



July 28, 2016

GenMark Diagnostics Reports Q2 Financial Results

Second Quarter Revenue Increased 64% Versus Prior Year to \$12.5 million
ePlex[®] Systems Installed at Twelve European Customers
ePlex FDA Submission Expected in Fourth Quarter

CARLSBAD, Calif.--(BUSINESS WIRE)-- **GenMark Diagnostics, Inc. (Nasdaq:GNMK)**, a leading provider of automated, multiplex molecular diagnostic testing systems, today announced financial results for the second quarter ended June 30, 2016.

Revenue for the second quarter of 2016 was \$12.5 million, an increase of 64% over the prior year period.

Gross profit for the second quarter of 2016 was \$7.8 million, or 62% of revenue, compared with \$4.4 million, or 57% of revenue in the same period of 2015.

"XT-8 continues to deliver strong results. Our second quarter revenues were once again mainly driven by our infectious disease menu and reflected the unusually late 2015/16 flu season," said Hany Massarany, President and Chief Executive Officer of GenMark. "Over the past few weeks, we installed ePlex systems in several European customer sites. Initial feedback has been very positive, confirming the ease of use of the ePlex platform, its intuitive user interface and comprehensive reporting capabilities. Furthermore, we have installed ePlex systems at all of our U.S. clinical trial sites. These sites are on track to initiate clinical studies for our ePlex respiratory pathogen (RP) panel this quarter, and we expect to submit our ePlex instrument and RP panel for FDA 510(k) clearance during fourth quarter," added Massarany.

Operating expenses for the second quarter of 2016 were \$20.4 million compared to \$16.3 million in the same period for 2015. The increase was mainly driven by research and development expenses as efforts continued towards the launch of ePlex.

Loss per share was \$0.30 per share for the second quarter of 2016 compared to a loss of \$0.29 per share in the same period of 2015.

The Company ended the quarter with \$37.5 million in cash and cash equivalents and intends to continue utilizing its cash balances to invest in the global commercialization of the ePlex system. The Company's existing debt facility can provide up to an additional \$20 million to support the launch of ePlex internationally as well as domestically.

Business Outlook

For full year 2016, the Company continues to expect revenue in the range of \$47 to \$51 million while gross margin expectations have increased to 57% to 59%.

The Company will host a conference call to discuss second quarter results in further detail on Thursday, July 28, 2016 starting at 4:30 p.m. Eastern Time. The conference call will be concurrently webcast. The link to the webcast will be available on the GenMark Diagnostics, Inc. website at www.genmarkdx.com under the investor relations section and will be archived for future reference. To listen to the conference call, please dial (877) 312-5847 (US/Canada) or (253) 237-1154 (International) and use the conference ID number 47375589 approximately five minutes prior to the start time.

ABOUT GENMARK DIAGNOSTICS

GenMark Diagnostics (NASDAQ: GNMK) is a leading provider of automated, multiplex molecular diagnostic testing systems that detect and measure DNA and RNA targets to diagnose disease and optimize patient treatment. Utilizing GenMark's proprietary eSensor[®] detection technology, GenMark's eSensor XT-8[®] system is designed to support a broad range of molecular diagnostic tests with a compact, easy-to-use workstation and self-contained, disposable test cartridges. The eSensor detection technology is also incorporated into GenMark's sample-to-answer system, ePlex[®]. For more information,

visit www.genmarkdx.com.

SAFE HARBOR STATEMENT

This press release includes forward-looking statements regarding events, trends and business prospects, which may affect our future operating results and financial position. Such statements, including, but not limited to, those regarding the timely FDA clearance and commercialization of our ePlex system and our future financial performance, are all subject to risks and uncertainties that could cause our actual results and financial position to differ materially. Some of these risks and uncertainties include, but are not limited to, our ability to successfully commercialize our ePlex system and its related test menu in a timely manner, constraints or inefficiencies caused by unanticipated acceleration and deceleration of customer demand, our ability to successfully expand sales of our product offerings outside the United States, and third-party payor reimbursement to our customers, as well as other risks and uncertainties described under the "Risk Factors" in our public filings with the Securities and Exchange Commission. We assume no responsibility to update or revise any forward-looking statements to reflect events, trends or circumstances after the date they are made.

GENMARK DIAGNOSTICS, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

| | June 30, 2016 | December 31, 2015 |
|---|--------------------------|------------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 29,561 | \$ 35,385 |
| Marketable securities | 7,939 | 10,080 |
| Accounts receivable, net of allowances of \$2,751 and \$2,727, respectively | 5,417 | 6,847 |
| Inventories | 2,614 | 3,054 |
| Prepaid expenses and other current assets | 1,315 | 591 |
| Total current assets | 46,846 | 55,957 |
| Property and equipment, net | 12,654 | 11,396 |
| Intangible assets, net | 2,188 | 2,376 |
| Restricted cash | 758 | 758 |
| Other long-term assets | 177 | 180 |
| Total assets | \$ 62,623 | \$ 70,667 |
| Current liabilities | | |
| Accounts payable | \$ 6,106 | \$ 4,376 |
| Accrued compensation | 4,616 | 3,861 |
| Current portion of long-term debt | 2,920 | (373) |
| Other current liabilities | 2,238 | 2,725 |
| Total current liabilities | 15,880 | 10,589 |
| Long-term liabilities | | |
| Deferred rent | 1,378 | 1,257 |
| Long-term debt | 16,737 | 9,890 |
| Other non-current liabilities | 183 | 334 |
| Total liabilities | 34,178 | 22,070 |
| Stockholders' equity | | |
| Preferred stock, \$0.0001 par value; 5,000 authorized, none issued | — | — |
| Common stock, \$0.0001 par value; 100,000 authorized; 42,994 and 42,551 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively | 4 | 4 |
| Additional paid-in capital | 358,938 | 353,233 |
| Accumulated deficit | (330,535) | (304,669) |
| Accumulated other comprehensive income | 38 | 29 |
| Total stockholders' equity | 28,445 | 48,597 |
| Total liabilities and stockholders' equity | \$ 62,623 | \$ 70,667 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands, except per share data)

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|-------------------|-------------------------|-------------------|
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Revenue | | | | |
| Product revenue | \$ 12,425 | \$ 7,550 | \$ 23,384 | \$ 17,562 |
| License and other revenue | 87 | 96 | 192 | 191 |
| Total revenue | <u>12,512</u> | <u>7,646</u> | <u>23,576</u> | <u>17,753</u> |
| Cost of revenue | 4,720 | 3,286 | 9,095 | 7,278 |
| Gross profit | <u>7,792</u> | <u>4,360</u> | <u>14,481</u> | <u>10,475</u> |
| Operating expenses | | | | |
| Sales and marketing | 3,300 | 3,704 | 7,009 | 7,397 |
| General and administrative | 3,876 | 3,662 | 7,296 | 7,332 |
| Research and development | 13,204 | 8,924 | 25,472 | 17,703 |
| Total operating expenses | <u>20,380</u> | <u>16,290</u> | <u>39,777</u> | <u>32,432</u> |
| Loss from operations | <u>(12,588)</u> | <u>(11,930)</u> | <u>(25,296)</u> | <u>(21,957)</u> |
| Other income (expense) | | | | |
| Interest income | 26 | 33 | 55 | 69 |
| Interest expense | (308) | (245) | (585) | (317) |
| Other income | (42) | (11) | (9) | 206 |
| Total other income (expense) | <u>(324)</u> | <u>(223)</u> | <u>(539)</u> | <u>(42)</u> |
| Loss before provision for income taxes | <u>(12,912)</u> | <u>(12,153)</u> | <u>(25,835)</u> | <u>(21,999)</u> |
| Income tax (benefit) expense | (5) | (1) | 31 | 22 |
| Net loss | <u>\$(12,907)</u> | <u>\$(12,152)</u> | <u>\$(25,866)</u> | <u>\$(22,021)</u> |
| Net loss per share, basic and diluted | <u>\$ (0.30)</u> | <u>\$ (0.29)</u> | <u>\$ (0.60)</u> | <u>\$ (0.53)</u> |
| Weighted average number of shares outstanding, basic and diluted | <u>42,864</u> | <u>42,091</u> | <u>42,768</u> | <u>41,934</u> |
| Other comprehensive loss | | | | |
| Net loss | \$(12,907) | \$(12,152) | \$(25,866) | \$(22,021) |
| Foreign currency translation adjustments | (34) | — | 13 | 9 |
| Net unrealized losses on marketable securities, net of tax | (5) | 1 | (21) | (16) |
| Comprehensive loss | <u>\$(12,946)</u> | <u>\$(12,151)</u> | <u>\$(25,874)</u> | <u>\$(22,028)</u> |

GENMARK DIAGNOSTICS, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Six Months Ended June 30, | |
|---|----------------------------------|-------------|
| | 2016 | 2015 |
| Operating activities | | |
| Net loss | \$ (25,866) | \$ (22,021) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 1,791 | 1,632 |
| Amortization of premiums on investments | 35 | 126 |
| Amortization of deferred debt issuance costs | 169 | 116 |
| Gain on sale of investment in preferred stock | — | (223) |
| Stock-based compensation | 4,540 | 4,823 |
| Provision for bad debt | 23 | — |
| Non-cash inventory adjustments | 92 | 543 |
| Other non-cash adjustments | 19 | 15 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,406 | 1,331 |
| Inventories | 306 | (246) |
| Prepaid expenses and other assets | (721) | (472) |

| | | |
|--|------------------|------------------|
| Accounts payable | 1,289 | (1,212) |
| Accrued compensation | 1,119 | (231) |
| Other liabilities | 303 | (39) |
| Net cash used in operating activities | (15,495) | (15,858) |
| Investing activities | | |
| Payments for intellectual property licenses | (800) | (550) |
| Purchases of property and equipment | (2,404) | (2,243) |
| Purchases of marketable securities | (2,532) | (14,797) |
| Proceeds from sales of marketable securities | — | 223 |
| Maturities of marketable securities | 4,650 | 17,850 |
| Net cash provided by (used in) investing activities | (1,086) | 483 |
| Financing activities | | |
| Proceeds from issuance of common stock | 449 | 427 |
| Principal repayment of borrowings | (17) | (10) |
| Proceeds from borrowings | 10,000 | 10,000 |
| Costs associated with debt issuance | (30) | (718) |
| Proceeds from stock option exercises | 352 | 894 |
| Net cash provided by financing activities | 10,754 | 10,593 |
| Effect of exchange rate changes on cash | 3 | 2 |
| Net decrease in cash and cash equivalents | (5,824) | (4,780) |
| Cash and cash equivalents at beginning of period | 35,385 | 36,855 |
| Cash and cash equivalents at end of period | \$ 29,561 | \$ 32,075 |
| Non-cash investing and financing activities | | |
| Transfer of instruments from property and equipment to inventory | \$ 42 | \$ 127 |
| Property and equipment costs included in accounts payable | \$ 588 | \$ 303 |
| Supplemental cash flow disclosures | | |
| Cash paid for income taxes, net | \$ 13 | \$ 15 |
| Cash received for interest | \$ 51 | \$ 196 |
| Cash paid for interest | \$ 408 | \$ 317 |

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GenMark Diagnostics, Inc.
Hany Massarany, 760-448-4325
President/Chief Executive Officer

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