

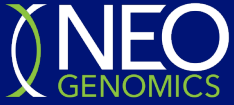


# Third Quarter 2023

Earnings Results

November 6th, 2023





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## Mission

We save lives by improving patient care.

## Vision

We are becoming the world's leading cancer testing, information, and decision support company by providing uncompromising quality, exceptional service, and innovative solutions.





# 3<sup>rd</sup> Quarter 2023 Highlights

- Total YoY Revenue Increased **18%**
  - Clinical Revenue Increased **20%**
  - ADx Revenue Increased **8%**
- 35+% growth in NGS
  - Representing ~25% of total Clinical revenue
- Adjusted EBITDA increased **129%** to positive \$3 million
- Submitted 3 applications for RaDaR coverage to MolDx, including Breast, Lung, and Head & Neck

Revenue

**Up 18%**

To \$152M

Adj. Gross Profit

**\$67M**

Margin: 44.2%

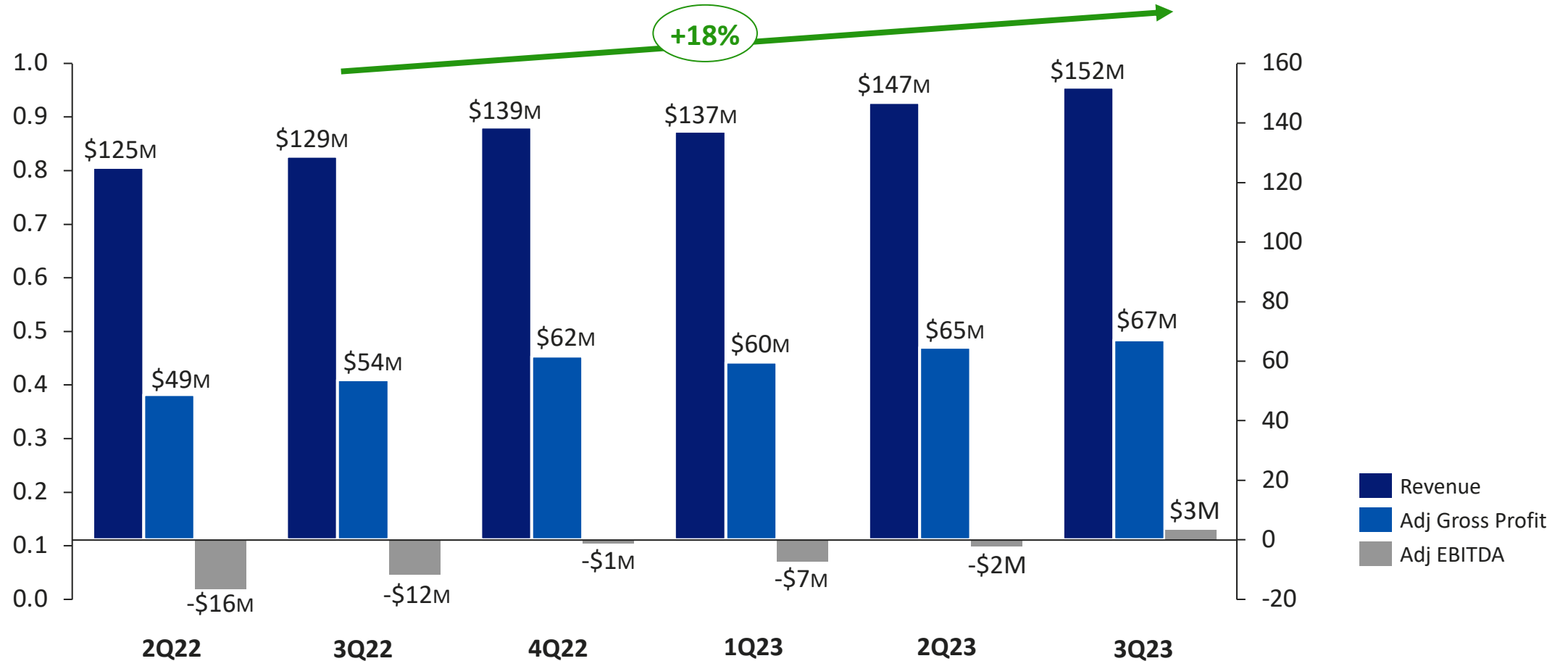
10th Consecutive  
Increase vs Prior  
Year in Revenue  
per Test

Adj. EBITDA

**Up 129%**

To +\$3M

# Performance Continues to Improve



Description	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Revenue Growth Rate	2.8%	6.1%	10.3%	17.1%	17.5%	18.0%
Adj Gross Profit Margin	39.0%	41.7%	44.5%	43.5%	44.1%	44.2%

## Profitably Grow Our Core Business



- All modalities growing faster than market
- Strong growth in revenue per test
- Clinical Adj. gross profit increased by 28% vs Q3'22
- Launched two new tests, including largest Heme NGS panel, Neo Comprehensive – Heme, and Early-Stage NSCLC panel
- Continued field expansion as disclosed in Q2

## Accelerate Advanced Diagnostics



- 3 RaDaR applications submitted to MolDx: Breast, Lung, and Head & Neck
- 27 clinical trials currently in progress utilizing RaDaR technology, with many more using other Neo modalities for interventional and clinical validation studies
- Hired new Head of R&D, new structure focused on new product development and innovation
- Radar technology is detecting low positive samples, highlighting sensitivity

## Drive Value Creation



- Continued operational improvements to enhance operating leverage
- ~20% improvement in turnaround time since Q2'23 with continued increase in Clinical volumes
- Kicked off LIMS project
- Completed consolidation of International labs

# Third Quarter 2023 Financial Results

- Revenue Grew 20% to \$128M
- Revenue per Test Improved 12% Due to Mix and Pricing
- Volume Increased 7%
- Continuing to See the Benefits of Investments Made in Field Resources in 2022



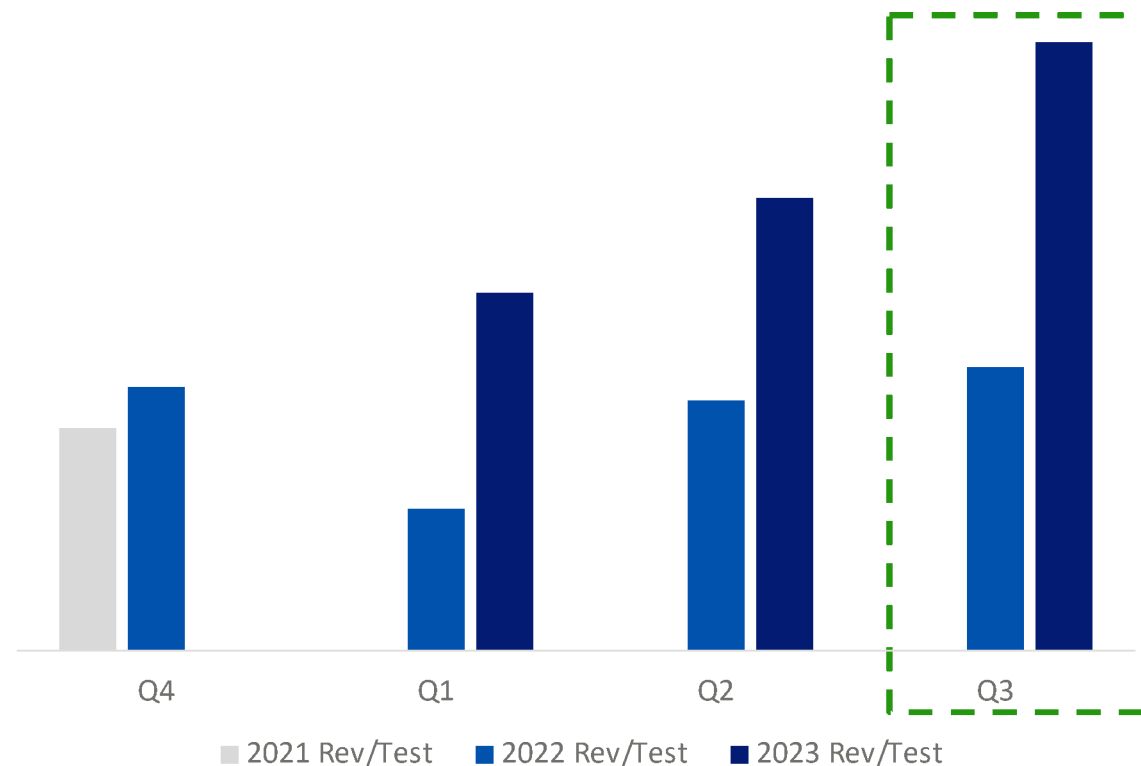
Revenue				
\$Millions	Q4	Q1	Q2	Q3
2021 Revenue*	\$104.1	-	-	-
2022 Revenue	\$108.2	\$98.8	\$105.6	\$106.2
2023 Revenue	-	\$114.9	\$123.2	\$127.6
Growth %	4%	16%	17%	20%

\*2021 revenue excludes COVID-19



# 3<sup>rd</sup> Quarter Clinical Services Revenue per Test

- 10<sup>th</sup> Consecutive Quarter of Revenue per Test Growth
- Revenue per Test Increased 12% over Prior Year to \$440
- Focused on Higher-Value Tests
- Positive Contributions from Strategic Reimbursement Initiatives



Revenue per Test				
\$Dollars	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
<b>2021 Rev/Test</b>	\$383	-	-	-
<b>2022 Rev/Test</b>	\$389	\$371	\$387	\$392
<b>2023 Rev/Test</b>	-	\$402	\$417	\$440
Growth %	2%	8%	8%	<b>12%</b>

# 3<sup>rd</sup> Quarter Advanced Diagnostics Results

- Continued Revenue Growth of 8% to \$24M
- Continuing to Build Momentum with RaDaR (MRD) Pipeline
- Expanded Gross Margin by 34 bps in Q3 and 440 bps on a YTD basis vs PY



Revenue				
\$Millions	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
2021 Revenue	\$21.7	-	-	-
2022 Revenue	\$30.5	\$18.4	\$19.4	\$22.6
2023 Revenue	-	\$22.4	\$23.8	\$24.4
Growth %	41%	22%	22%	8%

Income Statement In \$Millions	3Q23	%vPY
Clinical Services	127.6	20.1%
Advanced Diagnostics	24.4	7.9%
<b>Total Net Revenue</b>	<b>152.0</b>	<b>18.0%</b>
Cost of Revenue	89.6	12.2%
<b>Adjusted Gross Profit</b>	<b>67.2</b>	<b>25.0%</b>
Gross Margin (excl. Amort.)	44.2%	247bps
Sales & Marketing	17.6	4.8%
<i>as % of Revenue</i>	<i>11.6%</i>	<i>-146 bps</i>
General & Administrative	61.5	0.3%
<i>as % of Revenue</i>	<i>40.5%</i>	<i>-714 bps</i>
Research & Development	5.3	-27.7%
<i>as % of Revenue</i>	<i>3.5%</i>	<i>-220 bps</i>
Restructuring Charges	2.1	-28.72%
<b>Total Operating Expenses</b>	<b>86.5</b>	<b>-2.1%</b>
Loss From Operations	-24.2	38.8%
<b>Net Income/Loss</b>	<b>-18.5</b>	<b>49.8%</b>
Deprec. and Amort.	18.1	3.8%
Interest/Taxes and Adjustments	3.7	-53.0%
<b>Adjusted EBITDA</b>	<b>3.3</b>	<b>128.6%</b>
<i>as % of Revenue</i>	<i>2.2%</i>	<i>1115 bps</i>

## YoY Improvement in Revenue Growth, Gross Margin and Adjusted EBITDA

- **Revenue:** Third consecutive quarter of +17% over prior year Revenue Growth. Drivers are increases in revenue per test, volume and Advanced Diagnostics revenue.
- **Adjusted Gross Profit:** Increased by 25.0% over prior year due to higher revenue driven by volume, a favorable mix, and revenue per test.
- **Adjusted EBITDA.** Improved \$15 million versus prior year due to improvement in revenue, gross profit, and lower operating expenses.

# 3<sup>rd</sup> Quarter Balance Sheet

Balance Sheet In \$Millions	Sep-23	Jun-23
Cash and cash equivalents	306.2	289.1
Marketable securities, at fair value	96.0	120.3
Accounts receivable, net	132.6	125.4
Inventories	24.1	24.9
Prepaid assets	18.7	16.6
Other current assets	9.3	8.4
<b>Total current assets</b>	<b>587.0</b>	<b>584.7</b>
Property and equipment, net	94.5	100.1
Operating lease right-of-use assets	87.1	91.4
Intangible assets, net	381.9	390.7
Goodwill	522.8	522.8
Other assets	5.0	5.4
<b>Total non-current assets</b>	<b>1,091.3</b>	<b>1,110.4</b>
<b>Total Assets</b>	<b>1,678.2</b>	<b>1,695.1</b>
Accounts payable and other current liabilities	86.7	87.5
Current portion of equipment financing obligations	0.0	0.0
Current portion of operating lease liabilities	6.2	7.4
<b>Total current liabilities</b>	<b>92.9</b>	<b>94.8</b>
Convertible senior notes, net	537.5	536.8
Operating lease liabilities	62.0	65.5
Deferred income tax liabilities, net	25.4	28.8
Other long-term liabilities	13.0	13.0
<b>Total long-term liabilities</b>	<b>637.9</b>	<b>644.1</b>
<b>Total Liabilities</b>	<b>730.8</b>	<b>738.9</b>
<b>Total stockholders' equity</b>	<b>947.4</b>	<b>956.2</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>1,678.2</b>	<b>1,695.1</b>

- **Cash and Marketable Securities: \$402 million**
- **Cash Flow from Operations:** improved \$11 million or 66% from Q3'22, and \$43 million or 68% YTD
- **Financial Flexibility to Make Needed Investments to Drive Long-Term Sustainable Growth**



# Revised 2023 Guidance



# FY '23 Expectations as of November 6, 2023

- Continued Focus on Long-term, Sustainable Revenue Growth
- Adjusted EBITDA Growth Exceeds Revenue Growth Due to Improving Gross Profit and Operating Leverage
- Continued Investments in Operational Efficiencies and Lab Automation
- Expect to Be Adjusted EBITDA Positive in Q4 of 2023

**15% – 16% Revenue Growth**

FY: \$585 – \$592 Million

Up from \$565 - \$575 Million

**92% – 98% Adjusted EBITDA Growth**

FY: (\$4) to (\$1) Million

Up from (\$13) – (\$10) Million

# Summary

- Q3 revenue growth at 18% and EBITDA growth of 129% vs PY Adj.
- 3 additional RaDaR reimbursement applications submitted to MoDx
- Key strategic initiatives continue to impact positive financial performance
- Raising FY23 revenue guidance to 15-16% revenue growth and Adj. EBITDA guidance to 92-98% growth
  - \$585 - \$592 million and (\$4) - (\$1) million, respectively





# Appendix

# Balance Sheet

## September 30, 2023

(unaudited, in thousands)

	September 30, 2023 (unaudited)	December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 306,239	\$ 263,180
Marketable securities, at fair value	96,025	174,809
Accounts receivable, net	132,640	119,711
Inventories	24,053	24,277
Prepaid assets	18,676	15,237
Other current assets	9,317	8,077
Total current assets	586,950	605,291
Property and equipment, net	94,517	102,499
Operating lease right-of-use assets	87,131	96,109
Intangible assets, net	381,910	408,260
Goodwill	522,766	522,766
Other assets	4,967	5,109
Total non-current assets	1,091,291	1,134,743
Total assets	\$ 1,678,241	\$ 1,740,034
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and other current liabilities	\$ 86,709	\$ 83,278
Current portion of equipment financing obligations	4	70
Current portion of operating lease liabilities	6,213	6,584
Total current liabilities	92,926	89,932
<b>Long-term liabilities</b>		
Convertible senior notes, net	537,475	535,322
Operating lease liabilities	62,007	68,952
Deferred income tax liabilities, net	25,370	34,750
Other long-term liabilities	13,035	13,055
Total long-term liabilities	637,887	652,079
Total liabilities	\$ 730,813	\$ 742,011
<b>Stockholders' equity</b>		
Total stockholders' equity	\$ 947,428	\$ 998,023
Total liabilities and stockholders' equity	\$ 1,678,241	\$ 1,740,034



# Income Statement, September 30, 2023

(unaudited, in thousands)

	Three Months Ended September 30,	
	2023	2022
<b>NET REVENUE</b>		
Clinical Services	\$ 127,553	\$ 106,162
Pharma Services	24,401	22,620
Total net revenue	151,954	128,782
<b>COST OF REVENUE</b>	89,643	79,889
<b>GROSS PROFIT</b>	62,311	48,893
Operating expenses:		
General and administrative	61,486	64,282
Research and development	5,285	7,312
Sales and marketing	17,610	16,809
Restructuring charges	2,125	—
Total operating expenses	86,506	88,403
<b>LOSS FROM OPERATIONS</b>	(24,195)	(39,510)
Interest (income) expense, net	(2,840)	139
Other expense (income), net	96	(25)
Loss before taxes	(21,451)	(39,624)
Income tax benefit	(2,935)	(2,772)
<b>NET LOSS</b>	\$ (18,516)	\$ (36,852)
<b>NET LOSS PER SHARE</b>		
Basic	\$ (0.15)	\$ (0.30)
Diluted	\$ (0.15)	\$ (0.30)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>		
Basic	125,687	124,425
Diluted	125,687	124,425

# Statements of Cash Flows,

## September 30, 2023

(unaudited, in thousands)

	Nine Months Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (73,642)	\$ (121,563)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	27,872	25,894
Amortization of intangibles	26,350	25,470
Non-cash stock-based compensation	17,643	20,009
Non-cash operating lease expense	6,860	7,375
Amortization of convertible debt discount and debt issuance costs	2,154	2,125
Loss on disposal of assets, net	334	3,066
Impairment of assets	1,703	—
Gain on sale of assets held for sale	—	(2,048)
Other adjustments	122	1,428
Changes in assets and liabilities, net	(29,133)	(24,064)
Net cash used in operating activities	(19,737)	(62,308)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of marketable securities	(6,756)	(73,973)
Proceeds from maturities of marketable securities	87,963	89,812
Purchases of property and equipment	(21,695)	(26,357)
Proceeds from assets held for sale	—	12,098
Net cash provided by investing activities	59,512	1,580
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of equipment financing obligations	(66)	(706)
Issuance of common stock, net	3,350	10,733
Net cash provided by financing activities	3,284	10,027
Net change in cash and cash equivalents	43,059	(50,701)
Cash and cash equivalents, beginning of period	263,180	316,827
Cash and cash equivalents, end of period	\$ 306,239	\$ 266,126

# Adjusted Gross Margin, September 30, 2023

(unaudited, in thousands)

	Three Months Ended September 30,		
	2023	2022	% Change
<b>Clinical Services:</b>			
Total revenue (GAAP)	\$ 127,553	\$ 106,162	20.1 %
<b>Cost of revenue (GAAP)</b>	\$ 73,994	\$ 65,261	13.4 %
Adjustments to cost of revenue <sup>(5)</sup>	(4,264)	(4,264)	
<b>Adjusted cost of revenue (non-GAAP)</b>	<u>\$ 69,730</u>	<u>\$ 60,997</u>	14.3 %
<b>Gross profit (GAAP)</b>	\$ 53,559	\$ 40,901	30.9 %
<b>Adjusted gross profit (non-GAAP)</b>	\$ 57,823	\$ 45,165	28.0 %
<b>Gross profit margin (GAAP)</b>	42.0 %	38.5 %	
<b>Adjusted gross profit margin (non-GAAP)</b>	45.3 %	42.5 %	
<b>Advanced Diagnostics:</b>			
Total revenue (GAAP)	\$ 24,401	\$ 22,620	7.9 %
<b>Cost of revenue (GAAP)</b>	\$ 15,649	\$ 14,628	7.0 %
Adjustments to cost of revenue <sup>(6)</sup>	(589)	(589)	
<b>Adjusted cost of revenue (non-GAAP)</b>	<u>\$ 15,060</u>	<u>\$ 14,039</u>	7.3 %
<b>Gross profit (GAAP)</b>	\$ 8,752	\$ 7,992	9.5 %
<b>Adjusted gross profit (non-GAAP)</b>	\$ 9,341	\$ 8,581	8.9 %
<b>Gross profit margin (GAAP)</b>	35.9 %	35.3 %	
<b>Adjusted gross profit margin (non-GAAP)</b>	38.3 %	37.9 %	
<b>Consolidated:</b>			
Total revenue (GAAP)	\$ 151,954	\$ 128,782	18.0 %
<b>Cost of revenue (GAAP)</b>	\$ 89,643	\$ 79,889	12.2 %
Adjustments to cost of revenue <sup>(5)(6)</sup>	(4,853)	(4,853)	
<b>Adjusted cost of revenue (non-GAAP)</b>	<u>\$ 84,790</u>	<u>\$ 75,036</u>	13.0 %
<b>Gross profit (GAAP)</b>	\$ 62,311	\$ 48,893	27.4 %
<b>Adjusted gross profit (non-GAAP)</b>	\$ 67,164	\$ 53,746	25.0 %
<b>Gross profit margin (GAAP)</b>	41.0 %	38.0 %	
<b>Adjusted gross profit margin (non-GAAP)</b>	44.2 %	41.7 %	

(5) Clinical Services cost of revenue adjustments for both the three months ended September 30, 2023 and September 30, 2022 include \$4.3 million of amortization of acquired Inivata developed technology intangible assets. Clinical Services cost of revenue adjustments for both the nine months ended September 30, 2023 and September 30, 2022 include \$12.8 million of amortization of acquired Inivata developed technology intangible assets.

(6) Advanced Diagnostics cost of revenue adjustments for both the three months ended September 30, 2023 and September 30, 2022 include \$0.6 million of amortization of acquired Inivata developed technology intangible assets. Advanced Diagnostics cost of revenue adjustments for the nine months ended September 30, 2023 and September 30, 2022 include \$1.8 million of amortization of acquired Inivata developed technology intangible assets.

# Adjusted EBITDA, September 30, 2023

(unaudited, in thousands)

	Three Months Ended September 30,	
	2023	2022
<b>Net loss (GAAP)</b>	\$ (18,516)	\$ (36,852)
<i>Adjustments to net loss:</i>		
Interest (income) expense, net	(2,840)	139
Income tax benefit	(2,935)	(2,772)
Depreciation	9,349	8,973
Amortization of intangibles	8,784	8,490
<b>EBITDA (non-GAAP)</b>	\$ (6,158)	\$ (22,022)
<i>Further adjustments to EBITDA:</i>		
Acquisition and integration related expenses	—	197
CEO transition costs	—	2,792
Non-cash stock-based compensation expense	7,180	4,280
Restructuring charges	2,125	—
<b>Other significant expenses, net<sup>(4)</sup></b>	<u>158</u>	<u>3,195</u>

(4) For the three months ended September 30, 2023, other significant expenses, net, includes fees related to a regulatory matter and other non-recurring items. For the three months ended September 30, 2022, other significant expenses, net, includes consulting fees related to Project Catalyst (our value capture program), fees related to a regulatory matter and other non-recurring items. For the nine months ended September 30, 2023, other significant expenses, net, includes fees related to a regulatory matter and other non-recurring items. For the nine months ended September 30, 2022, other significant expenses, net, includes fees related to a regulatory matter, consulting fees related to Project Catalyst (our value capture program), moving costs, a gain on the sale of a building and other non-recurring items.

# Adjusted EBITDA, 2023 Guidance

(unaudited, in thousands)

GAAP net loss in 2023 will be impacted by certain charges, including: (i) expense related to the amortization of intangible assets, (ii) non-cash stock-based compensation, (iii) restructuring charges and (iv) other significant or non-operating expenses, net. These charges have been included in GAAP net loss available to stockholders and GAAP net loss per share; however, they have been removed from adjusted net loss and adjusted diluted net loss per share.

The following table reconciles the Company's 2023 outlook for net loss and EPS to the corresponding non-GAAP measures of adjusted net loss, adjusted EBITDA, and adjusted diluted EPS:

	Year Ended December 31, 2023	
	Low Range	High Range
<b>Net loss (GAAP)</b>	\$ (94,000)	\$ (89,000)
Amortization of intangibles	35,000	35,000
Non-cash stock-based compensation	25,000	24,000
Restructuring charges	10,000	10,000
Other significant expenses, net	1,000	1,000
<b>Adjusted net loss (non-GAAP)</b>	(23,000)	(19,000)
Interest and taxes	(19,000)	(19,000)
Depreciation	38,000	37,000
<b>Adjusted EBITDA (non-GAAP)</b>	<u>\$ (4,000)</u>	<u>\$ (1,000)</u>
<b>Net loss per diluted share (GAAP)</b>	\$ (0.75)	\$ (0.71)
<i>Adjustments to net loss per diluted share:</i>		
Amortization of intangibles	0.28	0.28
Non-cash stock-based compensation expenses	0.20	0.19
Restructuring charges	0.08	0.08
Other significant expenses, net	0.01	0.01
Rounding and impact of diluted shares in adjusted diluted shares <sup>(11)</sup>	—	—
<b>Adjusted diluted EPS<sup>(12)</sup> (non-GAAP)</b>	<u>\$ (0.18)</u>	<u>\$ (0.15)</u>
<b>Weighted average assumed shares outstanding in 2023:</b>		
Diluted shares (GAAP)	126,000	126,000
Options, restricted stock, and converted shares not included in diluted shares <sup>(12)</sup>	—	—
<b>Adjusted diluted shares outstanding (non-GAAP)</b>	<u>126,000</u>	<u>126,000</u>

(11) This adjustment is for rounding and, in those periods in which GAAP net (loss) income is negative and adjusted net (loss) income is positive, also compensates for the effects of additional diluted shares included in adjusted diluted shares outstanding for the treasury stock impact of outstanding stock options and restricted stock and the if-converted impact of convertible notes.

(12) For those periods in which GAAP net (loss) income is negative and adjusted net (loss) income is positive, this adjustment includes any options or restricted stock that would be outstanding as dilutive instruments using the treasury stock method and the weighted average number of shares that would be outstanding if the convertible notes were converted into common stock on the original issue date based on the number of days such shares would have been outstanding in the reporting period, until the effect of these adjustments are anti-dilutive.