (loss) before income taxes from continuing operations	**(3,899)**	**(5)%**	**(24,971)**	**(48)%**	21,072	(84)**%**
Income tax benefit/(expense)	998	1 %	(2,661)	(5) %	3,659	(138) %
Profit (loss) after income taxes from continuing operations	**(2,901)**	**(1)%**	**(27,632)**	(53)**%**	24,731	(90)**%**
Discontinued operations						
Income/(loss) from discontinued operations before income taxes	(469)	(1)%	1,843	4 %	(2,312)	(125)%
Gain on disposition	—	—%	145,982	282 %	(145,982)	(100)%
Income tax benefit/(expense)	999	(1)%	(248)	(0)%	1,247	(503)%
(Loss)/profit after income taxes from discontinued operations	**530**	**(2) %**	**147,577**	**285 %**	(147,047)	(100)%
Net (loss) profit	**(2,371)**	**(3) %**	**119,945**	**232 %**	(122,316)	(102)**%**

Revenue

Revenue increased by 42% to $73.7 million for the year ended 31 December 2019 compared to $51.8 million for the same period in 2018.

U.S. revenue, excluding revenue from discontinued operations, increased by 185%, to $24.2 million for the year ended 31 December 2019, compared to $8.5 million for the same period in 2018. The change is as a result of the sale of the U.S. lab business in late 2018 being replaced by sales of kits to Quest.

The Company's revenues include product and service revenues. Product revenue from diagnostic test kit sales and related accessories is recognised at a point in time based upon contractual rates. Product revenue increased 49%, to $69.8 million for the year ended 31 December 2019, compared to the same period in 2018 due to growth in testing volumes. Service revenue is recorded based upon contractually established billing rates and recognised upon delivery of test results to the customer. Service revenue decreased 22%, to $3.9 million for the year ended 31 December 2019, compared to the same period in 2018 reflecting our withdrawal from the blood donor screening market in 2018.

Europe and ROW revenue increased by 14% to $10.4 million, compared to the same period in 2018.

Asia revenue increased by 15%, to $39.1 million, compared to the same period in 2018, due primarily to the timing of shipments to China.

By revenue type, total revenues were:

	Year ended 31 December		Change	
	2019	2018	Amount	%
	$000s	$000s	$000s	
Revenue				
Product	69,763	46,722	23,041	49 %
Service	3,947	5,066	(1,119)	(22) %
Total revenue	73,710	51,788	21,922	42 %

By geography, total revenues were:

	Year ended 31 December		Change	
	2019	2018	Amount	%
	$000s	$000s	$000s	
Revenue				
United States	24,177	8,477	15,700	185 %
Europe and ROW	10,421	9,153	1,268	14 %
Asia	39,112	34,158	4,954	15 %
Total revenue	73,710	51,788	21,922	42 %

Cost of revenue and gross margin

Cost of revenue increased by 121% to $19.7 million for the year ended 31 December 2019 from $8.9 million in 2018. Gross margin for 2019 decreased to 73% from 83% for 2018. The decrease in gross margin reflects the change in mix between product and service revenues.

	Year ended 31 December		Change	
	2019	2018	Amount	%
	$000s	$000s	$000s	
Cost of revenue				
Product	18,207	5,663	12,544	222 %
Service	1,457	3,253	(1,796)	(55) %
Total cost of revenue	19,664	8,916	10,748	121 %

Distribution costs

Distribution costs, or sales and marketing expenses, increased 8% to $28.4 million for the year ended 31 December 2019 from $26.4 million for the same period in 2018. The increase was largely due to higher salary and other employee related expenses and an increase in marketing costs. As a percentage of total revenue, distribution costs decreased to 39% for the year ended 31 December 2019 from 51% for the same period in 2018.

Administrative expenses

Administrative expenses include both research and development and general and administrative expenses and non-cash related foreign exchange gains and losses.

General and administrative expenses decreased by 8% to $28.7 million for the year ended 31 December 2019 from $31.4 million for the same period in 2018. As a percentage of total revenue, general and administrative expenses decreased to 39% for the year ended 31 December 2019 from 61% for the same period in 2018.

Intangible assets impairment charges

In the fourth quarter of 2018, due to the Company's change in focus following the Transaction, we recorded a non-cash impairment charge of $879,000 to write-off certain intangible assets acquired in conjunction with the 2016 acquisition of Immunetics.

Settlement expense

Settlement expense for 2018 relates mainly to the 18 June 2018 settlement agreement with the former shareholders of Immunetics, Inc., or Immunetics, or the Immunetics Settlement Agreement, to resolve disputes arising from the Agreement and Plan of Merger dated October 12, 2016. The terms of the Immunetics Settlement Agreement are confidential.

Settlement expense for 2019 relates to a 30 September 2019 Settlement Agreement and Release with Oxford University Innovation Limited, or OUI, or the OUI Settlement Agreement, to resolve outstanding disputes arising from a license agreement with OUI. The terms of the OUI Settlement Agreement are confidential.

Operating loss

Operating loss was favourably impacted by the adoption of IFRS 16 *Leases* during the year, due to a portion of costs that would previously have been included in operating lease rental expense now being classified within finance costs ($0.9 million).

Finance income/costs

Finance income increased by $4.1 million in 2019, as a result of interest receivable on the proceeds of the Quest transaction. Finance costs decreased $3.0 million due to the repayment of the MidCap loan in late 2018 and thus cessation of interest costs). This was offset by an increase of $0.9 million due to the recognition of lease interest costs under IFRS 16 for the first time in 2019.

POSITION OF GROUP AT THE YEAR END

Liquidity and capital resources

Sources of funds

Since our inception, we have incurred significant net losses and negative cash flows from operations. For the year ended 31 December 2019 we had a loss from continuing operations of $2.9 million, while using $6.8 million of cash for operating activities. As of 31 December 2019, we had an accumulated surplus of $21.2 million. We incurred a loss from continuing operations of $27.6 million and used $17.7 million of cash for operating activities from continuing operations for the year ended 31 December 2018.

On 25 September 2018, the Group entered into a Limited Liability Company Interest Purchase Agreement (the "Purchase Agreement") with Quest, Oxford Immunotec Limited and Oxford Immunotec, LLC, a Delaware limited liability company (formerly known as Oxford Immunotec, Inc., a Delaware corporation) and a wholly owned subsidiary of the Group ("Oxford LLC"), pursuant to which Oxford Immunotec Limited agreed to sell, and Quest agreed to acquire, the Group's U.S. laboratory

services business (the "U.S. Laboratory Services Business") for gross proceeds of $170 million in cash (the "Transaction"). Of this amount, approximately $32.3 million was paid directly to MidCap in settlement of all amounts due, which included prepayment and exit fees of approximately $2.3 million. The sale of our U.S. Laboratory Services Business to Quest was completed on 6 November 2018. See Note 24 – Discontinued Operations of the Notes to the Consolidated Financial Statements for more information.

As of 31 December 2019, we had cash at bank and in hand of $181.3 million.

Subsequent events

Between January and March 2020, the Company acquired a total of 530,890 of the Company's shares at a total cost of $7.7 million. All shares were repurchased under an authorization covering up to $100 million of the Company's ordinary shares in the aggregate including commissions, as approved by the Company's Board of Directors and approved by shareholders at the Company's Annual General Meeting held on June 18, 2019. Purchases under the share buy-back programme have been paused, as a precaution to conserve cash, as part of the Group's response to the global COVID-19 pandemic.

Uncertainties regarding the scope and impact of the recent outbreak of COVID-19 has caused a re-prioritization of public health activities. This has impacted our sales, sources of supply and operations, along with the operations of our suppliers, other partners and customers, particularly as COVID-19 protocols and resources have restricted patient access to hospitals, physicians' offices and other testing sites. Additionally, COVID-19 has restricted our sales representatives' access to these sites. As a result, COVID-19 has impacted our current performance and continues to represent a risk to our future performance.

The ultimate impacts of COVID-19 on our business are currently unknown. We are actively monitoring the situation and may take precautionary and preemptive actions that we determine are in the best interests of our business. We cannot predict the effects that such actions may have on our business or on our financial results, in particular with respect to demand for our product.

In March 2020, the Company entered into a lease for new space in Marlborough, Massachusetts, which extends through November 2028 that will allow it to combine its warehousing and office space, currently located in Norwood, Massachusetts, with its U.S. corporate headquarters that is currently located in a separate location in Marlborough, Massachusetts, into a single facility.

Summary of cash flows

Cash flows for the years ended 31 December 2019 and 2018

Operating activities

Net cash used in operating activities was $6.8 million during the year ended 31 December 2019, which included, from continuing operations, a loss of $2.9 million, and net non-cash items of $7.2 million. Cash used for changes in operating assets less liabilities was $8.7 million and cash obtained from interest was $0.3 million and used for taxes was $2.7 million.

Net cash used in operating activities was $17.7 million during the year ended 31 December 2018, which included, from continuing operations, a loss of $27.6 million, partially offset by net non-cash items of $13.7 million. Cash used for changes in operating assets less liabilities was $15.7 million and cash used for interest was $2.7 million and for taxes was $76,000. Net cash generated from operating activities in discontinued operations was $14.7 million.

Investing activities

Net cash used in investing activities by continuing operations was $1.7 million and $5.4 million for the years ended 31 December 2019 and 2018, respectively, for the purchases of purchases of property and equipment and software. Net cash generated from investing activities by discontinued operations for the year ended 31 December 2018 was $156.2 million and included proceeds from the disposal of discontinued operations of $170.0 million.

Financing activities

Net cash used in financing activities was $3.6 million during the year ended 31 December 2019. Net cash used in financing activities was $29.0 million during the year ended 31 December 2018, which mainly reflects net payments on the MidCap loan of $32.2 million.

In 2019, our Board of Directors authorized the repurchase of up to $100 million of our ordinary shares in the aggregate, subject to the approval of our shareholders by an ordinary resolution at our 2019 Annual General Meeting, or the share repurchase program. During the four month period ended December 31, 2019, we repurchased 478,856 shares at a total cost of $7.0 million.

Operating and capital expenditure requirements

We expect to incur net losses in the future. We expect that our operating expenses will increase as we continue to invest to grow our customer base, expand our marketing and distribution channels, hire additional employees and increase product development expenditures. Additionally, as a public company, we incur significant audit, legal and other expenses. We believe that our existing capital resources will be sufficient to fund our operations for the next few years.

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

- our ability to continue to penetrate our existing markets and new markets in the United States;
- the costs and timing of further expansion of our sales and marketing efforts;
- our ability to penetrate existing markets outside the United States and enter and develop new geographies;
- the progress that we make in developing new products based on our technology platform;
- the percentage of sales that are reimbursed by payers and our ability to collect our trade debtors;
- our ability to generate cash from operations; and
- the acquisition of businesses or technologies that we may undertake.

KEY PERFORMANCE INDICATORS

The Group's key financial and other performance indicators during the year were as follows:

	2019	2018	Change %
	$000s	$000s	
Revenue	73,710	51,788	42 %
Loss from operations for continuing operations	(4,227)	(18,107)	(77) %
EBITDA	(6,251)	(19,217)	(68)%
Number of employees, at year end	244	210	16 %

Revenue increased by 42% to $73.7 million for the year ended 31 December 2019 compared to $51.8 million for the same period in 2018.

U.S. revenue, excluding revenue from discontinued operations, increased by 185%, to $24.2 million for the year ended 31 December 2019, compared to $8.5 million for the same period in 2018.

Asia revenue increased by 15%, to $39.1 million for the year ended 31 December 2019, compared to the same period in 2018, due primarily to the timing of shipments to China. On a constant currency basis, revenue for Asia would have increased by 14%. Europe and ROW revenue increased by 14% to $10.4 million, compared to the same period in 2018. On a constant currency basis, Europe and ROW revenue would have increased by 19% in 2019 compared to 2018.

Loss from operations from continuing operations for 2019 decreased by 77% compared to 2018. See the discussion under "Results of operations" on pages 10 to 12 of this Strategic Report regarding the main drivers to the decrease in loss from operations for continuing operations for 2019 compared to 2018.

EBITDA is a key performance indicator and is calculated using the Group's performance for the period reported under United States financial reporting standards and is calculated as follows:

	2019	2018
	$000	$000
Reconciliation of net loss to EBITDA		
Loss from continuing operations	(2,901)	(27,632)
Income tax (benefit)/expense	(998)	2,661
Interest (income)/ expense, net	(328)	6,864
Loss on extinguishment of debt	—	2,105
Depreciation and amortization of intangible assets	1,783	1,881
Accretion and amortization of loan fees	—	468
Differences between US GAAP and IFRS	(3,807)	(5,564)
EBITDA, as reported under US GAAP	(6,251)	(19,217)

EBITDA increased from 2018 primarily as a result of the EBITDA in 2018 being suppressed due to the Quest transaction.

The number of employees at 31 December 2019 has increased by 16% compared to the number of employees at 31 December 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial

We have a history of losses, however, we anticipate that our operating losses may decline following the sale of the U.S. Laboratory Services Business to Quest, as we intend to reduce overhead costs and refocus our business on the sale of kits. Because of the numerous risks and uncertainties associated with developing and commercialising diagnostic products, we cannot be certain that we will achieve or sustain profitability. Our ability to generate profits on sales of our T-SPOT.*TB* test is subject to market acceptance in market segments we currently serve, as well as in new market segments and new geographies, and our ability to obtain regulatory body clearance to market any of our products. In addition, we may be compelled to sell our T-SPOT.*TB* test at lower prices if, for example, our customers or prospective customers are unwilling to pay for our tests at current pricing levels or as a result of increased competition generally; it could also it could cause us to lose customers or not be able to gain customers at previous rates. If we are unable to generate sufficient revenue, we will not become profitable and may be unable to continue operations without continued funding.

United Kingdom's Vote to Leave the European Union

The withdrawal of the United Kingdom from the E.U., commonly referred to as "Brexit," took effect on January 31, 2020. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to E.U. markets either during a transitional period or more permanently. Since a significant proportion of the regulatory framework in the United Kingdom is derived from E.U. directives and regulations, the regulatory regime applicable to products approved and sold in the United Kingdom could materially change after the end of the transition period, currently anticipated to be December 31, 2020. It is possible that there will be greater restrictions on imports and exports between the United Kingdom, the E.U. and other countries, increased regulatory complexities, and economic and political uncertainty in the region. Because of the continued uncertainty about the effects of Brexit, we cannot quantify or predict with any certainty the likely impact of Brexit or related legislation on our business, financial condition, and results of operations.

COVID-19 pandemic

Our Directors continually evaluate the policies and strategies needed to continue our revenue growth. As the COVID-19 pandemic continues to spread and impact global populations and economies, we continue to evaluate the impact of COVID-19 on both the broad diagnostics market, and on the Company's operations more particularly. Given the importance of supporting patients with tuberculosis, which continues to be the leading cause of infectious disease death worldwide, we are diligently working with our suppliers, healthcare providers and partners to provide patients with access to our diagnostic tests, while taking into account regulatory, institutional, and government guidance, policies and protocols. COVID-19 has affected the global economy as a whole, including the economies and industries in which we operate. Uncertainties regarding

the scope and impact of the recent outbreak of COVID-19 has caused a re-prioritization of public health activities. This has impacted our sales, sources of supply and operations, along with the operations of our suppliers, other partners and customers, particularly as COVID-19 protocols and resources have restricted patient access to hospitals, physicians' offices and other testing sites. Additionally, COVID-19 has restricted our sales representatives' access to these sites. As a result, COVID-19 has impacted our current performance and continues to represent a risk to our future performance.

The ultimate impacts of COVID-19 on our business are currently unknown. We are actively monitoring the situation and may take precautionary and preemptive actions that we determine are in the best interests of our business. We cannot predict the effects that such actions may have on our business or on our financial results, in particular with respect to demand for our products.

Commercialisation

From a revenue generation perspective, we are heavily dependent on the successful further commercialisation of our T-SPOT.*TB* test and, if we encounter delays or difficulties in the further commercialisation of this product, our business could be harmed. Further, our success depends on continued demand for diagnostic products for tuberculosis. Tuberculosis screening policies could change such that tests are conducted less frequently or in fewer instances. If there are widespread testing policy changes that substantially reduce testing in the markets we serve, our business could be materially and adversely affected.

Sales and Distribution

We face significant challenges and risks in managing our geographically dispersed sales and distribution network and retaining the individuals who make up that network. If a substantial number of our direct sales representatives were to leave us within a short period of time, or if a substantial number of our independent distributors were to cease to do business with us within a short period of time, our sales could be adversely affected.

Customers

Certain of our customers account for a significant portion of our revenue. In the event that any significant customer substantially reduces its purchases of our products, our results of operations could be materially and adversely affected.

Suppliers

We depend upon a limited number of suppliers, and certain components of our product may only be available from a sole source or limited number of suppliers. Even if the key components that we source are available from other parties, the time and effort involved in obtaining any necessary regulatory approvals for substitutes could impede our ability to replace such components timely or at all. The loss of a sole or key supplier would impair our ability to deliver products to our customers in a timely manner, adversely affect our sales and operating results and negatively impact our reputation. We work closely with our suppliers to assure continuity of supply while maintaining high quality and reliability.

Facilities

We currently perform our tests for our service offering exclusively in our laboratory in the U.K. If this facility or any future facilities or our equipment were damaged or destroyed, or if we experience a significant disruption in our operations for any reason, our ability to continue to operate our business could be materially harmed. We maintain insurance coverage against damage to our property and equipment and to cover business interruption and research and development restoration expenses, subject to deductibles and other limitations, to manage this risk.

Regulatory

Our T-SPOT.*TB* test, and any new product candidates will be, subject to extensive government regulations related to development, testing, manufacturing and commercialisation in the U.S. and other countries before we can sell in these markets. The process of obtaining and complying with governmental regulatory approvals and regulations is costly, time consuming, uncertain and subject to unanticipated delays.

In addition, some international jurisdictions, such as China, require periodic recertification. Even if we obtain initial certifications from regulatory bodies, we may lose certification after a periodic review. Failure to maintain requisite certifications from regulatory bodies would adversely affect our ability to generate future revenue and operating income.

We have the experience and capability to gain regulatory clearance to manufacture and sell products meeting the regulatory requirements of numerous countries around the world. We employ experienced and highly educated personnel and continuously monitor compliance with regulatory requirements.

Intellectual property

In developing, manufacturing and using our T-SPOT.*TB* test, we employ a variety of proprietary and patented technologies, including technologies we license from third parties. We have licensed, and expect to continue to license, various other technologies and methods. We cannot provide any assurance that the intellectual property rights that we own or license provide protection from competitive threats or that we would prevail in any challenge mounted to our intellectual property rights. In addition, we cannot provide any assurances that we will be successful in obtaining and retaining licenses or proprietary or patented technologies in the future. Further, our products may infringe or be claimed to infringe patents or other intellectual property rights owned by other parties and we may be unable to secure necessary licenses to enable us to continue to manufacture or sell our products. We seek to secure and maintain protection of the proprietary aspects of our technology platform and of our existing and planned products. We rely on a combination of patents, trademarks, trade secret and other intellectual property laws, and confidentiality, license and invention assignment agreements and other contracts to protect our intellectual property rights.

Risks in relation to the use of financial instruments

We are exposed to market risks in the ordinary course of our business. These market risks are principally limited to interest rate fluctuations, capital market fluctuations, foreign currency exchange rate fluctuations, and credit risk, as discussed below.

Interest rate fluctuations

Changes in the general level of U.S. and European interest rates expose the Group to interest rate risk. These changes could affect our interest income.

Capital market fluctuations

Our cash and cash equivalents are invested in interest-bearing savings and money market accounts. We do not enter into investments for trading or speculative purposes. We do not believe capital market fluctuations would have a material effect on the fair market value of our portfolio.

Foreign currency exchange rate fluctuations

We are exposed to foreign exchange rate risk because we currently operate in three major regions of the world: the U.S., Europe and ROW, and Asia, and our revenue is denominated in multiple currencies. Approximately 33% of our sales were in the U.S., which are denominated in U.S. Dollars. Sales in South Korea are denominated in U.S. Dollars. Sales in China are denominated in Chinese Yuan and sales in Japan are denominated in Yen but, in each case, these sales are made by our U.K.-based subsidiary where the Pound Sterling is the functional currency. As a result, these sales are subject to re-measurement into Pounds Sterling and then translation into U.S. Dollars when we consolidate our financial statements. Sales in Europe are denominated primarily in the Pound Sterling and Euro. As we grow Europe and ROW sales outside the U.K. and the Euro Zone, we will be subject to exchange rate risk from additional currencies. As a result, our exchange rate exposure may change over time as our business practices evolve and could result in increased costs or reduced revenue and could affect our actual cash flow. Changes in the relative values of currencies occur regularly and, in some instances, may have a significant impact on our operating results. We cannot predict with any certainty changes in currency exchange rates or the degree to which we can effectively mitigate these risks.

Our expenses are generally denominated in the currencies in which our operations are located, which are primarily in the U.S., the U.K., Japan, Europe, China and South Korea.

As we continue to grow our business outside the U.S., our results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. To date, we have not entered into any foreign currency hedging contracts, although we may do so in the future.

Credit risk

In the year ended December 31, 2019, the Company had four customers that represented more than 10% of the Company's total annual revenue. The Company's former Chinese distributor, Fosun, represented 15% of total annual revenue. In August 2019, the Company entered into a new non-exclusive distribution agreement with Shanghai Pharma, which represented 15% of 2019 revenue. The Company's Japanese importer, Riken, represented 15% of total annual revenue. In the U.S., Quest accounted for 27% of the Company's total annual revenue. Credit risk across the remainder of our customer base is reduced by the large number of customers with relatively small balances.

Our customer base consists of hospitals, public health departments, physician offices, commercial testing laboratories, importers and distributors. To date, we have had minimal experience with bad debts.

Risks related to the sale of our U.S. Laboratory Services Business to Quest

The Purchase Agreement exposes us to contingent liabilities that could have a material adverse effect on our financial condition.

We have agreed to indemnify Quest for damages resulting from or arising out of any inaccuracy or breach of our representations, warranties or covenants in the Purchase Agreement, any and all of our liabilities not assumed by Quest in the Transaction and for certain other matters. Pursuant to the Purchase Agreement, other than in the case of damages arising out of actual and intentional fraud of an indemnifying party, in no event will we or Quest be required to indemnify each other for any damages that exceed the final Transaction purchase price of $170 million. Yet, any event that results in a right for Quest to seek indemnity from us could result in a substantial payment from us to Quest and could have a material adverse effect on our financial condition and results of operations.

Litigation may arise in connection with the Transaction, which could be costly, divert management's attention and otherwise materially harm our business.

Regardless of the outcome of any future litigation related to the Transaction, such litigation may be time-consuming and expensive and may distract our management from running the day-to-day operations of our business. The litigation costs and diversion of management's attention and resources to address the claims and counterclaims in any litigation related to the Transaction may materially adversely affect our business, financial condition and operating results. Any litigation related to the Transaction may result in negative publicity or an unfavorable impression of us, which could adversely affect the price of our ordinary shares, impair our ability to recruit or retain employees, damage our relationships with our customers and suppliers, or otherwise materially harm our operations and financial performance.

Going Concern

Our financial position, including our cash flows and liquidity position, are fully described in the consolidated financial statements. Having reviewed cash flow forecasts for the 12 month period following the date of signing the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements. In making this assessment, the Directors' have given particular regard to the uncertainties caused by the economic impact of the COVID-19 pandemic (See Note 28. *Subsequent events* for further information). The strength of the group's cash position, which is majority invested in government securities, as compared with forecast annual cash outflows, has allowed the Directors' to adopt the going concern position.

OUR MANAGEMENT OF RISK

Our management systems, organisational structures, processes, standards, code of conduct and behaviours together form a system of internal control that governs how we conduct the Group's business and manage associated risks.

Our management is primarily responsible for assessing and managing risk, while our Board of Directors is responsible for overseeing management's execution of its responsibilities. The leadership structure of the Board of Directors separates the

positions of CEO and Chairman of the Board, which is believed to be appropriate for the Group at this time because it allows for a division of responsibilities and a sharing of ideas between individuals having different perspectives.

Our Board of Directors is supported by its committees in fulfilment of this responsibility. For example, our Audit Committee focuses on our overall financial risk by evaluating our internal controls and disclosure policies as well as ensuring the integrity of our financial statements and periodic reports. Our Remuneration Committee strives to create incentives that encourage an appropriate level of risk-taking consistent with our business strategy. Our Nominating Committee recommends and nominates suitable candidates for director and oversees management's succession planning. Our Corporate Governance and Compliance Committee ensures that our governance policies and procedures are appropriate.

OUR FOCUS

We are a global, high-growth diagnostics company focused on developing and commercialising proprietary tests for immunology and infectious disease by leveraging the technological, product development, manufacturing, quality, regulatory, and sales and marketing capabilities we have developed over our seventeen year history. Our proprietary T-SPOT.*TB* test utilises our T-SPOT technology platform to test for tuberculosis, which is the leading cause of infectious disease death worldwide.

We have a number of capabilities that we believe we can leverage in developing and commercialising products. We have a proven track record of running multi-center clinical trials, changing guidelines and establishing reimbursement, capabilities that are important to commercial success of diagnostic products. We have the experience and capability to gain regulatory clearance to manufacture and sell products meeting the regulatory requirements of numerous countries around the world. This, combined with our global sales and marketing infrastructure, which includes sales and marketing teams on three continents, and a laboratory in the United Kingdom allows us to generate revenues in a large number of countries. Our current customer base includes hospitals, commercial testing laboratories, importers and distributors.

BUSINESS MODEL

We currently offer our T-SPOT.*TB* test as an *in vitro* diagnostic kit globally, meaning we sell test kits and associated accessories to laboratories that perform the testing themselves. We have also established a clinical testing laboratory in the United Kingdom, where we perform our T-SPOT.*TB* test on samples sent to us by customers. We market our service offering under the name Oxford Diagnostic Laboratories®, or ODL®.

Our test is widely reimbursed both internationally, with reimbursement established in Japan, Switzerland, Germany, France and South Korea, and in the U.S., where we have established a unique CPT code for our test.

We believe that clinical guidelines, which are recommendations issued by national medical societies or public health bodies, are a driving factor in a clinician's decision to use a specific diagnostic test. IGRAs, such as our T-SPOT.*TB* test have been included in clinical guidelines for TB testing in over 30 countries, including the United States, several European countries, China and Japan. In recent years, the use of IGRAs has been increasingly recommended and our sales and marketing activities will continue to look to exploit these increasingly positive guidelines updates. For example:

- In December 2016, a publication titled "Official American Thoracic Society/Infectious Diseases Society of America/Centers for Disease Control and Prevention Clinical Practice Guidelines: Diagnosis of Tuberculosis in Adults and Children" recommended use of IGRAs for testing for TB infection instead of the TST for patients over the age of five who meet the following criteria: 1) are likely to be infected with MTB, 2) have a low or intermediate risk of disease progression, 3) testing for LTBI is warranted, and 4) either have a history of BCG vaccination or are unlikely to return for a second visit to read the TST.

- In February 2018, the CDC issued a notification informing the United States Citizenship and Immigration Services that a revised tuberculosis technical instruction would go into effect on 1 October 2018. As of the effective date, when a test for cell-mediated immunity to TB is required, all civil surgeons must use an FDA-approved IGRA test; performing a skin test is no longer allowed.

- In June 2018, updated guidelines from the American Academy of Pediatrics, or AAP, were published in the AAP's 2018 Red Book: Report of the Committee on Infectious Diseases, or the Red Book. The Red Book contains a composite summary of current recommendations representing the policy of the AAP on various aspects of infectious diseases and is issued every three years.

- The AAP guidelines include specific recommendations for the use of IGRAs, such as our T-SPOT.*TB* test, and the recommended age for IGRA use was lowered from five years to two years in these updated guidelines.

- In May 2018, IGRAs, of which our T-SPOT.*TB* test is one of two available globally, were included in the World Health Organisation's first ever List of Essential In-Vitro Diagnostics (EDL). The EDL includes the 113 most important tests recommended by the WHO for use at various levels of the health care system. These essential diagnostics satisfy the priority health care needs of the population and were selected with due regard to disease prevalence and public health relevance, evidence of efficacy and accuracy, and comparative cost-effectiveness. 58 of the tests listed are for the detection and diagnosis of a wide range of common conditions, providing an essential package that can form the basis for screening and management of patients. The remaining 55 tests are designed for the detection, diagnosis, and monitoring of WHO key disease areas, for which there is high quality evidence – HIV, tuberculosis (TB), malaria, hepatitis B and C, syphilis and human papilloma virus.

We believe that these guidelines, and similar national guidelines outside the United States in countries such as China, allow us to access the vast majority of the current TST market and assert the superiority of an IGRA in significant segments of the market.

We have a direct sales force in the U.S., certain European countries, China and Japan. Additionally, we market and sell our products through distributors in various countries, including some where we also have direct sales forces. In countries where we have a direct presence, we use a combination of sales managers, sales representatives, customer service staff and technical experts to interact with clinicians, nurses, administrative staff, laboratories and other groups who are involved in the implementation of TB screening programs. Our goal is to educate these groups about the clinical, operational and economic benefits of switching from the TST to our T-SPOT.*TB* test. Our customer service staff and technical experts are also involved in the practical training of customers to perform and order our T-SPOT.*TB* test as well as providing ongoing customer support. In addition to these teams, we offer a diverse array of marketing programs and services including advertising. Additionally, we sponsor medical education, attend scientific meetings and participate in other awareness-raising activities.

We have been investing in product development initiatives that we believe will increase use of T-SPOT.*TB* by new and existing customers, enable TB testing in new locations and create more formidable barriers to entry within the LTBI testing market long-term. For example, we are developing a kit, which can be used to isolate mononuclear immune cells using positive selection via a magnetic bead cell separation system. Expected benefits this kit include simplified workflow, improved throughput, reduced hands-on time and reduced labor costs in performing T-SPOT.*TB*. Furthermore, blood samples can be collected in a single standard blood tube and stored for up to 54 hours at room temperature before use in the test, further extending our simplicity and logistics advantages for customers.

We manufacture our T-SPOT.*TB* test at our global manufacturing site in Abingdon, England, where we currently lease approximately 8,600 square feet of manufacturing, storage and mixed use space. This 94C Innovation Drive lease is due to expire in December 2020, before which manufacturing operations will move to our new U.K. corporate headquarters (143 Park Drive), also in Abingdon, England. The 143 Park Drive lease covers 27,000 square feet of laboratory, office, storage, manufacturing and other mixed use space. Our manufacturing facility is certified to ISO 13485. We use DX, which is the same courier used by U.K. National Health Service institutions, as our primary courier in the United Kingdom.

Our U.S. corporate headquarters is located in Marlborough, Massachusetts. We also currently sublease approximately 9,000 square feet of warehousing and office space from Quest in Norwood, Massachusetts.

STAKEHOLDER ENGAGEMENT

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies' Act 2006.

The board of directors of Oxford Immunotec Global Plc consider, both individually and together, that they have acted in good faith, in a way that would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2019.

The consideration given to our employees, business relationships, customers and others, and the impact of the Group's operations on the environment, during the decision making process are described below.

ENVIRONMENTAL MATTERS

Our operations require the use of hazardous materials, which, among other matters, subjects us to a variety of federal, state, local and foreign environmental, health and safety laws, regulations and permitting requirements, including those relating to the handling, storage, transportation and disposal of biological and hazardous materials and wastes. The primary hazardous materials we handle or use include human blood samples and solvents. Some of the regulations under the current regulatory structure provide for strict liability, holding a party liable for contamination at currently and formerly owned, leased and operated sites and at third-party sites without regard to fault or negligence. We could be held liable for damages and fines as a result of our, or others', operations or activities should contamination of the environment or individual exposure to hazardous substances occur. We could also be subject to significant fines for failure to comply with applicable environmental, health and safety requirements. We cannot predict how changes in laws or development of new regulations will affect our business operations or the cost of compliance.

GREENHOUSE GAS REPORT

Our greenhouse gas emission estimates for 2019 and 2018 have been prepared in accordance with the U.K. Government's Department for Environment, Food and Rural Affairs (Defra) guidance document Environmental Reporting Guidelines: Including Mandatory GHG emissions reporting guidance from June 2013:

Greenhouse gas emissions for the Group

Source	**Tonnes carbon dioxide equivalent (tCO2-e)**	
	Year ended 31 December	
	2019	**2018**
Estimated greenhouse gas emissions from our own activities, including the combustion of fuel and the operation of our facilities	44	224
Estimated greenhouse gas emissions from purchased electricity, heat, steam or cooling for own use	482	1,609
Total estimated greenhouse gas emissions	**526**	**1,833**
Intensity ratio: Total greenhouse gas emissions per $1million revenue (1)	**7.13**	**17.44**

(1) Revenue reflects revenue generated from continuing operations in 2019 and both continuing and discontinued operations in 2018.

Our reporting boundary has been determined using the "Operational Control' approach. Reportable activity data has been captured based on our internal systems. Standard emission factors from Defra's GHG Conversion Factor Repository and the U.S. EPA Greenhouse Gas Equivalencies Calculator was applied to estimate emissions. Our estimate reflects use of coolant gases for refrigeration purposes, emissions from vehicle use in the U.K. and emissions attributed to purchased electricity and natural gas. We have included emissions associated with the refrigerant R22 at our former Memphis facility within the 2018 figures.

Electricity usage at our U.S. laboratory facility in Norwood, Massachusetts and UK facility in Abingdon were our most significant sources of greenhouse gas emissions in 2019. The reduction in greenhouse gas emissions from 2018 arose primarily as a result of the sale of our Memphis facility in late 2018, as part of the Quest transaction.

Some activity data relating to emissions from our reportable activities were not recorded and consequently were unavailable. This includes fuel used for back-up generators at our former U.S. laboratory and current U.K. laboratory. We believe the missing data result only in an immaterial under-estimation of the reported greenhouse gas emissions estimate.

EMPLOYEES

As of 31 December 2019, we had 244 employees including our Chief Executive Officer who is also a Statutory Director. None of our employees are covered under a collective bargaining agreement. We have not experienced any work stoppages and we believe our employee relations are good.

Meetings are held with employees to discuss the operations and progress of the business and employees are encouraged to become involved in the success of the Group through share option schemes (see Note 19 – Share Based Payments). Board members interact with employees of all Group affiliates and regularly visit the Group's facilities, thereby providing opportunities to engage in meaningful discussions with employees at all levels within the organisation. Our employee bonus schemes, based on the performance of the business, remain in place.

Diversity

Appointments within the Group are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made irrespective of personal characteristics such as race, disability, gender, sexual orientation, religion or age. A breakdown of the employment statistics as at 31 December 2019 is as follows:

Position	Male	Female	Total
Group Director [1]	8	1	9
Senior Manager	30	18	48
Other Employees	84	111	195
Total Employees [2]	114	129	243

(1) Includes our Chief Executive Officer
(2) Excludes our Chief Executive Officer

CUSTOMERS AND SUPPLIERS

Building strong relationships with customers and suppliers is a core part of the Group's values. We endeavour to ensure that all our customer relationships are based on mutual trust and support, and with the highest ethical standards. We work with all our customers, both large and small, to ensure they meet their local regulatory needs and produce high quality results.

Maintaining good supplier relationships is important to our business, and to the business of many of our suppliers. We work closely with them to ensure a smooth supply chain. As a consequence of the UK leaving the EU on 31 January 2020, we have continued to work closely with our suppliers on their readiness for the impact of the transition period currently ending on 31 December 2020 without an extension or trade agreement being in place between the UK and the EU, with a view to mitigating the effect on our mutual businesses. We are also supporting our suppliers during the current uncertain economic environment by continuing to purchase and keep the supply chain open.

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The Group endeavours to impact positively on the communities in which it operates. The Group does not, at present, have a specific policy on human rights. However, we have several policies that promote the principles of human rights. We will respect the human rights of all our employees, including:

- Provision of a safe, clean working environment,
- Ensuring employees are free from discrimination and coercion,
- Not using child or forced labour, and
- Respecting the rights of privacy and protecting access and use of employee personal information.

We also have an equal opportunities policy and a dignity at work policy, both of which promote the right of every employee to be treated with dignity and respect and not to be harassed or bullied on any grounds.

ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

We have code of business and conduct and ethics that all our employees must follow, and processes in place to monitor compliance with the policy. We also utilise an independently provided, confidential compliance hotline that is accessible via telephone and a website for employees to raise matters of concern in relation to fraud, dishonesty, corruption, theft, security and bribery, and all claims are fully investigated.

We will not tolerate corruption, bribery and anticompetitive actions and we expect our suppliers to comply with applicable laws and regulations and in particular never to offer or accept any undue payment or other consideration, directly or indirectly, for the purposes of inducing any person or entity to act contrary to their prescribed duties.

The Strategic Report was approved by the Board on 26 May 2020.

On behalf of the board

Patrick J Balthrop Sr
Chairman
26 May 2020

Directors' Remuneration Report

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Remuneration Committee Chairman's Annual Statement

Dear Shareholder:

On behalf of the Board of Directors of Oxford Immunotec Global PLC, I am pleased to present the Directors' Remuneration Report.
Shareholders will be invited to approve the Annual Report on Remuneration (which will be a non-binding advisory vote) at the annual general meeting of shareholders to be held on 11 June 2020 (the "AGM").

Period Covered by the Annual Report on Remuneration

The Annual Report on Remuneration that follows is for the full year period of 1 January 2019 through 31 December 2019.

The Remuneration Committee

The Remuneration Committee is responsible for reviewing and establishing our management remuneration policy and philosophy, including determining and approving the remuneration of the chief executive officer and other executives who comprise our senior management team. While the full Board of Directors sets director remuneration, the Remuneration Committee makes recommendations on such matters to the Board of Directors.

Major Decisions and Substantial Changes

There have been no major decisions or substantial changes in the directors' remuneration. The Directors' Remuneration Policy is presented for approval this year.

Philosophy

We seek to attract and retain outstanding employees, who have the potential to achieve consistently strong results for shareholders, and to attract and retain non-executive directors who can substantially contribute to our success as an innovative diagnostics company operating in a global environment. Given that most of our senior executives and most of our non-executive directors live and work in the United States, and the fact that we are listed on a U.S. stock exchange, we assess the competitiveness of our policies primarily against U.S. benchmarks and practices.

Business strategy during 2019

Our primary goals in 2019 were to hit certain targets for revenues, gross margin, and Adjusted EBITDA, as well as to extend our market reach and make significant progress in achieving our product development and quality objectives. As far as is practical, these goals were codified in objective measures. The Company exceeded its goals on revenue, gross margin, Adjusted EBITDA and met many of its market reach, product and quality objectives. The corporate performance determination for 2019 was based on the Company's performance in calendar 2019 against corporate goals established at the beginning of the year. Consequently, the corporate performance determination did not include any impact of the COVID-19 pandemic. The effect of this pandemic on the Company's business performance will be incorporated into the determination of 2020 company performance.

James R. Tobin
Chairman of the Remuneration Committee

April 29, 2020

PART I - ANNUAL REPORT ON REMUNERATION

Certain information provided in this part of the Directors' Remuneration Report is subject to audit.

The following sections are not subject to audit:

- performance graph;
- percentage change in remuneration of director undertaking the role of CEO;
- relative importance of spend on pay;
- statement of implementation of remuneration policy in the current financial year;
- consideration by directors of matters relating to directors remuneration; and
- statement of voting results at the annual general meeting.

The Remuneration Committee presents the Annual Report on Remuneration, which will be put to shareholders for a non-binding vote at the annual general meeting to be held on 11 June 2020.

Single Total Figure of Remuneration – Executive Directors

Executive Director Peter Wrighton-Smith(1)	Base Salary	Taxable Benefits	Annual Cash Incentive (2)	Equity-Based Awards (3)	Matching of Voluntary Pension Contributions and other items ($)	Total
2019	$520,000(4) £400,000	$1,045(5) £804	$578,500(6) £445,000	$357,787(7)	$12,987(8) £10,000	$1,470,319
2018	$382,107(9) £300,000	$848(5) £666	$465,483(10) £365,460	$662,486(7)	$12,724(11) £9,990	$1,523,648

(1) Remuneration paid to and amounts paid for benefits provided for Dr. Wrighton-Smith is denominated in Pounds Sterling. For purposes of this table, all 2019 amounts have been converted based on the Pound Sterling/U.S. Dollar exchange rate based on a three year trailing foreign exchange rate. The rate used for 2019 was (£1/$1.30). All 2018 amounts have been converted based on the Pound Sterling/U.S. Dollar exchange rate in effect as of 31 December 2018 (£1/$1.27369).

(2) Amounts recorded here reflect cash received or receivable in the reported year for the achievement of performance measures and targets in the reported year.

(3) Amounts recorded here reflect the cash equivalent of equity awards that have vested in the reported year. Under the Group's Share Incentive Plans, (i) in the case of options awarded before June 2015, the awards vested monthly over a 48 month period and (ii) in the case of options awarded after June 2015, awards vest annually in equal amounts over 4 years. The option awards are not subject to performance requirements. The cash equivalent of option awards is calculated by multiplying the number of options that vested during the reported period by the market value of the Group's shares (without giving consideration for the strike price and therefore whether an option exercise would in fact derive any profit) on the date of vesting or, if vesting occurred on a date when the market was not open, the preceding business day. The cash equivalent of restricted share awards is calculated by multiplying the number of restricted shares which became unrestricted during the reported period by the market value of the Group's shares on the date the restriction on the shares lifted. The cash equivalent of restricted share units is calculated by multiplying the number of restricted units which vested during the reported period by the market value of the Group's shares on the date the vesting occurred. In both cases, if the date of lapse or vesting occurred on a date when the market was not open, the closing price on the preceding business day was used. The amount of remuneration reported in this column attributed to options was not realized by Dr. Wrighton-Smith in the reported period because these options were not exercised in that period.

(4) Dr. Wrighton-Smith's salary for 2019 is based on the U.K. tax year of April 6, 2019 through April 5, 2020. His salary was increased in 2019 as a result of a market assessment versus compensation of CEOs in the company's peer group.

(5) Taxable benefits provided for Dr. Wrighton-Smith to which the Group contributes include the costs of private health insurance coverage. The private health insurance coverage and payment is available on equal terms to all of the Company's U.K.-based employees.

(6) The annual cash incentive was determined based upon performance in 2019 and paid in 2020.

(7) The amount reported equals the cash equivalent of options, restricted share awards and restricted share units that vested during the reported year.

(8) The amount represents the Company's voluntary retirement plan contributions made to Dr. Wrighton-Smith in the amount of $12,987 (£9,990).
(9) Dr. Wrighton-Smith's salary for 2018 is based on the U.K. tax year of April 6, 2018 through April 5, 2019.
(10) The annual cash incentive was determined based upon performance in 2018 and paid in 2019, which includes £150,000 which becomes payable on or about August 31, 2019.
(11) The amount represents the Company's voluntary retirement plan contributions made to Dr. Wrighton-Smith in the amount of $12,724 (£9,990).

Base Salary

The annual rate of base salary reflected in the table above for 2019 for Dr. Wrighton-Smith became effective on 1 January 2019 and was awarded for his role as the chief executive officer of a public company. Base salary levels are customarily reviewed and, to the extent deemed appropriate, adjusted each year.

Taxable Benefits

Generally, Dr. Wrighton-Smith participates in the same benefits we offer to all our employees in the United Kingdom, where Dr. Wrighton-Smith resides.

Annual Cash Incentive

For the 2019 year, the target annual cash incentive opportunity for Dr. Wrighton-Smith was based 100% on achievement of corporate objectives. The corporate goals were to reach revenue (40%), gross margin (10%), and Adjusted EBITDA targets (10%), extend our market reach and make significant progress in achieving our product development and quality objectives (40%). As far as practical, these corporate goals were codified using objective measures. The Company exceeded its goals on revenue, gross margin and Adjusted EBITDA. The Company met most of its market reach, product and quality objectives. Based on this performance, for 2019, our corporate goals were calculated at 111.25%.

The corporate performance determination for 2019 was based on the Company's performance in calendar 2019 against corporate goals established at the beginning of the year. Consequently, the corporate performance determination did not include any impact of the COVID-19 pandemic. The effect of this pandemic on the Company's business performance will be incorporated into the determination of 2020 company performance.

Equity Based Awards

For 2019, the annual equity award for Dr. Wrighton-Smith was based upon his overall performance rating assigned as part of the annual performance review. Dr. Wrighton-Smith's target equity award is 200% of his base salary. The Remuneration committee administers our share plans and retains the authority to make equity awards.

U.K. Defined Contribution Plan

In the U.K., we maintain a defined contribution plan that provides employees with an opportunity to contribute a portion of their monthly salary into the plan. If an employee elects to participate in the plan, there is a minimum employee contribution of 5% of monthly salary; there is no maximum limit to the employee contribution. The employee contribution to this plan is matched by us up to a maximum of 5% of monthly salary. All U.K. employees are eligible to participate in this plan and will be automatically enrolled onto the plan in the first month of employment. An employee automatically enrolled has the right to opt out of the scheme in the month following automatic enrollment; failure to opt out within this time period will result in the employee remaining in the scheme on a contributory basis for the remainder of employment with the Company.

Employees are able to elect to participate in the scheme on a so-called "salary exchange" pursuant to which employees agree to a reduction in monthly salary in an amount equal to the defined contribution plan election. The amount of the reduction, together with the tax and national insurance savings to the employee and us as a result of the salary reduction, are contributed into the plan in addition to the 5% matching contribution described above.

For tax year 2019-2020, the maximum tax advantaged contribution available to Dr. Wrighton-Smith as part of the defined contribution plan is £9,990.00 or $12,987(using the currency conversation rate of 1£/1.3).

Single Total Figure on Remuneration – Non-Executive Directors
All amounts paid and disclosed in USD

Non-Executive Director	Basic Retainer	Retainer for Chairman	Retainer for Committee Service	Retainer for Committee Chairperson	Retainer for Secretary to the Board	Total Cash Remuneration	Equity-Based Awards (1)	Total
Richard A. Sandberg								
2019	35,000	32,500	6,250	—	—	73,750	1,491(2)	75,241
2018	35,000	65,000	—	—	—	100,000	2,013(2)	102,013
Herm Rosenman								
2019	35,000	—	6,250	18,000	—	59,250	1,491(2)	60,741
2018	35,000	—	6,250	18,000	—	59,250	2,013(2)	61,263
Patricia Randall								
2019	35,000	—	6,250	10,000	—	51,250	1,491(2)	52,741
2018	35,000	—	3,331	10,000	—	48,331	2,013(2)	50,344
James R. Tobin								
2019	35,000	—	5,000	15,000	—	55,000	1,491(2)	56,491
2018	35,000	—	5,000	15,000	—	55,000	2,013(2)	57,013
Ronald A. Andrews Jr.								
2019	35,000	—	6,250	—	—	41,250	1,491(2)	42,741
2018	35,000	—	6,250	—	—	41,250	11,510(3)	52,760
A. Scott Walton								
2019	35,000	—	12,500	—	—	47,500	1,491(2)	48,991
2018	35,000	—	12,500	—	—	47,500	11,510(3)	59,010
Patrick J. Balthrop, Sr.								
2019	35,000	20,000	5,625	5,000	—	65,625	1,491(2)	67,116
2018	35,000	—	11,250	10,000	—	56,250	15,885(3)	72,135
Mark Klausner								
2019	35,000	—	7,500	—	—	42,500	20,182(3)	62,682
2018	29,264	—	6,271	—	—	35,535	30,968(3)	66,503

(1) All equity awards made in 2018 were made pursuant to the Directors' Remuneration Policy approved by the Group's shareholders at the 2014 annual general meeting of shareholders and amended at the 2017 annual general meeting of shareholders. Under this policy, non-executive directors have typically received both an initial award of 14,914 options which vests in equal parts at the following three annual general meetings of shareholders and an annual award of 7,457 options which vests in full at the following annual general meeting. Equity awards made to non-executive, independent directors during the period of time when the Group was private were made under our 2008 Amended and Restated Share Incentive Plan, with all awards approved by the Remuneration Committee.

(2) The amount recorded includes the cash equivalent of the equity-based awards that have vested in the reported year. The cash equivalent of option awards is the product of number of shares that vested during the reported year multiplied by the fair market value of the shares as of the date of vesting minus the exercise price of the options, rounded to the nearest dollar. The fair market value of ordinary shares was deemed to be the closing price of our shares as reported by NASDAQ on the vesting date or, if a vesting date occurred on a date when the market was not open, the preceding business day. The annual option award from the preceding year vested during the reported year. Where the exercise price exceeds the fair market value on the date of vesting, the value of the options is recorded as $0. The amount of remuneration reported in this column was not realized by the director in the reported period because these options were not exercised in that period.

(3) The amount recorded includes the cash equivalent of the equity-based awards that have vested in the reported year. The cash equivalent of option awards is the product of number of shares that vested during the reported year multiplied by the fair market value of the shares as of the date of vesting minus the exercise price of the options, rounded to the nearest dollar. The fair market value of ordinary shares was deemed to be the closing price of our shares as reported by NASDAQ on the vesting date or, if a vesting date occurred on a date when the market was not open, the preceding business day. During the reported year, the director vested to the annual option award from the preceding year and one-third of the initial option award. The amount of remuneration reported in this column was not realized by the director in the reported period because these options were not exercised in that period.

(4) The amount recorded here reflects the cash equivalent of the equity-based awards that have vested in the reported year. The cash equivalent of option awards is the product of the number of shares subject to option that vested during the reported year multiplied by the fair market value of the shares as of the date of vesting minus the exercise price of the options, rounded to the nearest dollar. During the reported year, the director vested to the annual option award from the preceding year and one-third of the initial option award. Because the exercise price of the options exceeded the fair market value on the date of vesting, the value of the options is recorded as $0.

Statement of Directors' Shareholdings and Share Interests

The table below shows, for each person who served as a director of the Group during 2019, the total number of shares owned, the total number of share options and the number of share options vested but unexercised, all as of 31 December 2019 (or such earlier date as the director resigned), as well as share options exercised during the year. The table only reflects shares held individually by the director and connected persons, not those held by any investment fund with which the director is affiliated.

Name of Director	Shares Held	Restricted Share Units Held	Share Options Held	Vested Share Options (1)	Options Exercised
Executive Director					
Peter Wrighton-Smith	216,052	78,486	574,277	343,952 (2)	-
Non-Executive Directors					
Richard A. Sandberg	—		43,392	35,935(3)	3,000
Herm Rosenman	—		67,113	59,656(4)	—
Ronald A. Andrews, Jr.	—		52,199	44,742 (4)	—
A. Scott Walton	—		52,199	44,742 (4)	—
Patricia Randall	8,650		96,971	89,514(3)	—
James R. Tobin	—		59,656	52,199(4)	—
Patrick Balthrop	—		48,470	41,013(4)	—
Mark Klausner	—		33,556	21,127(4)	—

(1) Vested Share Options are a subset of Share Options Held.
(2) The option awards reported vest (i) monthly from the vesting date over 48 months for those options awarded before 15 June 2015 and (ii) annually on the vesting start date over 4 years for those options awarded after 15 June 2015.
(3) The option awards reported vest (i) monthly from the vesting start date for those options awarded during the period when we were a private company and (ii) for those options awarded since we became a public company, on the day of the following annual general meeting of shareholders
(4) The option awards reported vested at the annual general meetings of shareholders.

We do not currently have, and during 2019 there was not, a policy requiring our Directors to hold a certain number or value of our shares.

Summary of Equity-Based Awards made during the financial year 2019

The table below presents information on share option awards made to non-executive directors during the year.

Director	Date of Award	Number of Shares Covered	Face Value of Award(1)
Ronald A. Andrews, Jr.	18 June 2019	7,457(2)	$107,679
Patrick J. Balthrop, Sr	18 June 2019	7,457(2)	$107,679
Patricia Randall	18 June 2019	7,457(2)	$107,679
Herm Rosenman	18 June 2019	7,457(2)	$107,679
Richard A. Sandberg	18 June 2019	7,457(2)	$107,679
James R. Tobin	18 June 2019	7,457(2)	$107,679
A. Scott Walton	18 June 2019	7,457(2)	$107,679
Mark Klausner	18 June 2019	7,457(2)	$107,679

(1) The face value represents the number of shares covered by the award times the exercise price of the award, which was the fair market value of the shares on the date of grant. No value can be realized unless there is an increase in the value of the shares following the date of the award. Further no value can be realized until the options are vested and exercised.
(2) This award was the annual award made to directors and will vest at the 2019 annual general meeting of Shareholders, subject to continued service.

Payments made to past directors

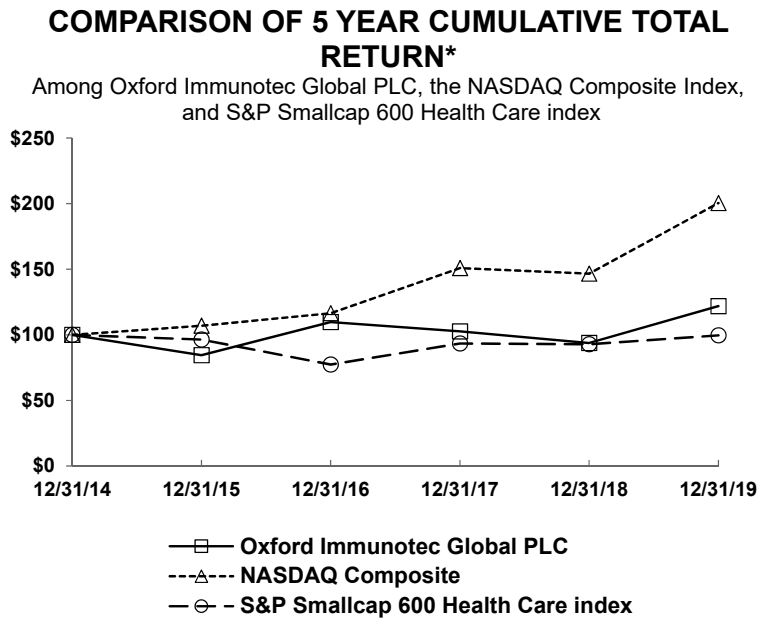
In 2019, we made no payments to former directors of the Group.

Payments for loss of office

In 2019, we made no payments with respect to a director's loss of office.

Performance Graph

Set forth below is a graph that compares the cumulative total shareholder return on our ordinary shares with that of the Nasdaq Composite Index and the S & P SmallCap 600® Healthcare Index. The comparison assumes that $100.00 was invested at the close of the market on 22 November 2013 in our ordinary shares or on 31 October 2013 in the Nasdaq Composite Index and the S & P SmallCap 600® Healthcare Index, and assumes reinvestment of dividends, if any. The performance graph is based on historical results and is not intended to suggest future performance.



*$100 invested on 12/31/14 in ordinary shares or index, including reinvestment of dividends.
Fiscal year ending December 31.

	2019	2018	2017	2016	2015	2014
Total CEO remuneration £'000	£1,470	£1,270	£1,174	£1,293	£1,092	£913
Annual Bonus outcome (% of target)	111.25%	95%	73%	114%	88%	77%

Percentage Change in Remuneration of Director Undertaking the Role of CEO

Set forth below is a table showing the percentage change in the remuneration of Peter Wrighton-Smith between 2018 and 2019 in comparison to the percentage change in remuneration of the comparator group.

	% Change of CEO Remuneration Against 2018 (1)	% Change of Employee Remuneration Against 2018 (2)
Salary(3)	25.8%	13.3%
Taxable Benefits	10.5%	5.6%
Annual Bonus(4)	176.2%	54.9%

(1) CEO remuneration percent change calculations were performed using Pounds Sterling remuneration values. The CEO's base salary was adjusted in 2019 based on a market assessment versus salaries of CEOs in peer group companies.
(2) The employee group used as a comparator comprises all U.S. and U.K. employees who were employed for the full 24 month period ended December 31, 2019. The percent change calculations were performed in local currency, then combined using a weighted average based on number of employees.
(3) Salary includes base salary, back pay, holiday pay, overtime, commissions, and other forms of remuneration exclusive of taxable benefits and annual incentive compensation.
(4) For purposes of this table, annual bonus payments for 2018 included amounts paid in 2019 based upon performance in 2018; likewise, annual bonus payments for 2019 included amounts paid in 2020 based upon performance in 2019.

Relative Importance of Spend on Pay

The Company sets forth below the relative importance of spend on pay – being a comparison between total employee pay and the Company's distributions to shareholders by way of share buyback. Given that the Company remains in the early phases of its business life cycle, the Board also believe that to assist understanding of the relative importance of the Company's spend on pay is an additional comparator to the operating expense of the Company as determined by combining the distribution costs and administrative expenses shown in the Company's consolidated income statement in its annual statutory report for 2019.

	2019(1)	2018(2)	% change
Remuneration Paid to All Employees	$27,899,000	$50,457,000	44.7
Distributions to shareholders by way of share buy back	6,992,000	-	100
Operating Expense	$58,273,000	$80,582,000	27.7

(1) Remuneration paid to employees is lower in 2019 than in 2018, as on Nov 6th 2018, the company sold its US laboratory services business, which accounted for a significant proportion of overall remuneration and operating expenses.

(2) 2018 reflects remuneration and operating expenses without adjustment for discontinued operations accounting.

In the current financial year and the immediately preceding one, there have been no distributions to shareholders by way of dividend.

Statement of Implementation of Remuneration Policy in the Current Financial Year

The Directors' Remuneration Policy as adopted at the 2014 annual general meeting of shareholders and amended at the 2017 annual general meeting of shareholders was followed for the compensation paid to directors in 2019.

Consideration by the Directors of Matters in relation to Directors' Remuneration

During 2019, the Remuneration Committee was comprised of James R. Tobin, Herm Rosenman, Patrick J. Balthrop, Sr., Patricia Randall and Ronald A. Andrews, Jr. Mr. Tobin serves as chair of the committee. Each director will continue to serve until the date of this Annual Report on Remuneration. The charter of the Remuneration Committee is set forth in the Investors - Corporate Governance section on our website at http://investor.oxfordimmunotec.com.

During 2019, the Remuneration Committee retained Anderson Pay Advisors, LLC to provide independent advice and consultation with respect to remuneration arrangements for the Executive Director and other directors, senior management and other employees. Anderson Pay Advisors, LLC is a global remuneration consultant with a well-established reputation for design and implementation of remuneration programs, including the design and implementation of equity-based award programs. The amounts paid to Anderson Pay Advisors, LLC in 2019 totaled $40,000.

In addition to Anderson Pay Advisors, LLC, the Remuneration Committee solicited and received input from the Chief Executive Officer concerning the remuneration of senior executives other than the Chief Executive Officer. The Chief Executive Officer provided recommendations with respect to annual cash incentives to be paid to these persons for service in 2019, and with respect to base salaries and equity-based awards to be made to these persons in 2020. Finally, the Chief Executive Officer also provided input to the Remuneration Committee regarding the policies around equity-based remuneration as an element of all other employees' remuneration.

Statement of Voting at General Meeting

At the 2019 annual general meeting of shareholders, voting results in relation to the director remuneration report was as follows:

Resolution	Votes For	% of Total	Votes Against	% of Total	Votes Abstain	% of Total
Approve Directors' Remuneration Report	21,975,826	97.84	484,020	2.16	959	.04

Approval

This report was approved by the Board of Directors on April 29, 2020 and signed on its behalf by:

Patrick J. Balthrop Sr
Chairman
April 29, 2020

PART II - DIRECTORS' REMUNERATION POLICY

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

The Remuneration Committee presents the Directors' Remuneration Policy, which will be put to shareholders as a binding vote at the Annual General Meeting to be held on 11 June 2020. This policy will then be effective from the date of the annual general meeting for a maximum of three years following the meeting, or until a revised policy is approved by shareholders. Equity awards granted under the previous policy will continue to vest in accordance with the previous policy.

There will continue to be an advisory vote on the Annual Report on Remuneration presented at the Annual General Meeting as part of the Directors' Remuneration Report on an annual basis.

Our Board of Directors has delegated to the Remuneration Committee the authority to determine the remuneration for our executive director(s). Non-executive director remuneration is recommended by our Remuneration Committee to the Board of Directors for approval. Our executive director(s) participate in general discussions with our Remuneration Committee and Board of Directors about these remuneration matters but they do not participate in discussions during which their individual remuneration is being considered and approved. The Remuneration Committee may select, or obtain advice from, a compensation consultant, legal counsel or other adviser to the Remuneration Committee, after considering all factors relevant to the independence of such person in accordance with Nasdaq listing rules and any other applicable laws, rules or regulations.

Future Policy Tables

The policy tables set out below describe the Company's proposed Directors' Remuneration Policy and explain how each element of the Policy will operate.

Summary of Remuneration Policy – Executive Directors

As Oxford Immunotec Global PLC is a U.K. incorporated company listed on The NASDAQ Global Market, the Remuneration Committee considers it appropriate to examine and be informed by compensation practices in both the U.K. and U.S., particularly in the matter of equity-based incentives.

The Committee considers that the current remuneration policy is appropriate and fit for purpose, but also recognizes that the Company is currently undergoing a period of rapid growth. The Committee is committed to reviewing the remuneration policy on an ongoing basis to ensure that it continues to be effective and competitive.

The remuneration of Dr. Wrighton-Smith, our sole executive director and our chief executive officer, is determined by the Remuneration Committee. The remuneration of other senior executives in the Company, excluding Dr. Wrighton-Smith (the "Senior Executives"), is also determined by the Remuneration Committee.

The following table presents the various elements of remuneration for our executive director. The table refers to the "Executive Directors" because the Remuneration Policy would apply to any other executive directors that may be appointed. The policy principles described below are also used in determining the remuneration of the Senior Executives.

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Base salary	Rewards skills and experience and provides the basis for a competitive remuneration package.	Salaries will be reviewed annually by reference to: (i) market practice and market data on which the committee receives independent advice; (ii) the individuals' experience and scope of the role; (iii) broader employee increases and (iv) rates of inflation. Salaries will be benchmarked against comparable roles in a selected peer group of other U.S.-listed companies with similar market capitalisations and/or scale of operational complexity.[2] We typically expect to align salaries with the 50th percentile of peer group comparator data but may vary from this general rule where we consider that special circumstances apply of where recruitment or retention of a particular role is required. The committee may also decide to approve future increases following	We do not believe it is appropriate to impose a maximum level of base salary and we have not done so.	Not applicable.

[2] During 2019, the Remuneration Committee retained Anderson Pay Advisors, LLC to provide independent advice and consultation with respect to remuneration arrangements for the Executive Director, senior management and other employees. Anderson Pay Advisors, LLC is a global remuneration consultant with a well-established reputation for design and implementation of remuneration programs, including the design and implementation of equity-based award programs. The amounts paid to Anderson Pay Advisors, LLC in 2019 totaled $40,000.

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
		changes to job responsibilities or to reflect experience within the role. Base salary will usually be reviewed annually by the Remuneration Committee and adjusted as of January each year.		
Benefits	Protects against risks and provides other benefits in line with market practice. Benefits are provided without regard to individual or corporate performance.	Our executive director is employed in the United Kingdom and generally receives the same types of benefits afforded to other employees in that jurisdiction. The specific benefits we may offer executive directors in the future will be designed to be competitive with benefits offered to the most senior executives of U.S. public companies or in the other countries where the executive director works.	We do not believe it is appropriate to impose a maximum level of benefits and we have not done so.	Not applicable.
Annual Cash Incentive	Rewards achievement of the near-term business objectives set at the start of each calendar year and reflects individual and team performance of the executive director and other Senior Executives in achieving those objectives, and progress towards achieving our strategic goals.	Objectives are set at the start of each calendar year. Generally, the executive directors' target annual cash incentive will be allocated in part to the achievement of corporate objectives and in part to achievement of individual objectives set by the Remuneration Committee at the beginning of each year. When business opportunities or challenges change substantially during the course of the	Awards will normally be limited to a maximum of 130% of base salary. In exceptional periods, considered to be those years in which achievements lead to a transformational effect on the future prospects of the valuation of the business, the annual maximum may increase up to 150% of base salary. Judgement as to whether achievements in a calendar year are	The committee retains the ability to set performance objectives annually. These objectives can be group-based and/or individual, financial and/or non-financial, and are likely to include milestones linked to: • successful execution of key elements of pipeline development programmes; • progress with business

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
		year, the committee may adjust objectives to meet the changed circumstances and correspondingly realign potential rewards. The target annual cash incentive is generally paid in cash within the first two and one half months following the end of the fiscal year being measured.	considered to be exceptional is at the discretion of the Remuneration Committee.	• development activities • the Group's financial position and equity liquidity and valuation. A number of these objectives are considered to be commercially sensitive and are therefore not disclosed here in detail.
Long term equity incentives	Motivates and rewards multi-year performance, encouraging achievement of strategy over the medium to long term goals. Aligns the interests of our executive directors and Senior Executives with those of our shareholders. Encourages retention as entitlement to full benefits arising from equity-based awards only accrues over a period of years. Enables us to compete with equity-based remuneration offered by a set of comparable companies with whom we may compete for executive talent.	Under our 2013 share option scheme, we may grant: • CSOP awards in the United Kingdom, • incentive stock options in the United States • various types of unapproved awards in numerous jurisdictions • stock appreciation rights • restricted shares • restricted share units, and • awards subject to performance targets. The committee generally grants equity-based remuneration to executive directors and Senior Directors at the time they	There is no fixed annual maximum limit to the size or value of equity-based compensation awards made in a year to executive directors and Senior Executives, or in the aggregate over a period of years. We seek to establish equity-based remuneration to be reasonably competitive to that offered by a set of comparable companies with whom we may compete for executive talent.	Generally, we grant equity-based remuneration awards that vest over time without specific performance targets other than continued service. When making awards, the Committee considers: the size and value of past awards; the performance of the executive director and Senior Executives; and competitive data on awards made to executives at comparable companies. Subject to the terms of the plan, the Board may choose, at its discretion, to accelerate vesting of equity awards including in connection with a change of control event or when an executive director's service is terminated

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
		commence employment and from time to time thereafter based on performance.[3] The Committee generally grants equity awards which vest over time. Our share option awards have exercise prices equal to the fair market value of our shares on the date of grant.		on account of disability or death. See policy on payment for loss of office.

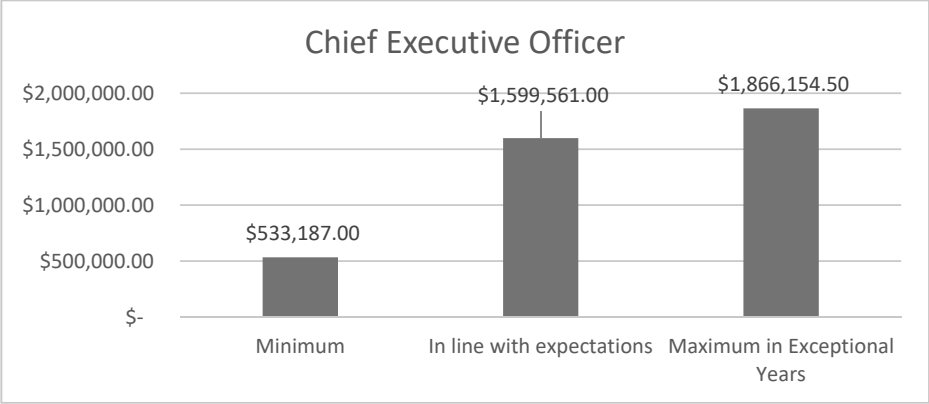
[3] We believe the use of time-based vesting for equity awards is consistent with U.S. practice, to which we look for guidance on our policies. We examine, with assistance from our independent remuneration consultant, comparative data on types of equity awards and value of such awards, both at (i) fair market value basis and (ii) percentage salary basis. The Committee uses a blend of the two methods to establish appropriate levels of equity-based remuneration for the executive director and Senior Executives.

Illustration of the Application of the Remuneration Policy to Executive Director Remuneration

The following table provides an illustration of the potential remuneration for the year ended 31 December 2019 for the executive director, computed in accordance with the remuneration policy outlined above and by applying the following assumptions:

Minimum	The current base salary for the Director is assumed to be base salary throughout the financial year ending 31 December 2019. The value of benefits receivable for the financial year ending 31 December 2019 is assumed to be equal to 9,990 GBP, which is the maximum a contribution under U.K. law for Dr. Wrighton-Smith, and the same rate of contribution for private health insurance as for 2019. For purposes of this chart, all amounts were converted from Pound Sterling to U.S. Dollar at the rate of £1/$1.30. No bonus is assumed for the executive director.
In line with Expectations	The same components for base salary and benefits as reflected for the minimum above. The on-target level of bonus for 2019 of 100% of base salary.
Maximum in Exceptional Year	The same components for base salary and benefits as reflected for the minimum above. The on-target level of bonus for an exceptional year of 150% of base salary.

The bar chart below does not include any value for equity-based award remuneration. We do not believe it is possible to reasonably quantify the value that might result from outstanding options and other equity-based awards, including those granted in 2019.



Service contracts

We employ our executive director on a service contract providing for termination, other than for cause, upon 12 months' advance notice by either the Company or the executive director. The executive director is required to resign his position as a director if the Board requires a resignation in conjunction with the end of the employment relationship. We expect service contracts with future executive directors will have comparable provisions.

On termination of the service contract without cause, we have the right to require the executive director to take garden leave for all or part of the notice period (the remaining term of the contract) and we have the right to pay salary and benefits in lieu

of notice. During the period of any garden leave, the executive director will continue to receive his full salary and benefits, but would not be entitled to any portion of his target annual cash incentive. If the executive director is unable to continue to perform his duties by reason of illness, injury or otherwise for a period of 120 days in a 12 month period, or such longer period as may be set by us, we may terminate his service for cause. In the event of termination of the executive director for cause, we are not obligated to make any payment in lieu of notice. The committee may, however, exercise discretion with respect to remuneration arrangements in the event of termination as a result of illness, injury or similar incapacity or in order to resolve disputes relating to remuneration entitlement. Our non-executive directors serve under a letter of appointment.

Policy on payment for loss of office

Our policy regarding termination payments to a departing executive director is generally to limit severance payments to pre-established contractual arrangements or statutory requirements. In the event that the employment of an executive director is terminated, any remuneration payable will be determined in accordance with the terms of the service contract with the executive director, the rules of any incentive plans in which the executive director participates and applicable statutory requirements in the jurisdiction in which the executive director is employed.

We expect that all employment arrangements for any executive director will include a notice provision and continuing payment obligations for not more than a period of one year following our termination of an executive director without cause. Payment obligations could include base salary, benefits, and all or some portion of target annual cash remuneration.

The terms of existing equity-based remuneration awards made to our executive director under the amended and restated 2008 share incentive plan provide for a full acceleration of all outstanding options in the event of a change of control event. For equity-based option awards made under our 2013 share incentive plan, the executive director is entitled to full acceleration of an award in the event of a change of control, so long as executive directors' employment relationship with the company is terminated. For restricted share units, the executive director and other officers will get the benefit of an accelerated lapse of those restrictions that would, in the absence of a change of control, have lapsed during the next 24 months. We intend to consider whether the executive director should be treated differently than all other officers under our equity-based awards in the event his employment is terminated as a result of disability or death and we may implement changes to existing equity-based awards or to future equity-based awards.

We will comply with applicable disclosure and reporting requirements of the Securities and Exchange Commission with respect to remuneration arrangements with a departing executive director.

For non-executive directors, our policy is to not make termination payments to a departing non-executive director.

Policy on recruitment arrangements

Our policy on the recruitment of new executive directors is to pay a fair remuneration package for the role being undertaken and the experience of the individual to be appointed. We expect remuneration packages will include base salary, targeted level of annual cash incentive, initial and ongoing equity-based awards, standard benefits and may include special provisions tailored to the recruiting situation, such as

- sign-on bonus;
- real estate commissions, legal fees and other charges incurred in selling an existing residence;
- legal fees, inspection charges, title insurance, up-front mortgage charges and other charges incurred in connection with the purchase of a new residence;
- moving expenses;
- reimbursement for the tax burden associated with the sale of a residence;
- house-hunting trips for the new executive director and spouse, if applicable;
- costs of commuting to a new work location;
- local housing costs;
- tax gross-up for special benefits;
- an allowance for personal financial planning expenses;
- pension enhancements;
- children's educational expenses;
- employment search assistance for relocating spouses; and

- make-whole awards for remuneration forfeited from a prior employer (whether on account of cash bonuses, share awards, pension benefits or other forfeited items).

The committee retains the discretion to provide additional benefits, including those of a type not listed above, where necessary or useful to recruit new executive directors or to secure the ongoing service of existing executive directors.

If we appoint an existing employee as an executive director of the Company, we would expect to retain legacy obligations to the employee with respect to remuneration, such as outstanding share awards. Should these differ materially from current arrangements, these will be disclosed in the next implementation report following such appointment. We will also disclose appropriate remuneration details for a new executive director in accordance with reporting requirements of the Securities and Exchange Commission.

For non-executive directors, the remuneration package available is as set forth below.

Non-Executive Directors

We pay remuneration for service as a non-executive director only to directors who are not affiliated with major investor in the Company. Since 2015, no non-executive directors have been affiliated with a major investor in the Company.

The following table and accompanying notes explain the different elements of remuneration we pay to our unaffiliated non-executive directors.[4] No element of non-executive director remuneration is subject to performance standards other than continued service.

[4] With assistance from our independent remuneration consultant we have implemented remuneration practices for our non-executive directors that are comparable to our market peers.

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-executive director fees	Reflects time commitments and responsibilities of each role.	The remuneration of the non-executive directors is determined by the Board as a whole by reference to market practice and market data, on which the Board receives independent advice, and reflects individual experience, scope of the role, time commitment and changes to responsibilities. Fees will typically consist of a basic fee for non-executive director responsibilities plus incremental fees for additional roles/responsibilities such as chairmanship of the Board and member of and/or chairmanship of Board committees. The non-executive directors do not receive any pension from the Company, nor do they participate in any performance-based incentive plans.	There is no prescribed maximum but the levels will reflect the prevailing market price.	Not applicable.
Long term equity incentives	For public companies listed in the United States, equity-based remuneration is a standard component of Director remuneration. We extend equity-based awards to our non-executive directors in order to be competitive with comparable companies seeking qualified directors and to align the interests of our non-executive directors with those of our shareholders.	Non-executive directors participate in the Group's long term incentive plans on terms similar to those used for executive directors. Each non-executive director receives an initial equity award upon appointment or election as a non-executive director. The initial award is made once per director and vests in equal amounts over three years with the vesting occurring on the date of the annual general meeting of shareholders. Each non-executive director also receives an annual equity award on the date of the first appointment or election of a new director and on the date of each subsequent annual general meeting of shareholders. The annual awards vest in full at the following annual general	Not applicable. The equity awards will be determined by the Board as a whole working within benchmarking guidelines provided by our compensation consultants. Expected values are calculated in accordance with generally accepted methodologies based on Black-Scholes models.	Not applicable.

		meeting of shareholders. If a director is initially appointed within six months of an upcoming annual general meeting of shareholders, the size of the first annual award is adjusted to 50% of the full annual award. All option awards are made with an exercise price equal to the fair market value on the date of grant.		

Letters of appointment

The Chairman and all other non-executive directors have letters of appointment which set out the terms under which they provide their services to the Company. The appointment of non-executive directors ends at the annual general meeting when their elected term expires. The appointment is not subject to a notice period, nor is there any remuneration payable on loss of office when, for example, a director is not reelected at an annual general meeting of shareholders.

Policy on shareholding requirements

We do not currently have a policy requiring our Directors to hold a certain number or value of our shares.

Statement of consideration of employment conditions elsewhere in the Group

All our employees are paid a base salary and receive standard employee benefits, which vary by the geographic locale of their employment. Members of our sales staff have the opportunity to earn commissions and other economic rewards based on their level of sales achieved, an element of remuneration in which our executive director does not participate. Like our executive director, other senior employees are eligible for target annual cash incentives based on achievement of our corporate objectives for the year as well as their own individual objectives. The percentage of base salary for an individual's target annual cash incentive is lower for employees who are not Senior Executives. All other employees who are not eligible for this annual cash incentive or a sales commission scheme, are enrolled in our Share the Value scheme, whereby they share in an aggregate bonus pool allocated to all such other employees, with exact payouts based on company and individual performance. All employees are eligible to be considered for an annual increase in their base salaries, provided they have worked for a sufficient portion of the prior fiscal year. Senior employees are eligible for consideration for equity-based remuneration awards. Eligibility is dependent on the employee's position and performance.

No specific consultation with employees has been undertaken relating to remuneration of Directors. In setting employee compensation and benefits, we review publicly available compensation and benefits information of comparable companies in similar geographies.

Statement of consideration of shareholder views

This Policy for remuneration of both executive directors and non-executive directors was devised by a Remuneration Committee of which all are non-executive directors. The Policy was also approved by the full Board.

Changes to Remuneration Policy

It is anticipated that this policy, if approved by shareholders at the Annual General Meeting in 2020 will apply until the Annual General Meeting in 2023 or until a revised policy is approved by shareholders.

Approval

This report was approved by the Board of Directors on 29 April 2020 and signed on its behalf by:

Patrick J. Balthrop Sr
Chairman
29 April 2020

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law, the Directors have elected to prepare Group financial statements and parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Under company law the Directors must not approve the Group or parent company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the parent company accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Directors', Strategic, and Remuneration Reports in accordance with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD IMMUNOTEC GLOBAL PLC

Opinion

In our opinion:

- Oxford Immunotec Global plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Oxford Immunotec Global plc which comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2019	Statement of financial position as at 31 December 2019
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 14 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 28 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – Effects of COVID-19

- We draw attention to strategic report (Page 5) and Notes 1 & 28 of the financial statements, which describes the economic and social disruption the company may face as a result of the COVID-19 pandemic which has the potential to impact supply chains, customer demand and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Key audit matters	• Revenue recognition: risk of the existence of side arrangements outside of executed agreements with the Group's larger customers that could result in inappropriate revenue recognition in accordance with IFRS15 and potentially manipulate earnings. • Revenue recognition: risk of misstating revenue due to inappropriate accounting judgements being exercised in relation to a new distribution agreement • Taxation: The Group's geographical footprint, previously communicated deficiencies in relation to the effectiveness of controls in the closing process for taxation and the need to reconcile the US GAAP to IFRS ledgers, creates a risk of error in the recording of current and deferred tax positions
Audit scope	• We work as an integrated primary team including professionals from EY US and performed an audit of the Group at a consolidated level • We performed an audit of the complete financial information of three components. The components where we performed full scope accounted for 99% of gross margin, 99% revenue and 99% of total assets. • We also performed an audit of the complete financial information of the standalone Parent Company
Materiality	• Overall group materiality of $810,000 which represents 1.5% of gross margin

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Revenue recognition: risk of the existence of side arrangements outside executed agreements with the Group's larger customers that could result in inappropriate revenue recognition Refer to Accounting policies (page 58) and Note 1 of the Consolidated Financial Statements (page 75) The group has a number of contracts with larger customers that are governed by non-standard or specifically negotiated terms, which increases the risk of the existence of side agreements that could result in inappropriate revenue recognition	We completed a walkthrough of the process for entering contracts and identified and tested key controls For a sample of customers, we obtained the executed agreements and reviewed them for terms that would impact the Company's revenue recognition and sales commitments For a sample of customers, we received terms and condition confirmations to validate key terms and conditions and that there were no side agreements in existence outside of the executed agreement. Where confirmations were not received, we performed alternative procedures including subsequent cash receipts testing, post year end credit note review and reviewing key contractual terms, including pricing and agreeing through to a sample of customer invoices We reviewed board minutes and correspondence files to ensure no evidence of contract modifications outside of agreed contractual terms and conditions	We conclude that revenue recognised in the year is materially correct on the basis of our procedures performed
Revenue recognition: risk of misstating revenue due to inappropriate accounting judgements being exercised in relation to a new distribution agreement *Refer to Accounting policies (page 58) and Note 1 of the Consolidated Financial Statements (page 75)* During the year the company entered into a new distributor arrangement. The final selling price is not fully determinable until the product has been sold to the ultimate customer and therefore management estimates the amount of variable consideration to be recognised There is a risk that given the complexity in determining the sales price, management may incorrectly recognise revenue and therefore this has been recognised as a key audit matter	We have considered the group's process for judgements in this area and the overall revenue recognition policy We obtained management's accounting paper, we walked through the particular process, controls and tested the estimate of variable consideration We obtained management's calculation for variable consideration checking clerical accuracy and validating key inputs to supporting documentation as follows: • We confirmed the inventory purchased by the distributor and held on hand as of 31 December 2019 and 31 January 2020 • We obtained purchase orders and invoices and agreed the total quantity sold and total price to purchase orders and invoices	We concluded that the Group's revenue recognition and sales commitments accounting policy and the application thereof is appropriate

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• On a sample basis we obtained the ultimate customer sales invoices and agreed to the individual sales used in the variable consideration calculation We confirmed that there were no post year end credit notes issued to this distributor and neither were there any inventory returns	
Taxation: The group's geographical footprint, previously communicated deficiencies in relation to the effectiveness of controls in the closing process for taxation and the need to reconcile the US GAAP to IFRS ledgers, creates a risk of error in the recording of current and deferred tax positions *Refer to Accounting policies (page 58) and Note 6 of the Consolidated Financial Statements (page 78)* The group operates in a number of tax jurisdictions which exposes it to complicated tax regulations. This requires management to exercise judgement in determining the appropriate amount of tax to provide	The procedures detailed below were performed by the integrated audit team with the support of our tax specialists for key judgements We involved our tax specialists to obtain an understanding of the group's tax strategy, including current transfer pricing arrangements We considered controls in place relevant to the assessments made by management in determining current and deferred income tax positions and adopted a substantive audit approach We analysed the temporary differences, potential tax risks, legislative developments and the status of ongoing local tax authority communication We evaluated the tax positions taken by management and performed substantive audit testing procedures on the UK and US balances and consolidation adjustments to evaluate the amounts recorded We audited the tax recognised on discontinued operations, validating certain elements to correspondence from tax authorities and tax exposure assessments from third-party tax advisors	As part of our work on taxes, we communicated with the Audit Committee the continuing deficiencies in relation to the effectiveness of controls in the closing process for taxation and the accounting for the tax liability arising in respect of previously discontinued activities We concluded, on the basis of the substantive procedures performed, that current and deferred taxes, recognised in the year, and recorded on the balance sheet at 31 December 2019 were materially correct

In the current year, following a reassessment of the risk impacting revenue, we now include a key audit matter relating to the 'risk of misstating revenue due inappropriate accounting judgements being exercised in relation to distribution agreements.'

In the prior year the Group disposed of its US Laboratory Services Business to Quest Diagnostics Incorporated, a Delaware Corporation and accordingly we considered discontinued operations to be a key audit matter. There have been no such discontinued operations in 2019 and therefore the key audit matter has been removed in the current year.

An overview of the scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the eight reporting components of the Group, we selected three components covering entities within UK and USA which represent the principal business units within the Group.

Of the three components selected, we performed an audit of the complete financial information of three components ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 100% (2018: 99%) of the Group's gross profit, 100% (2018: 100%) of the Group's revenue and 100% (2018: 99%) of the Group's total assets. For the current year, the full scope components contributed 99% (2018: 99%), of the Group's gross profit, 99% (2018: 98%) of the Group's revenue and 99% (2018: 99%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group. We also performed specified procedures relating to revenue, payroll and other administrative expenditures across three components to gain sufficient coverage over those balances at year-end.

For the remaining components, we performed other procedures, including analytical review, testing of consolidation journals, intercompany eliminations and foreign translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

Team structure

The Group is required to prepare consolidated financial statements in both the UK and the US, as a UK registered Company whose shares are traded on the NASDAQ. The company's principal executives and offices are based in the UK and US; therefore the audit team has included members based in both countries and the overall audit strategy is directed and supervised by the UK audit partner.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $810,000 (2018: $420,000), which is 1.5% of gross margin for continuing operations (2018: 1% of gross margin for continuing operations), the change reflecting the Group's strong balance sheet and the stability of its market.

We determined materiality for the Parent Company to be $4.3 million (2018: $2.2 million), which is 1.5% (2018: 1%) of Equity.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2018: 50%) of our planning materiality, namely $405,000 (2018: $210,000).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $81,000 to $405,000 (2018: $42,000 to $210,000).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $40,500 (2018: $21,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 44 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Etherington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
26 May 2020

OXFORD IMMUNOTEC GLOBAL PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Notes	2019	2018
		$000	$000
Continuing operations			
Product		69,763	46,722
Service		3,947	5,066
Revenue from contracts with customers	1	**73,710**	**51,788**
Product		18,207	5,663
Service		1,457	3,253
Cost of revenue		**(19,664)**	**(8,916)**
Gross profit		**54,046**	**42,872**
Distribution costs		28,424	26,393
Administrative expenses		28,739	31,386
Intangible assets impairment charges	8	—	1,007
Settlement expense	27	1,110	2,193
Operating expenses		**(58,273)**	**(60,979)**
Operating loss	3	**(4,227)**	**(18,107)**
Finance income	2	4,259	111
Finance expense	2	(3,931)	(6,975)
Loss before income taxes from continuing operations		**(3,899)**	**(24,971)**
Income tax benefit/(expense)	6	998	(2,661)
Loss after income taxes from continuing operations		**(2,901)**	**(27,632)**
Discontinued operations	24		
(Expense)/income from discontinued operations before income taxes		(469)	1,843
Gain on disposition		—	145,982
Income tax benefit/(expense)		999	(248)
(Loss)/profit after income tax from discontinued operations		**530**	**147,577**
Net (loss)/profit		**(2,371)**	**119,945**
Net loss per share for continuing operations:	7		
Basic		(0.11)	(1.06)
Diluted		(0.11)	(1.05)
Net (loss)/profit per share for discontinued operations:	7		
Basic		0.02	5.68
Diluted		0.02	5.59
Net (loss)/ profit per share:	7		
Basic		(0.09)	4.62
Diluted		(0.09)	4.54

OXFORD IMMUNOTEC GLOBAL PLC

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019	2018
		$000	$000
(Loss)/profit for the year		(2,371)	119,945
Other comprehensive income/(loss), net of taxes:			
Items which may subsequently be reclassified into profit or loss:			
Foreign currency translation adjustment		786	(2,541)
Total comprehensive (loss)/income		(1,585)	117,404

OXFORD IMMUNOTEC GLOBAL PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019	2018
		$000	$000
ASSETS			
NON-CURRENT ASSETS			
Other receivables		100	100
Goodwill	8	2,483	2,483
Other intangible assets	8	352	584
Deferred tax assets	6	1,925	339
Right of use assets	22	7,206	—
Property, plant and equipment	9	6,965	6,786
Other non-current assets	10	—	4,500
		19,031	14,792
CURRENT ASSETS			
Inventories	11	10,858	7,767
Trade debtors	14	13,669	9,158
Prepaid expenses and other receivables		3,546	2,511
Current tax debtor	6	1,400	—
Other current assets	10	4,660	4,500
Cash at bank and in hand	12	181,270	192,844
		215,403	216,780
TOTAL ASSETS		234,434	231,572
LIABILITIES			
CURRENT LIABILITIES			
Trade and other creditors	15	13,400	12,975
Current tax creditor	6	1,031	1,860
Settlement liability	27	—	4,106
Current portion of loans payable	16	20	85
Current portion of leases payable	22	984	—
Deferred grant income		—	125
Total current liabilities		(15,435)	(19,151)
NET CURRENT ASSETS		199,968	197,629
NON-CURRENT LIABILITIES			
Long-term portion of loans payable	16	31	106
Long-term portion of leases payable	22	7,710	—
Total non-current liabilities	16	(7,741)	(106)
TOTAL LIABILITIES		(23,176)	(19,257)
NET ASSETS		211,258	212,315

	Notes	2019	2018
		$000	$000
EQUITY			
Retained earnings	20	21,152	30,515
Translation reserve	20	(7,537)	(8,323)
Share capital	18	276	276
Share premium	18	170,091	166,060
Other capital reserves		27,276	23,787
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		211,258	212,315
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		234,434	231,572

The financial statements on pages 52 to 101 were approved by the Board of Directors and authorised for issue on 26 May 2020 and are signed on its behalf by:

Patrick J Balthrop Sr
Chairman
26 May 2020

OXFORD IMMUNOTEC GLOBAL PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Retained earnings (Note 20)	Translation reserve (Note 20)	Share capital (Note 18)	Share premium (Note 18)	Other capital reserves	Total
	$000	$000	$000	$000	$000	$000
BALANCE AT 31 DECEMBER 2017	(89,430)	(5,782)	269	162,826	18,256	86,139
Profit for the period	119,945	—	—	—	—	119,945
Other comprehensive loss	—	(2,541)	—	—	—	(2,541)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	119,945	(2,541)	—	—	—	117,404
Exercise of share options	—	—	7	3,234	—	3,241
Share-based payment	—	—	—	—	4,935	4,935
Release of accrued tax liabilities to equity on adoption of IFRS 2 amendment	—	—	—	—	979	979
Tax on vesting of restricted share units	—	—	—	—	(383)	(383)
BALANCE AT 31 DECEMBER 2018	30,515	(8,323)	276	166,060	23,787	212,315
Loss for the period	(2,371)	—	—	—	—	(2,371)
Other comprehensive loss	—	786	—	—	—	786
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(2,371)	786	—	—	—	(1,585)
Exercise of share options	—	—	4	4,031	—	4,035
Share-based payment	—	—	—	—	3,709	3,709
Tax on vesting of restricted share units	—	—	—	—	(224)	(224)
Shares repurchased and cancelled	(6,992)	—	(4)	—	4	(6,992)
BALANCE AT 31 DECEMBER 2019	21,152	(7,537)	276	170,091	27,276	211,258

OXFORD IMMUNOTEC GLOBAL PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019	2018
		$000	$000
OPERATING ACTIVITIES			
(Loss)/ profit for the year		(2,371)	119,945
Loss/(Profit) after tax from discontinued operations		(530)	(147,577)
Loss after tax from continuing operations		(2,901)	(27,632)
Adjustments for:			
Depreciation and amortisation- owned assets		1,783	1,692
Depreciation and amortisation- leased assets		910	—
Effect of discounting of settlement obligation		—	2,193
Loss on disposal of property, plant and equipment		49	115
Amortisation of loan fees		—	2,408
Intangible assets impairment charges		—	879
Impairment of capitalised development costs		—	128
Tax charge		(998)	2,661
Share-based compensation expense		3,706	4,007
Payments of tax withheld on vesting of RSUs		(224)	(383)
Operating cash flows before movement in working capital		2,325	(13,932)
Trade debtors, net		(2,514)	(3,290)
Inventories		(2,588)	(940)
Prepaid expenses and other assets		3,165	207
Trade and other creditors		(1,044)	(10,371)
Accrued liabilities		(7,292)	507
Settlement liability		—	(6,038)
Other liabilities		—	(364)
Finance income		(4,259)	—
Finance costs		3,931	4,456
Deferred income		(107)	95
		(8,383)	(29,670)
Net interest received/(paid)		3,412	(2,656)
Taxes paid		(1,807)	(76)
Operating cash flow generated from discontinued operations		—	14,729
Net cash used in operating activities		(6,778)	(17,673)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,658)	(5,350)
Proceeds on disposal of discontinued operations		—	170,000
Investing cash flow used in discontinued operations		—	(13,782)
Net (cash used in)/generated from investing activities		(1,658)	150,868
FINANCING ACTIVITIES			
Proceeds from exercise of share options		4,035	3,241
Payments on loan		—	(32,165)
Repurchases of shares		(6,992)	—
Payments for principal portion of leases		(609)	—
Financing cash flow used in discontinued operations		—	(48)
Net cash used in financing activities		(3,566)	(28,972)
Effect of exchange rate changes on cash at bank and in hand		428	(1,711)
NET (DECREASE)/INCREASE IN CASH AT BANK AND IN HAND		(11,574)	102,512
CASH AT BANK AND IN HAND AT BEGINNING OF YEAR (excluding restricted cash)		192,844	90,332
CASH AT BANK AND IN HAND AT END OF YEAR (excluding restricted cash)		181,270	192,844

BASIS OF PRESENTATION AND ACCOUNTING PRINCIPLES

The Group financial statements for the years ended 31 December 2019 and 2018 have been prepared in accordance with the parts of the Companies Act 2006 that are applicable to companies reporting under International Financial Reporting Standards as adopted by the European Union, or EU, (IFRS) and related interpretations as adopted by the EU and, therefore, the Group financial statements comply with Article 4 of the EU International Accounting Standard (IAS) Regulation.

The financial statements have been prepared on a going concern basis. The Directors have considered the appropriateness of the going concern basis in the Directors' Report, which begins on page 1 of this document. The strength of the Company's balance sheet, and in particular cash position, provides the company with the resources to allow it to continue in business for the foreseeable future, even in the light of the current COVID-19 pandemic. In addition, the parent company acknowledges its responsibility to support its subsidiary's cash outflows for the foreseeable future.

The financial statements and related notes have been prepared and presented in U.S. Dollars (USD). Unless otherwise noted, amounts are presented in USD thousands.

Subsidiary Undertakings of Oxford Immunotec Global PLC

Name of undertaking and registered address	Country of incorporation (if outside of the U.K.)	Class of shareholding	Proportion held	Nature of business
Oxford Immunotec Limited [1] 94C Innovation Drive, Milton Park Abingdon, Oxfordshire OX14 4RZ		Ordinary	100%	Medical Diagnostics
Oxford Immunotec USA Inc. 700 Nickerson Road, Suite 200, Marlborough, MA 01752	United States	Ordinary	100%	Medical Diagnostics
Immunetics, Inc. 700 Nickerson Road, Suite 200, Marlborough, MA 01752	United States	Ordinary	100%	Medical Diagnostics
Oxford Immunotec K.K. 8F Nisso 16 Bldg., 3-8-8 Shin-Yokohama, Kohoku-ku Yokohama, Kanagawa 222-0033	Japan	Ordinary	100%	Medical Diagnostics
Boulder Diagnostic Europe GmbH Stockheimer Straße 12, D-97638 Mellrichstadt	Germany	Ordinary	100%	Medical Diagnostics
Oxford Immunotec Asia Limited Flat 804, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong	People's Republic of China	Ordinary	100%	Medical Diagnostics
Oxford Immunotec (Shanghai) Medical Device Co. Ltd. 303, 3rd Floor, Unit 1, 1239 Lane, Zu Chong Zhi Road, Pudong District, Shanghai, China	People's Republic of China	Ordinary	100%	Medical Diagnostics
Oxford Immunotec (Ireland) Limited Unit 3d North Point House, North Point Business Park, New Mallow Road, Cork, Republic of Ireland	Republic of Ireland	Ordinary	100%	Medical Diagnostics
Oxford Diagnostic Laboratories (UK) Limited 94C Innovation Drive, Milton Park Abingdon, Oxfordshire OX14 4RZ		Ordinary	100%	Medical Diagnostics (Dormant)

[1] Held directly by Oxford Immunotec Global PLC. All other subsidiaries are indirectly held.

The Group has taken advantage of the exemption afforded by UK statutory instrument SI 2012/2301 'The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012' not to have the individual accounts of its qualifying subsidiary, Oxford Immunotec Limited, audited.

The directors have provided that the parent company guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year, until they are satisfied in full, and the guarantee is enforceable against the parent company by any person to whom the subsidiary company is liable in respect of those liabilities.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The financial statements have been prepared on the historical cost basis, revised for use of fair values where required by applicable IFRSs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated.

In preparing the financial statements, management is required to make estimates and assumptions, in accordance with IFRS, that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Research and development costs
Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. No development costs were capitalised in 2019 or in 2018. The Group has a total of $50,000 of development costs on its balance sheet as of 31 December 2019. Please see Note 8 "Intangible Fixed Assets" for additional details.

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Please see Note 6 "Taxation" for additional details.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue recognition

To determine the transaction price on sales, the Company estimates the amount of variable consideration at the outset of the contract either utilizing the expected value or most likely amount method, depending on the facts and circumstances relative to the contract. For certain distributor sales, the final selling price is not fully determinable until product has been sold to the ultimate customer. The Company constrains (reduces) the estimates of variable consideration such that there is only a remote possibility that a significant reversal of previously recognized revenue will occur.

Impairment of definite and indefinite-life intangible assets

The Group determines on an annual basis whether goodwill and indefinite-life intangible assets are impaired. This assessment involves a number of assumptions regarding the likelihood of successful product approval, the costs of reaching approval and the subsequent commercial profitability of the product once approved.

Share-based payments expense

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including estimating share price volatility, expected term and forfeiture rates and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses the Black Scholes model. Expected volatility rates are estimated based on the actual volatility of comparable public companies over a historical period equal in length to the expected term. The expected terms represent the average time that options are expected to be outstanding based on the midpoint between the vesting date and the end of the contractual term of the award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Group has not paid dividends and does not anticipate paying cash dividends in the foreseeable future and, accordingly, uses an expected dividend yield of zero. The risk-free interest rate is based on the rate of U.S. Treasury securities with maturities consistent with the estimated expected term of the awards.

Lease and discount rate

The measurement of lease liabilities involves the use of a discount rate to record future lease payments at present value. The Group has concluded that it cannot reliably determine the interest rate implicit in any of its leases and therefore uses the contracting entity's incremental borrowing rate as the lease discount rate. Since none of the Group's subsidiaries regularly enters into loan agreements, determining the incremental borrowing rate involves adjusting the Group's estimated borrowing rate, for lease term, geography and class of lease.

FOREIGN CURRENCY TRANSLATION

The financial statements have been prepared in the functional currency for Oxford Immunotec Global PLC which is the U.S. Dollar. Revenue and expenses of foreign operations are translated into U.S. Dollars at the average rates of exchange during the year. Assets and liabilities of foreign operations are translated into U.S. Dollars at year-end rates. The Group reflects resulting translation gains or losses in accumulated other comprehensive income, which is a component of shareholders' equity.

Cash-related foreign currency transaction gains or losses, arising from exchange rate fluctuations on balances denominated in currencies other than the functional currencies, are included in "Interest payable and similar charges" in the consolidated statements of operations. Non-cash foreign currency transaction gains or losses are included in "Administrative expenses" in the consolidated statements of operations.

REVENUE RECOGNITION

The Company's revenues include product and service revenues. Product revenue from diagnostic test kit sales and related accessories is typically recognized at a point in time based upon the amount of consideration to which the Company expects to be entitled. For sales made with variable consideration, such as discounts, refunds, incentives, or other similar items, changes to the transaction price will be re-assessed at each reporting period until a final outcome is determined. Service revenue is recorded based upon contractually established billing rates and recognized upon delivery of test results to the customer.

For each arrangement that results in revenues, the Company first identifies all performance obligations. Then, in order to determine the transaction price, the Company estimates the amount of variable consideration at the outset of the contract either utilizing the expected value or most likely amount method, depending on the facts and circumstances relative to the contract. The Company constrains (reduces) the estimates of variable consideration such that there is only a remote possibility that a significant reversal of previously recognized revenue will occur. When determining if variable consideration should be constrained, management considers whether there are factors outside the Company's control that could result in a significant reversal of revenue. In making these assessments, the Company considers the likelihood and magnitude of a potential reversal of revenue. These estimates are re-assessed each reporting period.

For the year ended 31 December 2019, the Company had no material bad-debt expense and there were no material contract assets, contract liabilities or deferred contract costs recorded on the Consolidated Balance Sheet as of December 31, 2019. The Company generally expenses sales commissions when incurred because the amortization period would be less than one year.

Revenue expected to be recognized in any future year related to remaining performance obligations is not material.

Taxes assessed by governmental authorities on revenue, including sales and value added taxes, are recorded on a net basis (excluded from revenue) in the consolidated statements of operations.

COST OF REVENUE

Cost of product revenue consists primarily of costs incurred in the production process, including costs of raw materials and components, assembly labour and overhead, quality costs, royalties paid under licensing agreements and packaging and delivery costs.

Cost of service revenue consists primarily of costs incurred in the operation of the Group's diagnostic laboratory including labour and overhead, kit costs, quality costs, consumables used in the testing process and packaging and delivery costs.

DEFERRED GRANT INCOME

The Group records deferred grant income for research and development grants upon signing of the initial agreement. Grant revenue is recorded as an offset to related expenses.

SHIPPING AND HANDLING

The Group does not normally bill its service customers for shipping and handling charges. Charges relating to inbound and outbound freight costs are incurred by the Group and recorded within cost of service revenue.

The Group generally bills product customers for shipping and handling and records the customer payments as product revenue. The associated costs are recorded as cost of product revenue.

FINANCIAL INSTRUMENTS

Recognition of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Initial and subsequent measurement of financial assets

Cash and cash equivalents

The Company considers all highly liquid investments purchased with maturities at acquisition of three months or less to be cash equivalents. Cash equivalents consist of amounts invested in money market funds and tri-party reverse repurchase agreements that are collateralised by U.S. Treasury and agency securities of at least 102% of the principal amount. The Company has a policy that the collateral has at least the prevailing credit rating of U.S. Government Treasuries and Agencies. In a tri-party reverse repurchase agreement, a third-party custodian bank is used to manage the exchange of funds and ensure that collateral received is maintained of at least 102% of the value of the reverse repurchase agreements on a daily basis thereby minimizing risk and exposure to both parties. The Company does not record an asset or liability as the Company is not permitted to sell or re-pledge the associated collateral. The reverse repurchase agreements have stated maturities of 90 days or less and are included in cash equivalents due to their high liquidity and relatively low risk.

The Company holds bank accounts in the United States, United Kingdom, Germany, Japan, China and South Korea. The Company maintains deposits in government insured financial institutions in excess of government insured limits. Management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Other receivables

As of both 31 December 2019 and 2018, other receivables consisted of restricted cash in the amount of $100,000 pledged as collateral for procurement cards issued by a U.S. commercial bank.

FINANCIAL INSTRUMENTS (CONTINUED)

Trade and other receivables

Trade debtors are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method

Trade debtors are primarily amounts due from hospitals, public health departments, commercial testing laboratories, distributors and universities in addition to government programs.

Trade debtors are reported net of a provision for expected credit loss. The process of estimating the collection of trade debtors involves significant assumptions and judgments. Specifically, the bad debt provision is based on management's analysis of historic and forward looking information on expected credit loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses, or an ECL, for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Trade debtors

For trade debtors, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

FINANCIAL INSTRUMENTS (CONTINUED)

Impairment of group receivables

The calculation of ECLs are calculated based on cash flow forecasts of the relevant group entities. There is no impairment of intercompany receivables as there is sufficient cash forecast to support the full recovery of intercompany receivables.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Where equity instruments have been reacquired and cancelled by the Company during the period, the cost to reacquire the instruments is recorded as a deduction from retained earnings, in accordance with UK Law.

INVENTORIES

Inventories consist of finished goods, work in process and raw materials.

Inventories are initially recorded at cost. Inventories are stated at the lower of cost or net realisable value. Cost is determined by the actual cost of components by batch plus estimated labour and overhead costs per unit. Net realisable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Group reviews the components of its inventory on a periodic basis for excess, obsolete or impaired inventory, and records a reserve for the identified items. At 31 December 2019 the Group had inventory reserves of $0.2 million (2018: $ nil).

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less provision for impairment. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortised using the straight-line method over the lease term. Depreciable lives range from three to ten years for laboratory equipment, office equipment and furniture and fixtures and three years for software.

LEASES

The Group applied IFRS 16 *Leases* ("IFRS 16") for the first time in 2019. For information about the initial adoption of IFRS 16, see page 72.

For comparative numbers for the year ended 31 December 2018, property, plant and equipment financed under finance leases are initially recorded at the present value of minimum lease payments at the inception of the lease. In determining whether an arrangement is, or contains, a lease, the Group reviews the substance of the arrangement and performs an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. For operating leases, rent expense is calculated on a straight-line basis over the term of the lease.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold property 2 to 11 years
- Other 2 to 3 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in the section 'Impairment of non-current assets'.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.
Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 16).

iii) Short-term leases
The Group applies the short-term lease recognition exemption to all its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

IMPAIRMENT OF NON-CURRENT ASSETS

The Group evaluates its property, plant and equipment, right-of-use assets and finite life intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired, and assesses their recoverability based upon anticipated future cash flows. If changes in circumstances lead the Group to believe that any of its long-lived assets may be impaired, the Group will (a) evaluate the extent to which the remaining book value of the

asset is recoverable by comparing the future undiscounted cash flows estimated to be associated with the asset to the asset's carrying amount and (b) write-down the carrying amount to the higher of the assets value in use and fair value less costs to sell to the extent necessary.

BUSINESS COMBINATIONS

For acquisitions meeting the definition of a business combination, the Group allocates the purchase price, including any contingent consideration, to the assets acquired and the liabilities assumed at their estimated fair values as of the date of the acquisition with any excess of the purchase price paid over the estimated fair value of net assets acquired recorded as goodwill. The fair value of the assets acquired and liabilities assumed is typically determined by using either estimates of replacement costs or discounted cash flow valuation methods.

When determining the fair value of property, plant and equipment acquired, the Group estimates the cost using the most appropriate valuation method with assistance from independent third party specialists. When determining the fair value of intangible assets acquired, the Group uses judgment to estimate the applicable discount rate, growth rates and the timing and amount of future cash flows. The fair value of assets acquired and liabilities assumed is typically determined by management using the assistance of independent third party specialists. The assumptions used in calculating the fair value of tangible and intangible assets represent the Group's best estimates. If factors change and the Group were to use different assumptions, valuations of property, plant and equipment and intangible assets and the resulting goodwill balance related to the business combination could be materially different.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually, or when events or changes in the business environment indicate that all, or a portion, of the carrying value of a cash-generating unit, or CGU, may no longer be recoverable. The Group has only one CGU. Impairment is determined for goodwill by assessing the recoverable amount of the CGU. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Indefinite-lived intangible assets

The Group's indefinite-lived intangible assets consist of acquired in-process research and development, or IPR&D, related to the Group's historic business combinations, which were recorded at fair value on the respective acquisition dates. IPR&D intangible assets are considered indefinite-lived intangible assets until completion or abandonment of the associated research and development efforts. IPR&D is not amortised but is reviewed for impairment at least annually, or when events or changes in the business environment indicate the carrying value may be impaired.

The determinations as to whether, and, if so, the extent to which, acquired IPR&D become impaired are highly judgmental and based on significant assumptions regarding the projected future financial condition and operating results, changes in the manner of the use and development of the acquired assets, the Group's overall business strategy, and regulatory, market and economic environment and trends.

FINITE-LIVED INTANGIBLE ASSETS

Intangible assets are related to technology licenses and know-how, capitalised development costs, as well as customer relationships, trademarks and trade names which are capitalised and amortised over estimated useful lives using the straight-line method. Useful lives range from five to fifteen years for technology, five to eleven years for customer relationship and five to sixteen for trademarks and trade names. On an ongoing basis, the Group assesses the recoverability of its intangible assets by determining its ability to generate undiscounted future cash flows sufficient to recover the unamortised balances over the remaining useful lives. Intangible assets determined to be unrecoverable are expensed in the period in which the determination is made.

RESEARCH AND DEVELOPMENT EXPENSES

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of revenue. During the period of development, the asset is tested for impairment annually.

TAXATION

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

TAXATION (CONTINUED)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in profit or loss.

SHARE-BASED PAYMENTS

The Group accounts for share-based remuneration arrangements with employees, officers and Directors by recognising compensation expense based on the grant date fair value of share-based transactions in the consolidated financial statements.

Share-based remuneration costs for options are based on the fair value of the underlying option calculated using the Black-Scholes option-pricing model on the date of grant for share options and recognised as expense using the accelerated method over the period in which the service conditions are fulfilled. Determining the appropriate fair value model and related assumptions requires judgment, including estimating share price volatility, expected term and forfeiture rates. The expected volatility rates are estimated based on the Group's actual volatility and the actual volatility of comparable public companies over a historical period equal in length to the expected term. The expected terms represent the estimate of the average time that options are expected to be outstanding based on the midpoint between the vesting date and the end of the contractual term of the award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Group has not paid dividends and does not anticipate paying cash dividends in the foreseeable future and, accordingly, uses an expected dividend yield of zero. The risk-free interest rate is based on the rate of U.S. Treasury securities with maturities consistent with the estimated expected term of the awards.

Share-based compensation expense for restricted shares and restricted share units, or RSUs, is calculated based on the grant date market price of the shares and is also amortised over the requisite service period of the awards using the accelerated method. In 2017 the Group recognised a liability for the portion of the RSU awards relating to the shares that are expected to be withheld to satisfy tax withholding requirements, because the Group has effectively obligated itself to repurchase those RSUs for cash. The resulting RSU liability was adjusted to fair value at each balance sheet date. In 2018 onwards, following the amendment to IFRS 2, the classification of share-based payments transactions with net settlement features apply to share-based payment transactions that (i) are unvested (or vested but unexercised); or (ii) were granted on or after the date that an entity first applies the amendments. For unvested (or vested but unexercised) share-based payments transactions that were previously classified as cash-settled and now must be reclassified to equity-settled, an entity is required to reclassify the carrying amount of the liability to equity at the date that an entity first applies the amendments. The RSUs liability reclassified to equity on 1 January 2018 was $979,000.

The cumulative expense recognised for share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest.

Where the terms of an equity award are modified, the minimum expense recognised is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based compensation, or is otherwise beneficial to the employee as measured at the date of modification.

SHARE-BASED PAYMENTS (CONTINUED)

Where a share-based compensation award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Upon exercise, share options are redeemed for newly issued ordinary shares. When an employee exercises an option, the Group usually collects cash from the employee to satisfy the statutory withholding requirement. However, the Group does not always collect cash upon RSUs vesting. For such net-settled awards, the Group cancels the RSUs relating to the shares that would have been withheld under the statutory requirement and recognises a liability for employee payroll tax.

SEGMENT REPORTING

The Group operates in one operating segment. The Group's chief operating decision maker (the CODM), its chief executive officer, manages the Group's operations on an integrated basis for the purposes of allocating resources. When evaluating the Group's financial performance, the CODM reviews separate revenue information for the Group's product and service offerings and for each country, while all other financial information is on a combined basis. While the Group's principal operations and decision-making functions are located in both the United States and United Kingdom, the CODM makes decisions on a global basis. Accordingly, the Group has determined that it operates in a single reporting segment.

DISCONTINUED OPERATIONS

A disposal group qualifies as discontinued operations if it is a component of an entity that has been disposed of and:

- Represents a separate major line of business or geographical area of operations;
- It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- It is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 24. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

BASIC AND DILUTED NET PROFIT/(LOSS) PER ORDINARY SHARE

Basic and diluted net profit/(loss) per ordinary share is determined by dividing net profit/(loss) by the weighted-average number of ordinary shares outstanding during the period. In periods in which the Group reports net losses, outstanding share options, RSUs and restricted shares have not been included in the calculation of diluted net loss per share because to do so would be anti-dilutive. Accordingly, the numerator and the denominator used in computing both basic and diluted net loss per ordinary share for each period are the same.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or for any other contractually narrow or limited purpose. Unvested restricted shares are held by the Group's Employee Benefit Trust, which is consolidated.

RISKS IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS

The Group is exposed to market risks in the ordinary course of our business. These market risks are principally limited to interest rate fluctuations, capital market fluctuations, foreign currency exchange rate fluctuations, and credit risk, as discussed below.

Interest rate fluctuations

Changes in the general level of U.S. and European interest rates expose the Group to interest rate risk. These changes could affect the Group's interest income and interest expense. However, the Group's cash and cash equivalents are invested in interest-bearing savings and money market accounts and the Group does not enter into investments for trading or speculative purposes. The Group was also exposed to market risk related to fluctuations in interest rates indexed to LIBOR, which determined the variable interest payments made on the loan payable related to the MidCap agreement. In connection with the sale of the U.S. Laboratory Services Business to Quest pursuant to a Limited Liability Company Interest Purchase Agreement on 6 November 2018, approximately $32.3 million of the gross proceeds received pursuant to the Transaction was paid directly to MidCap to repay the entire outstanding indebtedness under the MidCap agreement. Management did not believe that the Group was subject to any material market risk exposure related to this obligation.

Capital market fluctuations

The Company considers all highly liquid investments purchased with maturities at acquisition of three months or less to be cash equivalents. Cash equivalents consist of amounts invested in money market funds and tri-party repurchase agreements that are collateralized by U.S. Treasury and agency securities of at least 102% of the principal amount. The Company has a policy that the collateral has at least the prevailing credit rating of U.S. Government Treasuries and Agencies. In a tri-party repurchase agreement, a third-party custodian bank is used to manage the exchange of funds and ensure that collateral received is maintained of at least 102% of the value of the reverse repurchase agreements on a daily basis thereby minimizing risk and exposure to both parties. The Company does not record an asset or liability as the Company is not permitted to sell or re-pledge the associated collateral. The reverse repurchase agreements have stated maturities of 90 days or less and are included in cash equivalents due to their high liquidity and relatively low risk.

The Company holds bank accounts in the United States, United Kingdom, Germany, Japan, China and South Korea. The Company maintains deposits in government insured financial institutions in excess of government insured limits. Management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Foreign currency exchange rate fluctuations

The Group is exposed to foreign exchange rate risk because is currently operates in three major regions of the world: the U.S., Europe and ROW, and Asia, and the Group's revenue is denominated in multiple currencies. Approximately 33% of the Group's sales were in the U.S., which are denominated in U.S. Dollars. Sales in China are denominated in U.S. Dollars and sales in Japan are denominated in Yen but, in each case, these sales are made by the Group's U.K. based subsidiary where the Pound Sterling is the functional currency. As a result, these sales are subject to re-measurement into Pounds Sterling and then translation into U.S. Dollars when the Group consolidates its financial statements. Sales in Europe are denominated primarily in the Pound Sterling and Euro. As the Group grows Europe and ROW sales outside the U.K. and the Euro Zone, the Group will be subject to exchange rate risk from additional currencies. As a result, the Group's exchange rate exposure may change over time as its business practices evolve and could result in increased costs or reduced revenue and could affect the Group's actual cash flow. Changes in the relative values of currencies occur regularly and, in some instances, may have a significant impact on the Group's operating results. The Group cannot predict with any certainty changes in currency exchange rates or the degree to which the Group can effectively mitigate these risks.

The Group's expenses are generally denominated in the currencies in which the Group's operations are located, which are primarily in the U.S., the U.K., Japan, Europe, China and South Korea.

RISKS IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency exchange rate risk

At 31 December 2019, if the Pound Sterling had weakened 10 percent against the U.S. dollar with all other variables held constant, we estimate that post-tax loss for the year would have been approximately $2.1 million (2018: $1.8 million) lower, and other comprehensive loss would have been approximately $2.1 million (2018: $1.8 million) lower.

Conversely, if the Pound Sterling had strengthened 10 percent against the U.S. dollar with all other variables held constant, we estimate that post-tax loss would have been approximately $2.1 million (2018: $1.8 million) higher, and other comprehensive loss would have been approximately $2.1 million (2018: $1.8 million) higher.

As the Group continues to grow its business outside the U.S., the Group's results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm the Group's business in the future. To date, the Group has not entered into any foreign currency hedging contracts, although the Group may do so in the future.

Credit risk

In the year ended December 31, 2019, the Company had four customers that represented more than 10% of the Company's total annual revenue. The Company's former Chinese distributor, Fosun, represented 15% of total annual revenue. In December 2019, the Company entered into a new non-exclusive distribution agreement with Shanghai Pharma, which represented 15% of 2019 revenue. The Company's Japanese importer, Riken, represented 15% of total annual revenue. In the U.S., Quest accounted for 27% of the Company's total annual revenue. Credit risk across the remainder of its customer base is reduced by the large number of customers with relatively small balances.

The Group's customer base consists of hospitals, public health departments, physician offices, commercial testing laboratories, importers and distributors. To date, the Group has had minimal experience with bad debts.

MANAGEMENT OF RISK

The Group's management systems, organisational structures, processes, standards, code of conduct and behaviours together form a system of internal control that governs how the Group's conducts business and manages associated risks.

The Group's management is primarily responsible for assessing and managing risk, while the Group's Board of Directors is responsible for overseeing management's execution of its responsibilities. The leadership structure of the Board of Directors separates the positions of CEO and Chairman of the Board, which is believed to be appropriate for the Group at this time because it allows for a division of responsibilities and a sharing of ideas between individuals having different perspectives.

The Group's Board of Directors is supported by its committees in fulfilment of this responsibility. For example, the Group's Audit Committee focuses on its overall financial risk by evaluating the Group's internal controls and disclosure policies as well as ensuring the integrity of the Group's financial statements and periodic reports. The Group's Remuneration Committee strives to create incentives that encourage an appropriate level of risk-taking consistent with the Group's business strategy. The Group's Nominating Committee recommends and nominates suitable candidates for director and oversees management's succession planning. The Group's Corporate Governance and Compliance Committee ensures that the Group's governance policies and procedures are appropriate.

INITIAL APPLICATION OF IFRS 16 'LEASES' (IFRS 16)

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases). The Group did not elect to use the recognition exemption for lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied IFRS 16 at the date of initial application, recognising any cumulative adjustments in equity on the application date.

The nature of the Group's portfolio of leases is such that no significant judgments have been required in determining the lease term for accounting purposes.

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of -use assets of $7.2 million were recognised and presented separately in the statement of financial position.
- Lease liabilities of $8.2 million (included in Interest bearing loans and borrowings) were recognised.
- Prepayments of $0.1 million and trade and other payables of $1.1 million related to previous operating leases were derecognised.
- There was no material change to deferred tax.
- There was no net effect of these adjustments to adjust in retained earnings.

INITIAL APPLICATION OF IFRS 16 'LEASES' (IFRS 16) (CONTINUED)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	$000
Operating lease commitments as at 31 December 2018	**14,112**
Less: Commitments relating to short-term leases	**(530)**
	13,582
Weighted average incremental borrowing rate as at 1 January 2019	7.8%
Effect of discounting on lease liabilities as at 1 January 2019	**5,395**
Lease liabilities as at 1 January 2019	**8,187**

The effect of adoption IFRS 16 as at 1 January 2019 (increase/ (decrease)) is, as follows:

	$000
Assets	
Right-of-use assets	7,226
Prepayments	(135)
Total assets	**7,091**
Liabilities	
Interest-bearing loans and borrowings	8,187
Trade and other payables	(1,096)
Total liabilities	**7,091**
Total adjustment on equity:	
Retained earnings	-

INITIAL APPLICATION OF OTHER STANDARDS

No other standards or interpretations adopted in the year had a material impact on the group.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following have been endorsed but are not yet effective, application is not expected to be material and the Group will adopt on the effective date.

	EU effective date
Amendments to IFRS 3 Business Combinations (issued on 22 October 2018)	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	1 January 2020

CONCENTRATION OF RISKS

The Group derives product revenue from the sale of its T-SPOT.*TB* diagnostic test kits and related accessories to a broad range of customers including: hospitals, public health departments, commercial testing laboratories, importers and distributors. Importers and distributors sell to third parties including end-user customers in specific territories.

In the year ended December 31, 2019, the Company had four customers that represented more than 10% of the Company's total annual revenue. The Company's former Chinese distributor, Fosun, represented 15% of total annual revenue. In December 2019, the Company entered into a new non-exclusive distribution agreement with Shanghai Pharma, which represented 15% of 2019 revenue. The Company's Japanese importer, Riken, represented 15% of total annual revenue. In the U.S., Quest accounted for 27% of the Company's total annual revenue. Credit risk across the remainder of its customer base is reduced by the large number of customers with relatively small balances.

1 REVENUE FROM CONTRACTS WITH CUSTOMERS

1.1 DISAGGREGATED REVENUE INFORMATION

For the year ended 31 December 2019	Product	Service	Total
	$000	$000	$000
Geographical analysis:			
United States	23,931	246	24,177
United Kingdom	670	3,701	4,371
Rest of Europe and Rest of World	6,050	—	6,050
Asia	39,112	—	39,112
	69,763	3,947	73,710

For the year ended 31 December 2018	Product	Service	Total
	$000	$000	$000
Geographical analysis:			
United States	6,761	1,716	8,477
United Kingdom	276	3,350	3,626
Rest of Europe and Rest of World	5,527	—	5,527
Asia	34,158	—	34,158
	46,722	5,066	51,788

1.2 CONTRACT BALANCES

	2019	2018
	$000	$000
Trade debtors	13,669	9,158

Trade debtors are non-interest bearing and are generally on terms of 30 to 60 days. In 2019, $116,000 (2018: $88,000) was recognised as provision for expected credit losses on trade debtors.

In the year ended December 31, 2019, the Company had four customers that represented more than 10% of the Company's total annual revenue. The Company's former Chinese distributor, Fosun, represented 15% of total annual revenue. In December 2019, the Company entered into a new non-exclusive distribution agreement with Shanghai Pharma, which represented 15% of 2019 revenue. The Company's Japanese importer, Riken, represented 15% of total annual revenue. In the U.S., Quest accounted for 27% of the Company's total annual revenue.

Revenue from Shanghai Pharma is variable and depends on their margin, along with various other items that can only be determined subsequent to the Company's shipment of products to them, and is only recognized in income to the extent management considers it is not constrained. Variable consideration estimates will be re-assessed at each reporting period until a final outcome is determined.

2 FINANCE INCOME AND EXPENSE

	2019	2018
	$000	$000
Finance income:		
Bank interest receivable	4,259	—
Exchange impact on foreign currency transactions	—	111
	4,259	111
Finance expense:		
Bank interest payable	2	6,975
Lease interest payable	659	—
Exchange impact on foreign currency transactions	3,270	—
	3,931	6,975

3 OPERATING LOSS

	2019	2018
	$000	$000
Operating loss arising from continuing and discontinued operations is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	1,391	1,618
Depreciation of leased right-of-use assets	889	—
Loss on disposal of property, plant and equipment	49	219
Research and development	8,729	13,873
Intangible assets impairment charges	—	879
Amortisation of intangible assets	392	804
Loss on de-recognition of capitalised development costs	—	128
Cost of inventory recognised as an expense	14,580	11,677
Operating lease rentals – other	—	3,170

3 OPERATING LOSS (CONTINUED)

Amounts payable to Ernst & Young LLP and its associates in respect of both audit and non-audit services are as follows:

	2019	2018
	$000	$000
Audit services		
- Statutory audit of parent and consolidated accounts	1,376	1,691
Audit-related assurance services	—	—
Taxation compliance services	—	—
Other services supplied pursuant to legislation	—	—
	1,376	1,691

In accordance with U.K. Law requirements, the audit fee disclosures relate to audit expenses for the current year audit.

4 EMPLOYEES

	2019	2018
The average monthly number of persons employed by the group during the year was:		
Administration and distribution	164	317
Research	72	81
	236	398

EMPLOYMENT COSTS	2019	2018
	$000	$000
Wages and salaries	28,313	45,790
Social security costs	2,192	3,245
Other pension costs	1,301	1,422
	31,806	50,457

5 DIRECTORS' EMOLUMENTS

	2019	2018
	$000	$000
Emoluments	1,561	1,314
Group pension contributions to money purchase schemes	13	13
	1,574	1,327
The number of Directors for whom retirement benefits are accruing under defined contribution scheme was:	1	1

Nine directors received option awards in 2019 (2018: ten). For further information, please refer to the Directors' Remuneration Report, which starts on page 24.

6 TAXATION

The major components of the Group's tax expense were as follows for the years ended 31 December:

Consolidated income statement	2019	2018
	$000	$000
CURRENT TAX		
U.K. corporation tax		
Current UK corporation tax on income for the period	(826)	1,088
Adjustments in respect of prior periods	(739)	—
	(1,565)	1,088
Foreign tax		
Current corporation tax on income for the period	459	306
Adjustments in respect of prior periods	824	—
	1,283	306
Total current tax (credit)/expense	(282)	1,394
DEFERRED TAX		
Origination and reversal of temporary differences	(1,655)	1,219
Adjustments in respect of prior year	(60)	296
Total deferred tax (credit)/expense	(1,715)	1,515
Tax on profit on ordinary activities	(1,997)	2,909

Income tax is attributable to:

	2019	2018
	$000	$000
Profit from continuing operations	(998)	2,661
Profit from discontinued operations	(999)	248
Tax on profit on ordinary activities	(1,997)	2,909

Tax included directly in equity

	2019	2018
	$000	$000
Origination and reversal of temporary differences	129	172
Current UK corporation tax on income for the period	(29)	(436)
Total income tax included directly in equity	100	(264)

6 TAXATION (CONTINUED)

Tax included in consolidated statement of other comprehensive income

	2019	2018
	$000	$000
Current tax on income for the period	259	790
Total income tax included in other comprehensive income	259	790

Below is the reconciliation of the Group's total tax expense (benefit) for the years ended 31 December:

	2019	2018
	$000	$000
Accounting (loss)/profit before tax	(4,368)	122,854
(Loss)/profit on ordinary activities multiplied by UK rate of 19% (2018: 19.25%)	(830)	23,342
Effects of:		
Additional foreign tax suffered	323	64
Expenses not deductible for tax purposes	297	122
Research and development expenditure relief	(609)	(455)
Deferred tax not recognised	1,289	285
Deferred tax not previously recognised	(2,597)	(20,926)
Adjustment to tax charge in respect of prior periods	187	296
Rate differential	(57)	181
Total tax charge reported in income statement	(1,997)	2,909

The Group is headquartered in the United Kingdom and the effective U.K. corporate tax rate for the years ended 31 December 2019 and 2018 was 19%. The U.S. federal corporate tax rate was 21% for the years ended 31 December 2019 and 2018. The Group is subject to taxation in the U.S. and various state, local, and foreign jurisdictions. The Group remains subject to examination by various tax authorities for tax years 2016 through 2019. With a few exceptions, the Group is no longer subject to examinations by tax authorities for the tax years 2013 and prior. However, net operating losses from the tax years 2013 and prior would be subject to examination if and when used in a future tax return to offset taxable income. The Group's policy is to recognise income tax related penalties and interest, if any, in its provision for income taxes and, to the extent applicable, in the corresponding income tax assets and liabilities, including any amounts for uncertain tax positions.

The United Kingdom's Summer Finance Bill, which was enacted on 15 September 2016, contained reductions in corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. The Group has adopted a 17% tax rate in respect of the deferred tax disclosures, reflecting the anticipated timing of the unwinding of the deferred tax balances.

6 TAXATION (CONTINUED)

The movement in deferred taxation is as follows:	2019	2018
	$000	$000
Total deferred tax (liability) /assets brought forward	339	2,026
Current year movement through the income statement	1,715	(1,515)
Current year movement through equity	(129)	(172)
Total deferred tax assets carried forward	1,925	339

Consolidated statement of financial position	2019	2018
	$000	$000
Deferred tax liability		
Fixed assets timing differences	—	(7)
Deferred tax asset		
Short term temporary differences	—	346
Tax losses and other deductions	1,925	—
Total net deferred tax asset	1,925	339

Unprovided deferred tax assets	2019	2018
	$000	$000
Fixed assets timing differences	—	229
Short term timing differences	2,509	2,221
Tax losses and other deductions	18,893	22,307
Total unprovided deferred tax	21402	24,757

For the years ended 31 December 2019 and 2018, the Group had United Kingdom Net Operating Losses (U.K. NOLs) of $6.7 million and $2.9 million, respectively. U.S. federal net operating loss carry forwards for the years ended 31 December 2019 and 2018 were $54.3 million and $54.7 million, respectively. U.S. State net operating loss carry forwards for the years ended 31 December 2019 and 2018 were $40.5 million and $50.3 million, respectively.

The U.S. federal and state net operating loss carry forwards begin to expire in 2020 and 2020, respectively, and the U.K. NOLs can be carried forward indefinitely.

During 2019, the Company recorded a tax benefit from discontinued operations of $999,000. Included within this amount was a $0.9 million tax charge related to a United States tax assessment in connection with the Quest transaction.

For the year ended 31 December 2018, the Group recognised a deferred tax asset in the U.K. of $339,000. The Group determined that it was more likely than not that this asset would be realised in the future. The Group derecognized the balance of its deferred tax asset in the U.K. in 2019 due to the change in the Group's transfer pricing policy. A deferred tax asset of $1.9 million has been recognised in discontinued operations in the U.S. during the year, as it was more likely than not that this asset would be realised in the future. The Group continues to not recognise other deferred tax assets as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been lossmaking for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The Group generates research and development credits in the United Kingdom, which may be refundable in cash if a current year loss is incurred or carried forward for future years. For the years ended 31 December 2019 and 2018, losses carried forward were enhanced as a result of claims made for research and development credits.

7 NET INCOME (LOSS) PER SHARE

The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income (loss) per share:

	2019	2018
	$000	$000
Numerator:		
Loss from continuing operations	(2,901)	(27,632)
Income from discontinued operations	530	147,577
Net income (loss)	(2,371)	119,945
Denominator:		
Weighted-average ordinary shares outstanding-basic	26,569,342	25,982,809
Dilutive effect of ordinary share equivalents resulting from ordinary share options, restricted shares and restricted share units	—	415,066
Weighted-average ordinary shares outstanding-diluted	26,569,342	26,397,875

8 INTANGIBLE FIXED ASSETS AND IMPAIRMENT

	Goodwill	Intellectual property	Software	Total
	$000	$000	$000	$000
COST				
As at 1 January 2018	4,010	9,353	2,526	15,889
Additions	—	—	397	397
Disposals	(1,484)	(6,240)	(1,604)	(9,328)
Exchange adjustment	—	—	(10)	(10)
As at 31 December 2018	2,526	3,113	1,309	6,948
Additions	—	—	53	53
Disposals	—	(107)	(505)	(612)
Exchange adjustment	—	49	15	64
As at 31 December 2019	2,526	3,055	872	6,453
AMORTISATION				
As at 1 January 2018	43	2,487	1,436	3,966
Charge for the year	—	431	257	688
Impairment losses	—	902	—	902
Disposals	—	(926)	(734)	(1,660)
Exchange adjustment	—	(7)	(8)	(15)
As at 31 December 2018	43	2,887	951	3,881
Charge for the year	—	79	313	392
Disposals	—	(82)	(478)	(560)
Exchange adjustment	—	(50)	(45)	(95)
As at 31 December 2019	43	2,834	741	3,618
NET BOOK VALUE				
As at 1 January 2018	3,967	6,866	1,090	11,923
As at 31 December 2018	2,483	226	358	3,067
As at 31 December 2019	2,483	221	131	2,835

Amortisation charges are recognised in administrative expenses.

8 INTANGIBLE FIXED ASSETS AND IMPAIRMENT (CONTINUED)

The weighted average amortisation period of the Group's finite-lived intangible assets is 9.8 years. Amortisation expense for the years ended 31 December 2019 and 2018 was $0.4 million and $0.8 million, respectively.

IPR&D acquired in a business combination is capitalised at fair value and is subject to impairment testing at least annually until the underlying project is completed. Once the project is completed, the carrying value of IPR&D is amortised over the estimated useful life of the asset. Post-acquisition research costs are expensed as incurred. Post-acquisition development expenditures are capitalised in accordance with the Group's accounting policy.

The Group performed its annual goodwill impairment tests in November 2019 and 2018. The Group has only one Cash Generating Unit ("CGU") as of 31 December 2019.

The recoverable amount of the CGU, $137.5 million as at November 2019, was determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. The forecasts assumed an average gross margin rate of 75.3%. The pre-tax discount rate applied to cash flow projections was 13% and cash flows beyond the five-year period were extrapolated using a 2.0% growth rate that was the same as the long-term average growth rate for the life sciences industry. The amount by which the recoverable amount exceeds its carrying amount is $25.1 million.

Key assumptions used in the value in use calculations

The calculation of value in use for the CGU is most sensitive to the following assumptions:

- Gross margins
- Discount rates

Gross margins were based on average values achieved in the three years preceding the beginning of the forecasted period adjusted for lower royalty expense due to the OUI settlement. With all else being equal, a decrease in gross margin by 1.7% or more would result in an impairment.

Discount rates represent the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its cost of debt is based on the interest-bearing borrowings the Group is obliged to service. With a rise in the pre-tax discount rate to 14.6%, the recoverable amount would equal the carrying amount.

9 PROPERTY, PLANT AND EQUIPMENT

	Laboratory equipment	Leasehold improvements	Office equipment, furniture and fixtures	Construction in progress	Total
	$000	$000	$000	$000	$000
COST					
As at 1 January 2018	8,639	3,754	3,964	529	16,886
Exchange adjustment	(142)	(245)	(43)	—	(430)
Additions	1,045	4,644	235	600	6,524
Disposals	(6,201)	(2,490)	(821)	(1,129)	(10,641)
As at 31 December 2018	3,341	5,663	3,335	—	12,339
Exchange adjustment	(51)	249	(311)	7	(106)
Additions	1,045	161	198	295	1,699
Disposals	—	—	(1,443)	—	(1,443)
As at 31 December 2019	4,335	6,073	1,779	302	12,489
DEPRECIATION					
As at 1 January 2018	4,629	2,430	2,856	—	9,915
Exchange adjustment	(79)	(52)	(27)	—	(158)
Charge for the period	994	150	(67)	—	1,077
Disposals	(3,740)	(1,044)	(497)	—	(5,281)
As at 31 December 2018	1,804	1,484	2,265	—	5,553
Exchange adjustment	66	68	(120)	—	14
Charge for the period	592	435	364	—	1,391
Disposals	—	—	(1,434)	—	(1,434)
As at 31 December 2019	2,462	1,987	1,075	—	5,524
NET BOOK VALUE					
As at 1 January 2018	4,010	1,324	1,108	529	6,971
As at 31 December 2018	1,537	4,179	1,070	—	6,786
As at 31 December 2019	1,873	4,086	704	302	6,965

For the years ended 31 December 2019 and 2018, the Group recorded depreciation expense of $1.6 million and $1.6 million, respectively.

Depreciable lives range from three to ten years for laboratory equipment, office equipment, leasehold improvements and furniture and fixtures and three years for specialised shipping containers.

10 OTHER ASSETS

	2019	2018
	$000	$000
Non-current assets	—	4,500
Current assets	4,660	4,500
	4,660	9,000

Current assets for both periods includes $4.5 million of escrow receivable relating to the 6 November 2018 sale of the Company's U.S. Laboratory Services Business to Quest Diagnostics Incorporated for gross proceeds of $170 million in cash, or the Transaction. The 2019 balance also includes $160,000 of interest receivable.

11 INVENTORIES

	2019	2018
	$000	$000
Raw materials	8,894	6,169
Work in progress	—	190
Finished goods	1,964	1,408
	10,858	7,767

12 CASH AT BANK AND IN HAND

	2019	2018
	$000	$000
Cash and cash equivalents	181,270	192,844
	181,270	192,844

13 FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments at 31 December were:

	At 31 December	
	2019	2018
	$000	$000
Financial assets measured at amortised cost:		
Trade debtors	13,669	9,158
Other receivables	—	395
Other current and noncurrent assets	4,660	9,000
	18,329	18,553

	At 31 December	
	2019	2018
	$000	$000
Financial liabilities measured at amortised cost:		
Trade and other payables	13,400	12,619
Leases payable	8,694	—
Loans payable	51	191
	22,145	12,810

13.1 FAIR VALUE MEASUREMENT

As a basis for determining the fair value of certain of the Group's financial instruments, the Group utilises a three-tier value hierarchy, which prioritises the inputs used in measuring fair value as follows:

Level 1—Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs, other than Level I prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

This hierarchy requires the Group to use observable market data, when available, and to minimise the use of unobservable inputs when determining fair value. The carrying amount of certain of the Group's financial instruments, including cash and cash equivalents, trade debtors, prepaid expenses and other assets, trade creditors, and accrued liabilities approximate fair value due to their short maturities.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Group's assessment of the significance of a particular input to the entire fair value measurement requires management to make judgments and consider factors specific to the asset or liability.

14 TRADE DEBTORS

	2019	2018
	$000	$000
Trade debtors consists of the following:		
Trade debtors	13,785	9,246
Less allowance for uncollectible trade debtors	(116)	(88)
	13,669	9,158
Activity for the allowance for uncollectible trade debtors is as follows:		
Balance at beginning of period	(88)	(826)
Provision for expected credit losses	(28)	(88)
Write-off, net of recoveries	—	—
Amounts relating to discontinued operations	—	826
Balance at end of period	(116)	(88)

The change in trade debtors, net relates to timing difference for collections from U.S. and Asian customers. Customer credit risk is managed using the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on credit rating and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored along with any shipments to major customers.

14 TRADE DEBTORS (CONTINUED)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than four months and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13 FINANCIAL INSTRUMENTS.

The company applies the following loss rates to trade receivables:

	Geographic Region			
Trade receivables:	US	China	Japan	Rest of the world
Expected loss rate (%)	0.75%	1.67%	0.47%	0.10%
Gross carrying amount ($'000)	4,560	3,064	2,746	1,835
Expected credit loss ($'000)	34	51	13	18

There are no provisions against impaired assets at 31 December 2019 (31 December 2018: £nil). There are no amounts past due but not impaired (2018: £nil).

15 TRADE AND OTHER CREDITORS DUE WITHIN ONE YEAR

	2019	2018
	$000	$000
Trade creditors	2,420	2,801
Revolving credit facility	—	135
Accrued liabilities	10,980	10,039
	13,400	12,975
Accrued liabilities and other creditors are as follows:		
Employee related expenses	4,827	5,536
Royalties	1,291	1,354
Other accrued liabilities	4,862	3,149
	10,980	10,039

16 NON-CURRENT LIABILITIES

	Maturity	2019	2018
		$000	$000
Long-term portion of loans payable	2021	31	106
Long term portion of lease liabilities	2021-2033	7,710	—
		7,741	106

Below is a reconciliation between opening and closing balances in the statement of financial position for liabilities that result in financing cash flows.

			Non-cash changes		
	1 January 2019	**Cash flows**	**Foreign exchange movements**	**Fair value changes/ amortisation**	**31 December 2019**
	$000	$000	$000	$000	$000
Short-term portion of lease liabilities	915	(960)	10	1,019	984
Long-term portion of lease liabilities	7,233	—	186	291	7,710
Long-term borrowings	107	—	—	(76)	31
Short-term borrowings	85	—	—	(65)	20
Total	8,340	(960)	196	1,169	8,745

			Non-cash changes		
	1 January 2018	**Cash flows**	**Foreign exchange movements**	**Fair value changes/ amortisation**	**31 December 2018**
	$000	$000	$000	$000	$000
Long-term borrowings	29,904	(32,308)	—	2,510	106
Short-term borrowings	91	—	—	(6)	85
Total	29,995	(32,308)	—	2,504	191

On 4 October 2016, the Group entered into the MidCap agreement that provided it with $40 million in debt financing, comprised of both a term loan and a revolving line of credit. The MidCap agreement provided the Group with a term loan of $30 million, which matured five years from closing. The term loan accrued interest at a rate of LIBOR plus 7.60% with interest only payments for the first 24 months, with the ability to extend to 48 months subject to certain conditions, before the loan began to amortise. The Group had the intention and ability to extend the interest only period by at least six months. The MidCap agreement also provided the Group with a revolving line of credit of up to $10 million, which matured five years from closing. The revolving line of credit accrued interest at a rate of LIBOR plus 4.45%. The Group was also required to pay the lenders an unused line fee equal to 0.50% per annum of the average unused portion of the revolving line of credit. Based on certain conditions, both the term loan and revolving line of credit could have been increased by an additional $10 million for a total of $60 million.

In conjunction with the Transaction, approximately $32.2 million was paid directly to MidCap in settlement of all amounts due, which included prepayment and exit fees of approximately $2.3 million.

For details of the Group's leasing arrangements, please refer to Note 22.

17 RETIREMENT BENEFITS

In the United States, the Group has adopted a defined contribution plan (the U.S. Plan) which qualifies under Section 401(k) of the Internal Revenue Code. All U.S. employees of the Group who have attained 21 years of age are eligible for participation in the U.S. Plan upon employment. The effective date of the U.S. Plan was 1 January 2008. Under the U.S. Plan, participating employees may defer up to the Internal Revenue Service annual contribution limit. The Group began matching employee contributions as of July 1, 2016 and paid $250,000 and $314,000 in matching contributions in the years ended December 31, 2019 and 2018, respectively. The lower payments for the year ended December 31, 2019 reflected the lower employee headcount following the Transaction in November 2018.

In the United Kingdom, the Group has adopted a defined contribution plan (the U.K. Plan) which qualifies under the rules established by HM Revenue & Customs. The U.K. Plan allows all U.K. employees to contribute a minimum of 5% of salary with no maximum limit. The contribution is matched by the Group, up to a maximum of 5% of salary. The Group paid to the U.K. Plan $864,000 in contributions in the year ended December 31, 2019 and $685,000 in the year ended December 31, 2018.

18 SHARE CAPITAL

	2019	2018
	$000	$000
Ordinary shares, £0.006705 nominal value; 39,824,703 and 38,978,604 shares authorised at 31 December 2019 and 2019, and 26,359,441 and 26,378,814 shares allotted, called up and paid at 31 December 2019 and 2018, respectively	273	273
Ordinary shares, £0.006705 nominal value; 60,520 issued but not called up at 31 December 2019 and 31 December 2018 respectively.	3	3
	276	276

	Ordinary Shares	
	No.	$000
Balance at 31 December 2017	25,661,634	269
Exercise of share options	694,322	7
Vesting of restricted share units	83,378	—
Balance at 31 December 2018	26,439,334	276
Exercise of share options	394,078	3
Vesting of restricted share units	65,405	1
Repurchase and cancellation of shares under the Company share-buyback programme	(478,856)	(4)
Balance as at 31 December 2019	26,419,961	276

Ordinary shares

Each ordinary shares carries one vote. Dividends are at the discretion of the Board of Directors.

As of 31 December 2019, the Group had 39,824,703 ordinary shares authorised and 26,359,441 ordinary shares allotted, called up and paid and 60,520 shares allotted but not called up. In addition, there were a total of 2,222,755 options and 292,331 restricted share units outstanding as of 31 December 2019.

As of 31 December 2018, the Group had 38,978,604 ordinary shares authorised and 26,378,814 ordinary shares allotted, called up and paid and 60,520 shares allotted but not called up. In addition, there were a total of 2,563,169 options and 300,954 restricted share units outstanding as of 31 December 2018.

18 SHARE CAPITAL (CONTINUED)

Share premium

The share premium account consists of the proceeds from the issue of shares in excess of their nominal value.

Capital management

Capital includes debt and equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light business needs, including the requirements of debt covenants, and changes in economic conditions. To maintain or adjust the capital structure, the Group may borrow additional funds or issue new shares, as deemed appropriate.

In 2019, our Board of Directors authorized the repurchase of up to $100 million of our ordinary shares in the aggregate, subject to the approval of our shareholders by an ordinary resolution at our 2019 Annual General Meeting, or the share repurchase program. The share repurchase program was approved by our shareholders at our Annual General Meeting held on June 18, 2019 and was initiated during September 2019. During the four month period ended December 31, 2019, we repurchased 478,856 shares at a total cost of $7.0 million. As the share repurchase program allows for a maximum repurchase of $100 million of our ordinary shares, including commissions, up to $93.0 million of ordinary shares remain eligible for repurchase as of December 31, 2019. The share repurchase program may be suspended, modified or discontinued at any time, and we have no obligation to repurchase any amount of our ordinary shares under the program. Unless discontinued by our Board of Directors, the share repurchase program will be valid for up to five years

19 SHARE BASED PAYMENTS

The Group has issued share options since 2003, restricted shares since 2014 and RSUs since 2015 to incentivise employees and Directors providing services to the Group. The Group currently maintains two equity compensation plans, the Amended and Restated 2008 Stock Incentive Plan and the 2013 Share Incentive Plan (the Plans). With the adoption of the 2013 Share Incentive Plan, the Group is no longer authorised to grant awards under the Amended and Restated 2008 Stock Incentive Plan.

Under both the 2008 Plan and the 2013 Plan, the Group has issued share options, and only under the 2013 Plan, the Group has issued restricted shares and RSUs. In November 2013, in connection with the Group's IPO, the Group adopted the 2013 Share Incentive Plan (the 2013 Plan) which provides for the grant of share options, restricted shares, RSUs and other share-based awards to employees, officers, Directors and consultants of the Group. The 2013 Plan authorizes the Group to grant up to 2,684,563 ordinary shares with such amount automatically increasing annually on each January 1st from 1 January 2015 to 1 January 2023 by 4% of the number of shares outstanding on the close of business of the immediately preceding December 31st, provided that the Board of Directors may limit the increase to a smaller amount or to no increase in any given year. The 2013 Plan was amended in April 2017 to delete the provision that allows for yearly increases to the shares available for issuance under the Plan. At that time, the maximum number of shares available for future issuance was also capped at 2,684,563, which is the original amount of shares allocated for issuance under the 2013 Plan. At 31 December 2019, there were 1,552,474 shares available for future issuance under the 2013 Plan (2018: 1,712,132 shares).

19 SHARE BASED PAYMENTS (CONTINUED)

Under both the 2008 Plan and the 2013 Plan, share options, and only under the 2013 Plan, restricted shares and RSUs, have been granted to employees, officers and Directors who provide services to the Group. Options generally vest based on the grantee's continued service with the Group during a specified period following grant or, in rare instances, based on the achievement of performance or other conditions as determined by the Board of Directors, and expire after ten years. Option awards to employees generally vest monthly over a four year period. For options granted prior to 2015, the vesting percentage was generally 0% until the second anniversary of the vesting start date of the employee's first option award under the 2008 Plan and either the second anniversary of the employee's date of hire or the first day of the month following the second anniversary of the employee's date of hire under the 2013 Plan. Effective with 2015, the Group began granting options that vest in equal parts over four years starting on the vesting start date. Generally, restricted shares and RSUs vest based on the grantees' continued service with the Group during a specified period following grant as follows: 40% on the second anniversary of the grant date; 30% on the third anniversary of the grant date; and 30% on the fourth anniversary of the grant date.
On 10 September 2018 the Group's Board of Directors approved the modification of unvested equity awards awarded to approximately 35 employees expected to move to Quest. Per the terms of the modification, upon closing of the transaction, all outstanding awards became fully vested. The Group accounted for the modification as of 25 September 2018, when the Group signed the Purchase Agreement with Quest and the performance criteria became probable. At that time, all expenses related to unvested awards was reversed, and the modified awards were revalued. The Group compared the fair value of the awards immediately before and after the modification, and there was no incremental compensation to be recognised. The expense related to the modified awards was fully recognised on the closing date. Approximately 120,000 options and 28,100 RSUs were accelerated.

The expense recognised during the year related to share based compensation transactions was as follows:

	2019	2018
	$000	$000
Cost of revenue	74	162
Distribution costs	1,204	858
Administrative expenses	2,428	2,987
Total continuing operations	3,706	4,007
Discontinued operations	—	928
Total share-based compensation	3,706	4,935

The fair value of options was estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which options are granted. The fair value of the options is amortised over the requisite service period of the awards using the accelerated method. The weighted-average grant date fair value per share relating to share options granted under the Plan during the years ended 31 December 2019 and 2018 was $7.23 and $6.15, respectively. Share-based compensation expense for restricted shares and RSUs is calculated based on the grant date market price of the shares and is also amortised over the requisite service period of the awards using the accelerated method. In 2017 the Group recognised a liability for the portion of the RSU awards relating to the shares that are expected to be withheld to satisfy tax withholding requirements, because the Group has effectively obligated itself to repurchase those RSUs for cash. The resulting RSU liability was adjusted to fair value at each balance sheet date. In 2018 onwards, following the amendment to IFRS 2, the classification of share-based payments transactions with net settlement features apply to share-based payment transactions that (i) are unvested (or vested but unexercised); or (ii) were granted on or after the date that an entity first applies the amendments. For unvested (or vested but unexercised) share-based payments transactions that were previously classified as cash-settled and now must be reclassified to equity-settled, an entity is required to reclassify the carrying amount of the liability to equity at the date that an entity first applies the amendments. The RSUs liability reclassified to equity on 1 January 2018 was $979,000.

19 SHARE BASED PAYMENTS (CONTINUED)

The fair value of each option granted under the Plan has been calculated using the Black-Scholes Model on the date of grant using the following assumptions:

	2019	2018
Expected dividend yield (%)	—	—
Expected volatility (%)	43.82	43.70
Risk-free interest rate (%)	2.19	2.70
Expected life of option (years)	6.25	6.25
Weighted-average share price ($)	15.83	13.37
Weighted-average exercise price ($)	15.83	13.37

Expected dividend yield: The Group has not paid and does not anticipate paying any dividends in the foreseeable future.

Risk-free interest rate: The Group determined the risk-free interest rate by using a weighted-average equivalent to the expected term based on the U.S. Treasury yield curve in effect as of the date of grant.

Expected volatility: As the Group operated as a private company until November 2013, there is limited historical volatility for the expected term of the options. Therefore, in the first half of the year, the Group used 50% of average share price volatility of the peer group companies and 50% of its own average share price volatility. In the second half of the year, the Group used 100% of its own average share price volatility, since a sufficient amount of historical information regarding the volatility of its own share price is now available.

Expected term (in years): Expected term represents the period that the Group's share option grants are expected to be outstanding. As the Group operated as a private company until November 2013, there is limited historical share data to calculate the expected term of the options. Therefore, the Group elected to estimate the expected term of its options based on the average of the vesting term and the contractual term of the option. Expected term calculated using the simplified method was in line with historical actuals.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from estimates. The Group estimates forfeitures based on historical termination behaviour and future expectations. The forfeiture rates are rounded in 5% increments. For the year ended December 31, 2018, forfeiture rates of 5% were applied to both management and non-management grants. For the year ended December 31, 2019, forfeiture rates of 0% and 5% were applied to management and non-management grants, respectively. The Company expects a lower management forfeiture rate due to changes in the business following the Quest transaction.

19 SHARE BASED PAYMENTS (CONTINUED)

The following table illustrates the number of ordinary shares and weighted-average exercise prices, or WAEP of, and movements in, share options during 2019 and 2018:

	2019 Number of ordinary shares	2019 Weighted -average exercise price	2018 Number of ordinary shares	2018 Weighted -average exercise price
		$		$
Outstanding as of 1 January	2,563,169	13.37	3,104,613	11.62
Granted	495,460	15.83	796,264	13.37
Exercised	(394,078)	10.24	(694,322)	4.67
Forfeited	(254,283)	14.10	(643,386)	14.31
Expired	(187,513)	16.34	—	—
Outstanding as of 31 December	2,222,755	14.15	2,563,169	13.37
Vested or expected to vest as of 31 December	2,210,714	14.14	2,494,307	13.37
Exercisable as of 31 December	1,228,244	13.93	1,401,639	13.47

The following table illustrates the number of restricted shares and RSUs, and weighted-average fair value, or WAFV, of, and movements in, restricted shares and RSUs during the year:

	2019 Number of ordinary shares	WAFV	2018 Number of ordinary shares	WAFV
		$		$
Unvested balance as of 1 January	300,954	13.88	418,518	14.93
Granted	167,159	16.07	166,008	13.37
Forfeited	(96,496)	14.56	(112,694)	13.09
Vested	(79,286)	13.70	(170,878)	16.98
Unvested balance as of 31 December	292,331	14.96	300,954	13.88

A summary of options outstanding and exercisable as of 31 December 2019, follows:

	Total options outstanding		**Total options exercisable**	
Exercise prices	**Number of options**	**Weighted-average remaining life in years**	**Number of options**	**Weighted-average remaining life in years**
$0.00-$1.00	60,715		60,715	
$1.01-$5.00	149		149	
$5.01-$10.00	55,649		54,449	
$10.00-$15.00	1,413,690		824,790	
$15.01-$20.00	525,099		120,688	
$20.01-$25.00	167,453		167,453	
	2,222,755	7.01	1,228,244	5.83

The aggregate intrinsic value of all share options outstanding under the Plan as of 31 December 2019 and 2018 was $6.5 million and $2.8 million, respectively. The aggregate intrinsic value of share options that were fully vested under the Plans as of 31 December 2019 is $4.4 million.

19 SHARE BASED PAYMENTS (CONTINUED)

During the years ended 31 December 2019 and 2018, current and former employees of the Group exercised a total of 394,078 options and 694,322 options, respectively, resulting in total proceeds of $4.0 million during the year ended 31 December 2019 and $3.2 million for the year ended 31 December 2018. The intrinsic value of share options exercised during the years ended 31 December 2019 and 2018 was $1.9 million and $6.7 million, respectively. The weighted average strike price at the date of exercise of these options was $10.24 and $4.67 of these options was $15.03 and $15.04 during the years ended 31 December 2019 and 2018, respectively. In accordance with Group policy, the shares were issued from a pool of shares reserved for issuance under the Plans described above. The restricted shares were being held by the Employee Benefit Trust and were classified as shares allotted but not called up.

A summary of the activity of the Group's unvested share options is as follows:

	2019 Number of Shares	Weighted -average grant date fair value	2018 Number of shares	Weighted -average grant date fair value
		$		$
Balance as of 1 January	1,161,530	6.06	1,479,293	5.83
Granted	495,460	15.83	796,264	6.15
Vested	(408,196)	5.94	(651,787)	5.59
Forfeited	(254,283)	14.10	(462,240)	6.56
Balance as of 31 December	994,511	6.59	1,161,530	6.06

The total fair value of shares vested for the years ended 31 December 2019 and 2018 was $2.4 million and $3.7 million, respectively.

20 RETAINED EARNINGS

	Accumulated deficit	Accumulated other Comprehensive (loss)/income	Total
	$000	$000	$000
Balance at 31 December 2017	(89,430)	(5,782)	(95,212)
Other comprehensive loss	—	(2,541)	(2,541)
Net profit	119,945	—	119,945
Balance at 31 December 2018	30,515	(8,323)	22,192
Other comprehensive income	—	786	786
Net loss	(2,371)	—	(2,371)
Share repurchase program	(6,992)	—	(6,992)
Balance at 31 December 2019	21,152	(7,537)	13,615

21 INTELLECTUAL PROPERTY – LICENSE AGREEMENTS

The Company entered into three license agreements by which it has secured certain patent rights that are necessary to make, use and sell the T-SPOT.*TB* test. In November 2013, one of these license agreements, with Oxford Innovation, was terminated in connection with the assignment by Oxford Innovation to the Company of certain intellectual property rights. The Company has ongoing obligations to make certain payments to Oxford Innovation while the assigned patents remain in force in certain countries.

On June 30, 2017, the Company entered into a Release and Settlement Agreement, or the Settlement Agreement, with Statens Serum Institut, or SSI, to resolve outstanding disputes arising from the license agreement with SSI. The terms of the Settlement Agreement are confidential. Based on the Settlement Agreement, the Company no longer expects to pay royalties to SSI.

The Company's existing license agreements related to its T-SPOT.*TB* test, as well as its previous license from Oxford Innovation, are generally exclusive in the stated field, cover a worldwide territory, are royalty-bearing and give the Company the right to grant sublicenses. The Company has minimum royalty obligations under each existing license agreement, which continue so long as patents licensed under the agreements remain unexpired.

The Company incurs royalties under each existing license agreement and has incurred royalties under the Oxford Innovation license agreement based on its product and service revenue. Effective January 2020, the Company's payment obligations to Oxford Innovation in respect of amounts treated as royalties will cease. The aggregate royalty expense relating to these license agreements amounted to $1.4 million and $1.1 million for the years ended December 31, 2019 and 2018, respectively. The Company paid other license-related expenses, including patent prosecution expenses, milestone payments and assignment fees due to these licensors, amounting to $44,000 and $83,000 for the years ended December 31, 2019 and 2018, respectively. The aggregate royalty rate paid by the Company in each of the years ended December 31, 2019 and 2018, as a percentage of the gross product and service revenue of the Company, was 2%.

22 LEASES

Group as a lessee

At 31 December 2019, the Group leases facilities under seven non-cancellable operating leases, with terms that expire between 2020 and 2033. The Group leases office, storage/warehouse, laboratory and manufacturing space in Abingdon, U.K., which leases are due to expire at various dates from 31 December 2020 to 18 June 2033. On 1 March 2013, the Group signed a five year lease for its U.S. corporate headquarters in Marlborough, Massachusetts. In August 2015, the Group entered into a lease amendment for this location to extend the term of the lease by two years through 31 October 2020. In addition, the lease amendment expanded the Group's office space at this location by 7,600 square feet to a new total of 22,100 square feet. The base rent for the combined space over the lease term ranges from an initial low of $36,000 per month, which includes $12,000 per month for the expansion space commencing in early 2016, to a high of $39,000 per month.

In connection with the sale of the U.S. Laboratory Services Business to Quest, the Group entered into a sublease with Quest for approximately 9,000 square feet of warehousing and office space in Norwood, Massachusetts. The sublease expires in November 2020. The base rent for the space subject to sublease is approximately $17,000 per month.

In June 2018, the Group entered into a lease for new space in Abingdon, England, which extends through June 2033 that will allow it to combine its manufacturing, laboratory, storage and office operations into a single facility. The base rent on the facility over the lease term ranges from $39,000 per month to $79,000 per month.

22 LEASES (CONTINUED)

Many of the Company's leases contain options to renew and extend lease terms and options to terminate leases early. Reflected in the right-of-use asset and lease liability on the Company's balance sheet are the periods provided by renewal and extension options that the Company is reasonably certain to exercise, as well as the periods provided by termination options that the Company is reasonably certain to not exercise.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Property $000	Other $000	Total $000
As at 1 January 2019	7,210	16	7,226
Additions	584	65	649
Depreciation expense	(878)	(10)	(888)
Exchange adjustments	219	—	219
As at 31 December 2019	7,135	71	7,206

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2019 $000
As at 1 January 2019	8,187
Additions	670
Accretion of interest	638
Payments	(998)
Exchange adjustments	197
As at 31 December 2019	8,694
Current (Note 16)	984
Non-current (Note 16)	7,710

The maturity analysis of lease liabilities are disclosed in Note 16.

The following are the amounts recognised in profit or loss:

	2019 $000
Depreciation expense of right-of-use assets	889
Interest expense on lease liabilities	638
Expense relating to short-term leases (included in administrative expenses)	751
Total amount recognised in profit or loss	2,278

The Group had total cash outflows for leases of $998,000 in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of $592,000 in 2019. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 28.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

	Within five years	More than five years	Total
	$000	$000	$000
Extension options currently expected not to be exercised	104	—	104
Termination options expected to be exercised	—	—	—
	104	—	104

23 COMMITMENTS AND CONTINGENCIES

Purchase commitments

The Group has license agreements with third parties that provide for minimum royalty, license, and exclusivity payments to be paid by the Group for access to certain technologies. In addition, the Group pays royalties as a percent of revenue as described in Note 21, "Intellectual property—License agreements" to these consolidated financial statements. In addition, the Group has outstanding purchase obligations to its suppliers.

Future minimum payments required under license agreements and supplier purchase obligations in effect as of 31 December 2019 were as follows:

	License agreements	Supplier purchase obligations	Total
	$000	$000	$000
2020	56	7,699	7,755
2021	56	1,200	1,256
2022	56	370	426
2023	56	370	426
2024	56	—	56
Thereafter	617	—	617
Total minimum payments	897	9,639	10,536

Within the supplier purchase obligations, $nil (2018: $nil) relates to contractual commitments for the acquisition of property, plant and equipment.

Future minimum payments required under license agreements and supplier purchase obligations in effect as of 31 December 2018 were as follows:

	License agreements	Supplier purchase obligations	Total
	$000	$000	$000
2019	262	8,723	8,985
2020	134	—	134
2021	59	—	59
2022	59	—	59
2023	59	—	59
Thereafter	695	—	695
Total minimum payments	1,268	8,723	9,991

Legal contingencies

The Group is subject to claims and assessments from time to time in the ordinary course of business. The Group does not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Group's business, financial condition, results of operations or cash flows.

23 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Indemnification

In the normal course of business, the Group enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Group's exposure under these agreements is unknown because it involves claims that may be made against the Group in the future, but that have not yet been made. To date, the Group has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Group may record charges in the future as a result of these indemnification obligations.

In accordance with its articles of association, the Group has indemnification obligations to its officers and Directors for certain events or occurrences, subject to certain limits, while they are serving at the Group's request in such capacity. There have been no claims to date, and the Group has director and officer insurance that may enable it to recover a portion of any amounts paid for future potential claims.

24 DISCONTINUED OPERATIONS

On 25 September 2018, the Group entered into the Purchase Agreement with Quest, Oxford Immunotec Limited and Oxford LLC, pursuant to which Oxford Immunotec Limited agreed to sell, and Quest agreed to acquire, the Group's U.S. Laboratory Services Business for gross proceeds of $170 million in cash in the Transaction. Of this amount, approximately $32.3 million was paid directly to MidCap in settlement of all amounts due, which included prepayment and exit fees of approximately $2.3 million.

As contemplated in the Purchase Agreement, Oxford Immunotec USA, Inc., a Delaware corporation and a newly formed wholly owned subsidiary of Oxford Immunotec Limited ("Oxford USA"), joined the Purchase Agreement by way of a Joinder Agreement dated 1 October 2018.

The Transaction was consummated in accordance with the terms and conditions of the Purchase Agreement on 6 November 2018 (the "Closing Date"). Prior to and in connection with consummation of the Transaction, Oxford USA and Oxford LLC carried out a corporate restructuring pursuant to which (i) the assets and businesses of Oxford LLC other than the U.S. Laboratory Services Business were transferred to Oxford USA and (ii) Oxford LLC was converted into a limited liability company.

Additionally, pursuant to the terms of the Purchase Agreement, the parties entered into certain ancillary agreements as of the Closing Date, including: (i) a transitional services agreement, (ii) a technology license agreement and (iii) a long-term supply agreement, pursuant to which Oxford USA agreed to sell, and Quest agreed to purchase, T-SPOT.*TB* test kits and related accessories from Oxford USA. In addition, the parties entered into a strategic collaboration agreement to drive continued growth of T.SPOT.*TB* testing in the U.S.

In conjunction with the Purchase Agreement, Quest has agreed to purchase kits and accessories from the Group for an initial period of seven years after the effective date of the Purchase Agreement unless a party to the Purchase Agreement earlier terminates, as provided for in the Purchase Agreement.

During the year ended 31 December 2018, Oxford Immunotec Limited sold kits to its discontinued operations, Oxford Immunotec, Inc. for use in the lab services business of $8.0 million, which were eliminated in the Group's consolidated results.

24 DISCONTINUED OPERATIONS (CONTINUED)

The financial performance and cash flow information presented are for the period 1 January 2018 to 6 November 2018:

	2019 $000	2018 $000
Service revenue	—	53,325
Cost of service revenue	—	(34,662)
Gross profit	—	18,663
Distribution costs	—	(7,592)
Administrative expenses	(469)	(9,228)
(Loss)/Income from discontinued operations before income taxes	(469)	1,843
Income tax (expense) benefit	999	(248)
(Loss)/ profit after income tax of discontinued operation	530	1,595
Gain on sale of discontinued operations	—	145,982
(Loss)/profit from discontinued operations	530	147,577
Exchange differences on translation of discontinued operations	—	—
Total comprehensive (loss)/income from discontinued operations	530	147,577
Net cash inflow from operating activities	—	14,729
Net cash inflow (outflow) from investing activities	—	156,218
Net cash outflow from financing activities	—	(48)
Net increase in cash generated by the discontinued operations	—	170,899

The gain on disposal of $146.0 million was included with profit after income taxes from discontinued operations in the income statement for the year ended 31 December 2018.

The details of the sale of the discontinued operation are as follows:

	2018 $000
Consideration received	171,850
Less: Carrying amount of net assets sold	(27,926)
Add: Intercompany inventory adjustment	2,058
Gain on sale before income tax and reclassification of foreign currency translation reserve	145,982
Reclassification of foreign currency translation reserve	—
Income tax charge	(248)
Gain on sale after income tax	145,734

24 DISCONTINUED OPERATIONS (CONTINUED)

The carrying amounts of assets and liabilities as at the date of sale (6 November 2018) were:

	2018
	$000
Goodwill	1,484
Property, plant and equipment	11,850
Inventory	4,192
Accounts receivable	167
Prepaid expenses and other assets	14,189
Cash	1,300
Total assets	33,182
Trade creditors	4,487
Employee benefit obligations	1,090
Loans payable	148
Total liabilities	5,725
Net assets	27,457

25 NON-CURRENT ASSETS DISTRIBUTION

Geographical analysis at 31 December 2019:

	Property and equipment	Right of Use assets	Goodwill	Other intangibles	Total
	$000	$000	$000	$000	$000
United Kingdom	5,380	6,754	—	232	12,366
United States	1,243	266	2,483	120	4,112
Europe and Rest of the World	74	—	—	—	74
Asia	268	186	—	—	454
	6,965	7,206	2,483	352	17,006

25 NON-CURRENT ASSETS DISTRIBUTION (CONTINUED)

Geographical analysis at 31 December 2018:

	Property and equipment	Goodwill	Other intangibles	Total
	$000	$000	$000	$000
United Kingdom	4,890	—	523	5,413
United States	1,685	2,483	61	4,229
Europe and Rest of the World	101	—	—	101
Asia	110	—	—	110
	6,786	2,483	584	9,853

26 RELATED PARTY TRANSACTIONS

Group

Transactions between the Parent Company and its subsidiaries, which are related parties, have been eliminated in consolidation. No Group company entered into a transaction with a related party that is not a member of the Group.

Remuneration of key management personnel of the Group:

Key management personnel includes all non-executive directors as well as the CEO, the COO and the CFO. The remuneration of the key management personnel of the Group, is set out below.

	2019	2018
	$000	$000
Short-term benefits	1,561	2,409
Post-employment pension and medical benefits	18	—
Termination benefits	—	—
Share-based payment transactions	1,156	2,248
Other long-term benefits	—	—
	2,735	4,657

The amounts disclosed in the table are the amounts recognised as an expense during the reporting periods related to key management personnel.

27 SETTLEMENT EXPENSE

Settlement expense for 2019 relates to a 30 September 2019 Settlement Agreement and Release with Oxford University Innovation Limited, or OUI, or the OUI Settlement Agreement, to resolve outstanding disputes arising from a license agreement with OUI. The terms of the OUI Settlement Agreement are confidential.

On 18 June 2018, the Company entered into the Immunetics Settlement Agreement, to resolve disputes arising from the Agreement and Plan of Merger dated 12 October 2016. The terms of the Immunetics Settlement Agreement are confidential.

28 SUBSEQUENT EVENTS

Between January and March 2020, the Company acquired a total of 530,890 of the Company's shares at a total cost of $7.7 million. All shares were repurchased under an authorization covering up to $100 million of the Company's ordinary shares in the aggregate including commissions, as approved by the Company's Board of Directors and approved by shareholders at the Company's Annual General Meeting held on June 18, 2019. Purchases under the share buy-back programme have been paused, as a precaution to conserve cash, as part of the Group's response to the global COVID-19 pandemic.

Uncertainties regarding the scope and impact of the recent outbreak of COVID-19 has caused a re-prioritization of public health activities. This has impacted our sales, sources of supply and operations, along with the operations of our suppliers, other partners and customers, particularly as COVID-19 protocols and resources have restricted patient access to hospitals, physicians' offices and other testing sites. Additionally, COVID-19 has restricted our sales representatives' access to these sites. As a result, COVID-19 has impacted our current performance and continues to represent a risk to our future performance. Revenue for the first half of 2020 is expected to be down substantially from 2019 overall, however different regions of the world are expected to recover at different rates.

The ultimate impacts of COVID-19 on our business are currently unknown. We are actively monitoring the situation and may take precautionary and pre-emptive actions that we determine are in the best interests of our business. We cannot predict the effects that such actions may have on our business or on our financial results, in particular with respect to demand for our products. Management has reviewed a variety of scenarios and believes we have the cash, supply chain and employees needed to run the business through and past the current COVID-19 situation.

In March 2020, the Company entered into a lease for new space in Marlborough, Massachusetts, which extends through November 2028 that will allow it combine its warehousing and office space, currently located in Norwood, Massachusetts, with its U.S. corporate headquarters that is currently located in a separate location in Marlborough, Massachusetts, into a single facility. The lease term is for eight years and three months, with monthly rent rising from $29,867 initially to $37,707 in the final year.

OXFORD IMMUNOTEC GLOBAL PLC

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	At 31 December 2019	At 31 December 2018
		$000	$000
NON-CURRENT ASSETS			
Investments	2	112,318	108,058
Deferred tax asset		—	311
		112,318	108,369
CURRENT ASSETS			
Receivables	3	68,619	68,048
Cash at bank and in hand		104,236	31,463
		172,855	99,511
TOTAL ASSETS		285,173	207,880
CURRENT LIABILITIES			
Trade payables		164	259
Accrued liabilities		422	1,055
TOTAL CURRENT LIABILITIES	4	586	1,314
NET CURRENT ASSETS		172,269	98,197
NET ASSETS		284,587	206,566
CAPITAL AND RESERVES			
Share capital	5	276	276
Share premium	6	170,091	166,060
Other capital reserves	6	27,277	22,809
Retained earnings	6	86,943	17,421
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	6	284,587	206,566
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		285,173	207,880

The parent company's profit for the year ended 31 December 2019 was $76.3 million (2018: $16.1 million). The parent company has taken advantage of the exemption from publication of the income statement in the Parent Company Accounts.

The financial statements on pages 102 to 104, and the accompanying Notes to Parent Company Accounts were approved by the Board of Directors and authorised for issue on 26 May 2020 and are signed on its behalf by:

Patrick J Balthrop Sr
Chairman
26 May 2020

OXFORD IMMUNOTEC GLOBAL PLC

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Notes	Share capital	Share premium	Other capital reserves	Retained earnings	Total
		$000	$000	$000	$000	$000
AT 1 JANUARY 2018		269	162,826	18,256	1,319	182,670
Profit for the financial year		—	—	—	16,102	16,102
TOTAL COMPREHENSIVE INCOME		—	—	—	16,102	16,102
Shares issued		7	3,234	—	—	3,241
Share-based payment transactions		—	—	4,936	—	4,936
Tax on vesting on restricted stock units		—	—	(383)	—	(383)
AT 31 DECEMBER 2018		276	166,060	22,809	17,421	206,566
Profit for the financial year		—	—	—	76,290	76,290
TOTAL COMPREHENSIVE INCOME		—	—	—	76,290	76,290
Share option exercised		4	4,031	—	—	4,035
Shares repurchased and cancelled		(4)	—	4	(6,992)	(6,992)
Share-based payment transactions		—	—	3,709	—	3,709
Reclassification of cash-settled RSU's to equity		—	—	979	—	979
Tax on vesting on restricted stock units		—	—	(224)	224	—
AT 31 DECEMBER 2019		276	170,091	27,277	86,943	284,587

OXFORD IMMUNOTEC GLOBAL PLC

PARENT COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 $000	2018 $000
OPERATING ACTIVITIES			
Net income		76,290	16,102
Adjustments to reconcile net income to net cash used in operating activities:			
Prepayments, accrued income and other assets		(6,907)	163
Trade creditors		(95)	(16)
Accrued liabilities		(634)	497
Deferred taxes		311	(246)
Receivables due from group undertakings		6,337	(70,302)
Taxes paid on vesting RSUs		—	(383)
Net cash generated by/(used in) operating activities		75,302	(54,185)
INVESTING ACTIVITIES			
Investments in subsidiaries		428	455
Net cash generated by (used in) investing activities		428	455
FINANCING ACTIVITIES			
Outflow from share repurchase programme		(6,992)	—
Proceeds from exercise of share options		4,035	3,241
Net cash (used in)/generated by financing activities		(2,957)	3,241
NET INCREASE/(DECREASE) IN CASH AT BANK AND IN HAND		72,773	(50,489)
CASH AT BANK AND IN HAND AT BEGINNING OF YEAR		31,463	81,952
CASH AT BANK AND IN HAND AT END OF YEAR		104,236	31,463

1 PARENT COMPANY ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING PRINCIPLES

The financial statements of Oxford Immunotec Global PLC (the "parent company") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The financial statements are prepared under the historical cost convention.

The parent company has adopted the exemption of presenting the profit and loss account as permitted by section 408 of the Companies Act 2006. The parent company's profit for the year ended 31 December 2019 was $76.3 million. For the year ended 31 December 2018, the parent company reported a profit of $16.1 million.

The results of the parent company are included in the consolidated financial statements of Oxford Immunotec Global PLC which are on pages 52 to 101 of this document.

The financial statements have been prepared on a going concern basis. The Directors have considered the appropriateness of the going concern basis in the Directors' Report, which begins on page 1 of this document. The strength of the Company's balance sheet, and in particular cash position, provides the company with the resources to allow it to continue in business for the foreseeable future, even in the light of the current COVID-19 pandemic. In addition, the parent company acknowledges its responsibility to support its subsidiary's cash outflows for the foreseeable future.

The financial statements and related notes have been prepared and presented in U.S. Dollars (USD). Unless otherwise noted, amounts are presented in USD thousands.

INVESTMENTS

Fixed asset investments comprise investments in subsidiaries and are stated at cost less provision for impairment.

The initial investment in Oxford Immunotec Limited was recorded at the nominal value of the shares issued following the requirements of section 612 "Merger Relief" of the Companies Act 2006. On transition to IFRS, the parent company elected to take the deemed cost exemption allowed under IFRS 1.D15 to measure its investments in subsidiaries at the previous U.K. GAAP carrying amount at the date of transition.

Where at the year-end there is evidence of impairment, the carrying value of the investment is written down to its recoverable amount.

FINANCIAL INSTRUMENTS

Recognition of financial instruments
Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Initial and subsequent measurement of financial assets

Cash and cash equivalents

The parent company maintains its available cash balances in cash, U.S. government money market funds, and bank savings accounts. The parent company maintains deposits in government insured financial institutions in excess of government insured limits, but believes that it is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

1 PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Amounts owed by subsidiary undertakings and other receivables

Amounts owed by subsidiary undertakings are initially measured at their transaction price which equates to their fair value.

The Group recognises an allowance for expected credit losses, or an ECL, for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

1 PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the exception of the following:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

SHARE-BASED PAYMENTS

The parent company operates a number of share-based payment schemes. For grants of share options, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model and for grants of restricted shares and restricted share units, or RSUs, the fair values are calculated based on the closing sale price of the parent company's ordinary shares on the date of issuance.

Grants are expensed on a straight line basis over the vesting period, based on the parent company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Upon exercise of options, proceeds received are credited to share capital. The parent company does not receive any proceeds upon the vesting of restricted shares or RSUs.

The parent company grants share options, restricted shares and RSUs over its own ordinary shares to employees of subsidiary companies. These employees provide services to the subsidiary companies. The cost of these shares is not recharged and therefore the fair value of the share options granted is recognised as a capital contribution to the subsidiary companies. This is accounted for as an increase in investments with a corresponding increase in a non-distributable component of equity. In 2017 the Group recognises a liability for the portion of the RSU awards relating to the shares that are expected to be withheld to satisfy tax withholding requirements, because the parent company has effectively obligated itself to repurchase those RSUs for cash. The resulting RSU liability was adjusted to fair value at each balance sheet date. In 2018 onwards, following the amendment to IFRS 2, the classification of share-based payments transactions with net settlement features apply to share-based payment transactions that (i) are unvested (or vested but unexercised); or (ii) were granted on or after the date that an entity first applies the amendments. For unvested (or vested but unexercised) share-based payments transactions that were previously classified as cash-settled and now must be reclassified to equity-settled, an entity is required to reclassify the carrying amount of the liability to equity at the date that an entity first applies the amendments.

FINANCIAL GUARANTEE CONTRACTS

Where the parent company enters into financial guarantee contracts to guarantee the indebtedness of subsidiary companies, it considers these to be insurance arrangements and treats the guarantee contract as a contingent liability until such time as it becomes probable that the parent company will be required to make a payment under the guarantee.

1 PARENT COMPANY ACCOUNTING POLICIES (CONTINUED)

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

The fair value of the share based payments is obtained using various assumptions and estimates which may change after the balance sheet date. Key estimates include: staff revenue and other criteria leading to issued share options not fully vesting; the valuation of the shares at the balance sheet date with reference to the relevant stock exchanges; and the various assumptions included within the Black-Scholes option-pricing model.

NEW STANDARDS AND INTERPRETATIONS ADOPTED IN THE YEAR

IFRS 16, *Leases* was effective for the Company from the date of transition 1 January 2019. The parent company has not identified any leases scoped within IFRS 16 and therefore there has been no impact of the adoption of IFRS 16 during the year.

There are no other new standards that became effective in the year that have had a material effect on the company.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following have been endorsed but are not yet effective, application is not expected to be material and the Group will adopt on the effective date.

	EU effective date
Amendments to IFRS 3 Business Combinations (issued on 22 October 2018)	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	1 January 2020

2 INVESTMENTS

	Subsidiary undertakings At 31 December	
	2019	2018
	$000	$000
COST		
Beginning	108,058	103,577
Capital contributions	4,260	4,481
Closing balance	112,318	108,058

Please refer to page 58 for details of the company's subsidiary undertakings.

3 RECEIVABLES

	At 31 December	
	2019	2018
	$000	$000
Amounts owed by subsidiary undertakings	67,488	67,700
Prepayments and accrued income	1,084	53
Other	47	295
	68,619	68,048

There are no provisions for bad or doubtful receivables. The carrying value of all receivables is considered to be comparable to the fair value. There are no allowances for credit losses as the subsidiaries have the ability to repay the amounts owed. Amounts receivable from subsidiary undertakings are interest-free and have no fixed repayment date.

4 CURRENT LIABILITIES

	At 31 December	
	2019	2018
	$000	$000
Trade payables	164	259
Accrued liabilities	422	1,055
	586	1,314

The carrying value of trade payables is considered to be comparable to the fair value.

5 SHARE CAPITAL

	At 31 December	
	2019	2018
	$000	$000
ALLOTTED		
Ordinary shares, £0.006705 nominal value; 39,824,703 and 38,978,604 shares authorised at 31 December 2019 and 2019, and 26,359,441 and 26,378,814 shares allotted, called up and paid at 31 December 2019 and 2018, respectively	273	273
Ordinary shares, £0.006705 nominal value; 60,520 and 60,520 shares allotted but not called up at 31 December 2019 and 2018, respectively	3	3
	276	276

5 SHARE CAPITAL (CONTINUED)

	Ordinary Shares $000
Balance at 1 January 2018	269
Exercise of share options	7
Balance at 31 December 2018	276
Exercise of share options	4
Shares repurchased and cancelled	(4)
Balance at 31 December 2019	276

The parent company has one class of ordinary shares authorised.

As of 31 December 2019, the parent company had 26,359,441 ordinary shares allotted, called up and paid and 60,520 shares allotted but not called-up. In addition, there were a total of 2,222,755 options outstanding and 292,331 RSUs outstanding.

As of 31 December 2018, the parent company had 26,378,814 ordinary shares allotted, called up and paid and 60,520 shares allotted but not called-up. In addition, there were a total of 2,563,169 options outstanding and 300,954 RSUs outstanding.

6 RESERVES

Share Premium

The share premium account represents the excess of consideration received for shares issued above their nominal value net of transaction costs.

Other Capital Reserves

The other capital reserves account represents the cumulative effect of share-based payment transactions.

Retained earnings

Retained earnings represents the cumulative profit and loss net of distributions to owners.

7 FINANCIAL INSTRUMENTS

Risks in relation to the use of financial instruments

The parent company is exposed to market risks in the ordinary course of our business. These market risks are principally limited to interest rate fluctuations, and foreign currency exchange rate fluctuations, as discussed below.

Credit rate risk

The risk that counterparties will fail to settle amounts due to the company predominantly arises from trade receivables, other receivables and cash and cash equivalents.

The Company's credit risk management practices and how they relate to the recognition and measurement of expected credit losses is set out below.

7 FINANCIAL INSTRUMENTS (CONTINUED)

Assessing significant increases in credit risk

The Group undertakes the following procedures to determine whether there has been a significant increase in the credit risk of its group balances, since their initial recognition. Where these procedures identify a significant increase in credit risk, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The Group uses the simplified approach to determine ECLs on trade debtors.

The Group determines that credit risk has increased significantly on intercompany receivables when:

- there are significant actual or expected changes in the operating results of the group entity, including declining revenues profitability or liquidity management problems, or;
- there are existing or forecast adverse changes to the business, financial or economic conditions that may impact the Group entity's ability to meet its debt obligations, and;
- the Group entity is unable to rely on the support of other group entities to meet its debt obligations.

Foreign currency exchange rate fluctuations

The parent company is exposed to foreign exchange rate risk because its subsidiaries currently operate in three major regions of the world: the United States, Europe and ROW, and Asia, and their revenue is denominated in multiple currencies. Approximately 33% of the group's sales were in the United States, which are denominated in U.S. Dollars. Sales in Asia from continued operations represent 63% of revenue and are primarily derived from China and Japan. China revenue is now denominated in Chinese Yuan and sales in Japan are denominated in Yen but, in each case, these sales are made by our United Kingdom-based subsidiary where the Pound Sterling is the functional currency. As a result, these sales are subject to re-measurement into Pounds Sterling and then translation into U.S. Dollars when it consolidates its financial statements. Sales in Europe are denominated primarily in the Pound Sterling and Euro. As the parent company grows Europe and ROW sales outside the United Kingdom and the Euro Zone, it will be subject to exchange rate risk from additional currencies. As a result, its exchange rate exposure may change over time as its business practices evolve and could result in increased costs or reduced revenue and could affect its actual cash flow. Changes in the relative values of currencies occur regularly and, in some instances, may have a significant impact on the parent company's operating results. The parent company cannot predict with any certainty changes in currency exchange rates or the degree to which it can effectively mitigate these risks.

The Group's expenses are generally denominated in the currencies in which our operations are located, which are primarily in the United States, the United Kingdom, Japan, Europe, China and South Korea.

As the Group continues to grow its business outside the United States, its results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm its business in the future. To date, the Group has not entered into any foreign currency hedging contracts, although it may do so in the future.

7 FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amount of the parent company's financial instruments at 31 December were:

	At 31 December	
	2019	2018
	$000	$000
Financial assets measured at amortised cost		
Amounts owed by subsidiary undertakings	67,488	67,700
Other receivables	1,125	348
	68,613	68,048

	At 31 December	
	2019	2018
	$000	$000
Financial liabilities measured at amortised cost		
Trade payables	164	259
Accruals	646	1,055
	810	1,314

Amounts receivable from subsidiary undertakings are interest-free and have no fixed repayment date.

8 CAPITAL RISK MANAGEMENT

The parent company's cash at bank and in hand is invested in interest-bearing savings and money market accounts. We do not enter into investments for trading or speculative purposes. We do not believe capital market fluctuations would have a material effect on the fair market value of our portfolio.

9 KEY MANAGEMENT PERSONNEL REMUNERATION

The total remuneration of the directors and officers of the parent company, who are considered to be the key management personnel of the parent company is detailed below. Amounts presented are for services to the group.

	2019	2018
	$000	$000
Emoluments	1,561	2,409
Share-based compensation	1,156	2,248
Group pension contributions to money purchase schemes	18	13
	2,735	4,670

10 RELATED PARTY TRANSACTIONS

Balance sheet-related transactions between the parent company and its related parties are disclosed below:

	2019	2018
	$000	$000
Subsidiary undertakings:		
Loans given/(received) during the year	—	70,302
Amounts owed at year end	61,858	67,700

11 DEFERRED TAXES

Potential deferred tax assets of $0.7 million at 31 December 2019 and $0.5 million at 31 December 2018, relating to net operating losses, have not been recognised as it is not probable that suitable profits will arise to enable the parent company to utilise these losses in the foreseeable future.

12 EMPLOYEES

The parent company does not have employees, but certain staff and management allocate time to the parent company. The value of these allocated services was approximately $1.1 million in 2019 and $0.3 million in 2018.

13 TAXATION

The movement in deferred taxation is as follows:	2019	2018
	$000	$000
Current year movement through the income statement	(16)	62
Current year movement through equity	(86)	65
Deferred tax not recognised	(209)	—
Total movement in deferred tax assets	(311)	127

Consolidated statement of financial position	2019	2018
	$000	$000
Deferred tax asset		
Short term temporary differences	—	311
Total deferred tax assets carried forward	—	311

Unprovided deferred tax assets	2019	2018
	$000	$000
Short term timing differences	199	—
Tax losses and other deductions	513	504
Total unprovided deferred tax	712	504

14 SUBSEQUENT EVENTS

Between January and March 2020, the Company acquired a total of 530,890 of the Company's shares at a total cost of $7.7 million. All shares were repurchased under an authorization covering up to $100 million of the Company's ordinary shares in the aggregate including commissions, as approved by the Company's Board of Directors and approved by shareholders at the Company's Annual General Meeting held on June 18, 2019. Purchases under the share buy-back programme have been paused, as a precaution to conserve cash, as part of the Company’s response to the global COVID-19 pandemic.

Uncertainties regarding the scope and impact of the recent outbreak of COVID-19 has caused a re-prioritization of public health activities. This has impacted the Company’s sales, sources of supply and operations, along with the operations of its suppliers, other partners and customers, particularly as COVID-19 protocols and resources have restricted patient access to hospitals, physicians’ offices and other testing sites. Additionally, COVID-19 has restricted the Company’s sales representatives’ access to these sites. As a result, COVID-19 has impacted its current performance and continues to represent a risk to the Company’s future performance. Revenue for the first half of 2020 is expected to be down substantially from 2019 overall, however different regions of the world are expected to recover at different rates.

The ultimate impacts of COVID-19 on the Company’s business are currently unknown. The Company is actively monitoring the situation and may take precautionary and preemptive actions that it determines are in the best interests of its business. The Company cannot predict the effects that such actions may have on its business or on its financial results, in particular with respect to demand for its products. Management has reviewed a variety of scenarios and believes the Company has the cash, supply chain and employees needed to run the business through and past the current COVID-19 situation.

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