



First Quarter 2024

Earnings Results

April 30th, 2024



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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.

1st Quarter 2024 Highlights

Revenue
Up 14%
To \$156M

Adj. Gross Profit
Up 19%
To \$71M

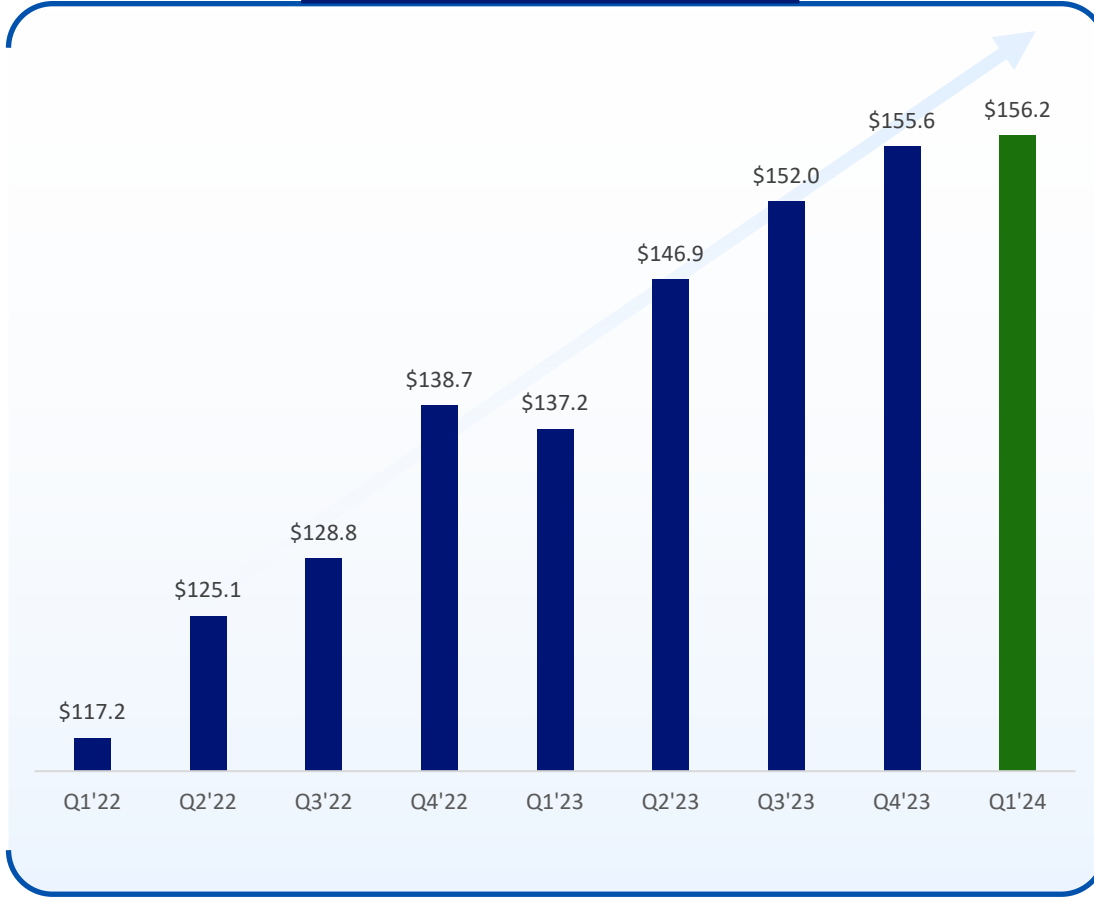
12th Consecutive
Increase vs Prior
Year in Revenue
per Test

Adj. EBITDA
Up 149%
To +\$3M

- Total Quarter Revenue Increased **14%**
 - Clinical Revenue Increased **17%**
 - ADx Revenue Decreased **3%**
- **50+%** growth in NGS
 - Approaching 30% of Total Clinical Revenue
- Adjusted Gross Margin increased to **45.3%**, an improvement of 182 bps
- Adjusted EBITDA increased to positive \$3 million, an improvement of \$11 million over prior year

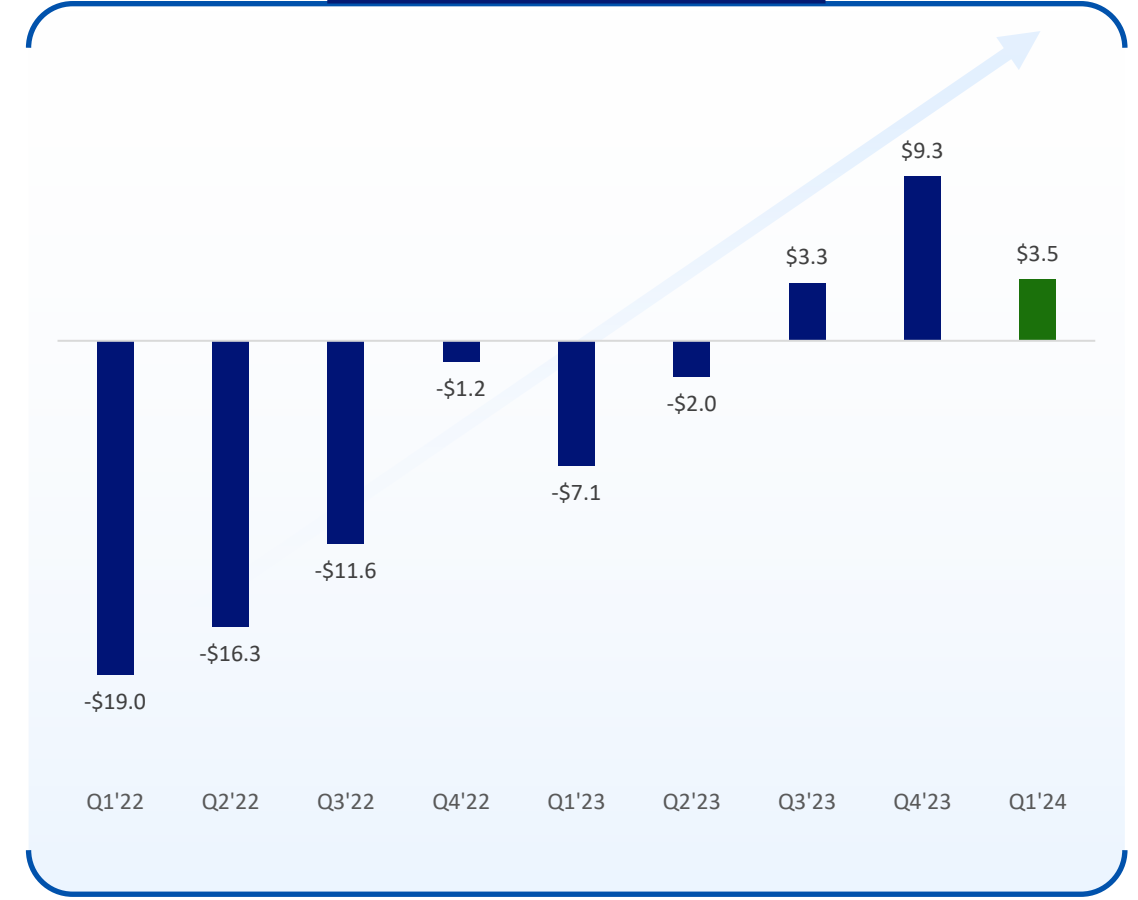
Momentum Continues

Total Quarterly Revenues



(\$ in millions)

Quarterly Adj. EBITDA



(\$ in millions)

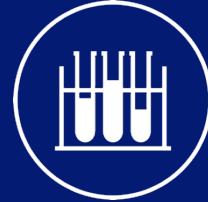
1st Quarter 2024 Strategic Priorities Highlights

Profitably Grow The Core Business



- Increased volumes in the base business and NGS
- Drive market penetration in Oncology
- Continued to improve Revenue Cycle Management

Accelerate Advanced Diagnostics



- New Product Development and launches
- Further improvements to margins
- Focus on innovation
- Realignment of business units into one operating group

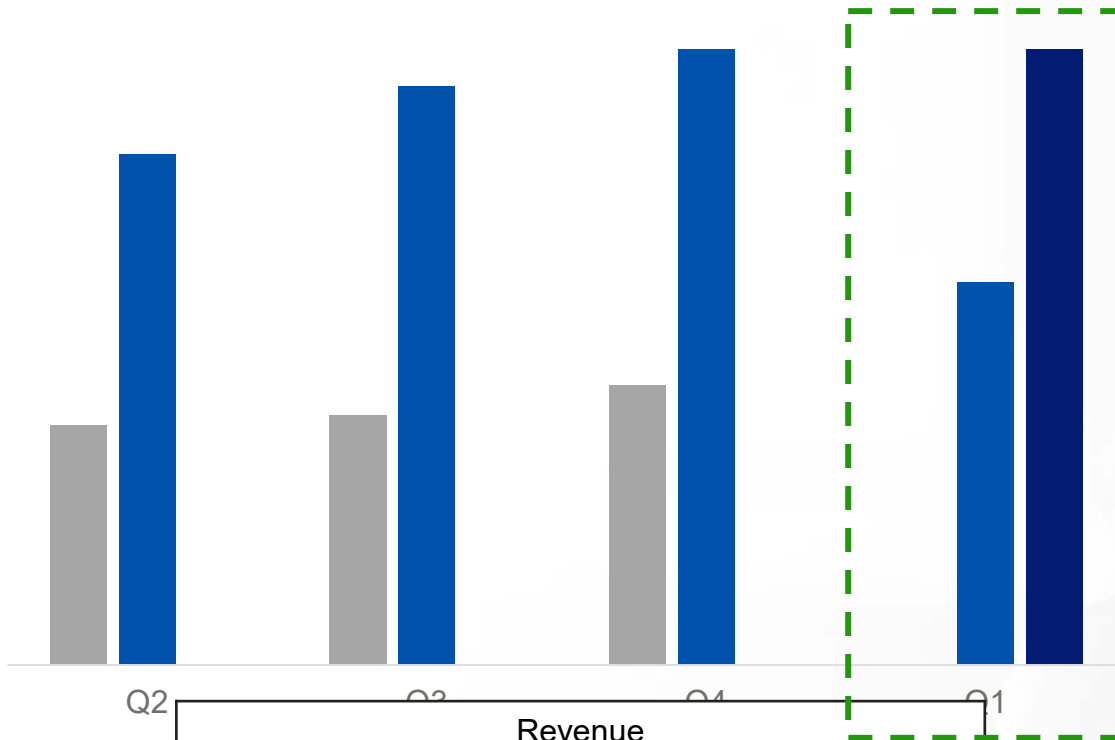
Drive Value Creation



- Drive operating efficiencies and improve Gross Margins
- Complete Phase 1 of LIMS Implementation
- Quality System Enhancements

First Quarter 2024 Financial Results

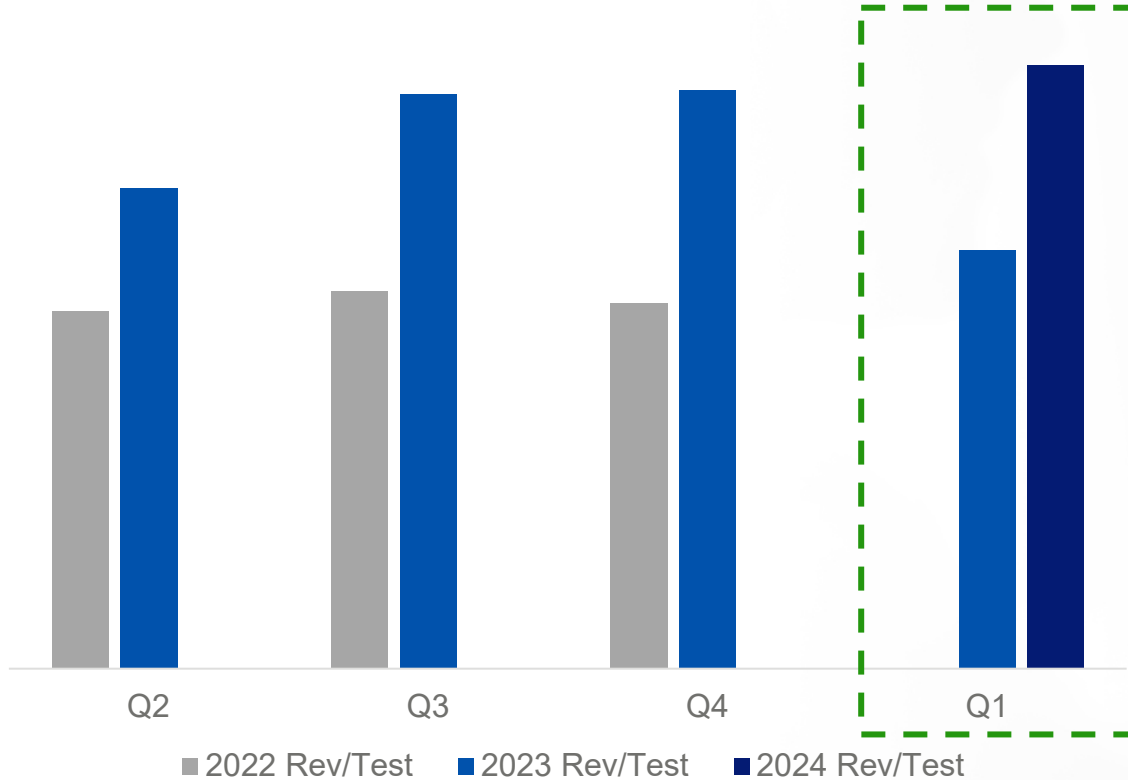
1st Quarter Clinical Services Results



	Revenue			
\$Millions	2023 Revenue Q2	2023 Revenue Q3	2024 Revenue Q4	2024 Revenue Q1
2022 Revenue	\$105.6	\$106.2	\$108.2	
2023 Revenue	\$123.2	\$127.6	\$130.1	\$114.9
2024 Revenue				\$134.5
Growth %	17%	20%	20%	17%

- Revenue Grew 17% to \$135M
- Revenue per Test Improved 11% Due to Mix and Pricing
- Volume Increased 5%
- Continuing to See the Benefits of Investments Made in Field Resources in 2022 and 2023

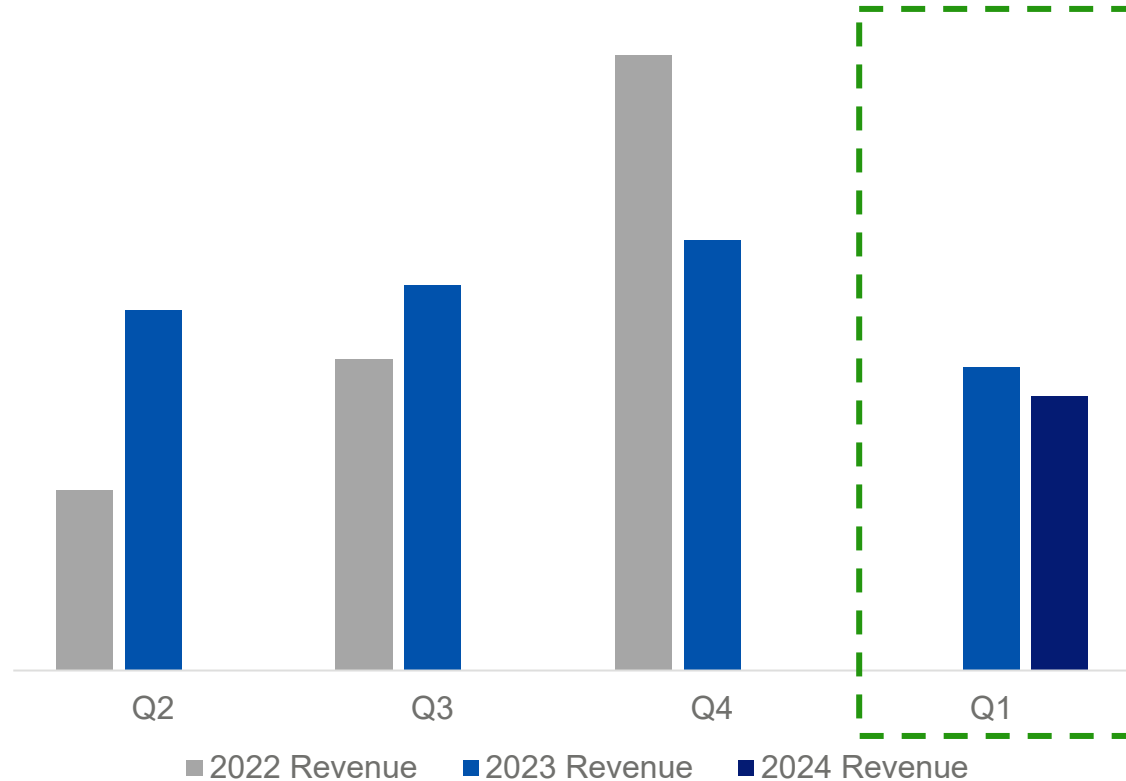
1st Quarter Clinical Services Revenue per Test



Revenue per Test				
\$Dollars	Q2	Q3	Q4	Q1
2022 Rev/Test	\$387	\$392	\$389	
2023 Rev/Test	\$417	\$440	\$441	\$402
2024 Rev/Test				\$447
Growth %	8%	12%	13%	11%

- 12th Consecutive Quarter of Revenue per Test Growth
- Revenue per Test Increased 11% over Prior Year to \$447
- Focused on Higher-Value Tests
- Positive Contributions from Revenue Cycle Management Initiatives

1st Quarter Advanced Diagnostics Results



Revenue				
\$Millions	Q2	Q3	Q4	Q1
2022 Revenue	\$19.4	\$22.6	\$30.5	
2023 Revenue	\$23.8	\$24.4	\$25.5	\$22.4
2024 Revenue				\$21.7
Growth %	22%	8%	-17%	-3%

- Revenue declined 3% over the prior year to \$22M
- Adjusted gross profit and adjusted gross margin increased over prior year
- Leadership change to align commercial strategies and execution

1st Quarter Income Statement

Income Statement In \$Millions	1Q24	%vPY
Clinical Services	\$134.5	17.1%
Advanced Diagnostics	\$21.7	-2.9%
Total Net Revenue	\$156.2	13.9%
Cost of Revenue	\$90.8	10.2%
Adjusted Gross Profit	\$70.8	18.6%
Gross Margin (excl. Amort.)	45.3%	182 bps
Sales & Marketing	\$20.2	24.4%
<i>as % of Revenue</i>	<i>12.9%</i>	<i>109 bps</i>
General & Administrative	\$65.8	6.9%
<i>as % of Revenue</i>	<i>42.1%</i>	<i>-274 bps</i>
Research & Development	\$7.6	3.0%
<i>as % of Revenue</i>	<i>4.9%</i>	<i>-51 bps</i>
Restructuring Charges	\$2.4	-48.8%
Total Operating Expenses	\$96.0	6.8%
Loss From Operations	-\$30.6	-12.8%
Net Income/Loss	-\$27.1	-12.1%
Deprec. and Amort.	\$18.3	2.4%
Interest/Taxes and Adjustments	\$12.3	110.1%
Adjusted EBITDA	\$3.5	149.1%
<i>as % of Revenue</i>	<i>2.2%</i>	<i>742 bps</i>

Quarter Improvement in Revenue Growth, Adjusted Gross Margin and Adjusted EBITDA

- Revenue: Increased revenue by 13.9% over prior year. Drivers are higher testing volumes including NGS and increases in revenue per test.
- Adjusted Gross Profit: Increased by 18.6% over prior year due to revenue growth and operating leverage generating higher adjusted gross profit and margins.
- Adjusted EBITDA: Improved \$11 million versus prior year due to improvement in revenue and gross profit.

1st Quarter Balance Sheet

Balance Sheet In \$Millions	Dec-23	Mar-24
Cash and cash equivalents	342.5	331.9
Marketable securities, at fair value	72.7	52.9
Accounts receivable, net	131.2	140.3
Inventories	24.2	20.3
Prepaid assets	18.0	19.2
Other current assets	8.2	9.3
Total current assets	596.8	573.9
Property and equipment, net	92.0	87.9
Operating lease right-of-use assets	91.8	86.6
Intangible assets, net	373.1	364.8
Goodwill	522.8	522.8
Other assets	4.7	4.5
Total non-current assets	1,084.4	1,066.4
Total Assets	1,681.2	1,640.3
Accounts payable and other current liabilities	90.7	72.2
Current portion of operating lease liabilities	5.6	4.5
Total current liabilities	96.3	76.7
Convertible senior notes, net	538.2	538.9
Operating lease liabilities	67.9	64.8
Deferred income tax liabilities, net	24.3	23.5
Other long-term liabilities	13.0	13.0
Total long-term liabilities	643.4	640.2
Total Liabilities	739.7	716.9
Total stockholders' equity	941.5	923.4
Total Liabilities and Stockholders' Equity	1,681.2	1,640.3

- Cash and Marketable Securities: \$385 million
- Cash Flow from Operations decreased by \$13 million in Q1 due to annual bonuses paid and lower collections due to Change Healthcare data breach.
- Convertible notes due in May 2025 move to current liabilities in Q2.

Strategic Focus to Drive Long-Term Profitable Growth

- Affirming FY 2024 Revenue and AEBITDA guidance.
- Focusing on Long-term Sustainable Revenue Growth
- Adjusted EBITDA Growth Exceeds Revenue Growth Due to Improving Gross Profit and Operating Leverage
- Continue to Invest in the Business and our People

10% – 12%
Revenue Growth
FY: \$650 – \$660 Million

600% – 700%
Adj. EBITDA Growth
FY: \$21 to \$24 Million

Q1'24 Summary

- Q1 Revenue growth was 14%, Adjusted Gross Profit increased by 19% and Adj. EBITDA grew by \$11M or 149%
- Key strategic initiatives continue to drive revenue growth and improve financial performance
- Well-positioned to comply with FDA Final Rule on Regulation of LDTs
- 2024 guidance reflects confidence in delivering long-term, sustainable growth

Growth corresponds to prior period 2023.

Reference non GAAP reconciliation slides in Appendix for details.



Serving patients.



Saving lives.™

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Rev. 02/20/2024

Appendix

Balance Sheet

March 31, 2024

(unaudited, in thousands)

	(unaudited)	
	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 331,914	\$ 342,488
Marketable securities, at fair value	52,916	72,715
Accounts receivable, net	140,279	131,227
Inventories	20,320	24,156
Prepaid assets	19,155	17,987
Other current assets	9,312	8,239
Total current assets	573,896	596,812
Property and equipment, net	87,865	92,012
Operating lease right-of-use assets	86,578	91,769
Intangible assets, net	364,764	373,128
Goodwill	522,766	522,766
Other assets	4,470	4,742
Total non-current assets	1,066,443	1,084,417
Total assets	\$ 1,640,339	\$ 1,681,229
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 72,223	\$ 90,694
Current portion of operating lease liabilities	4,487	5,610
Total current liabilities	76,710	96,304
Long-term liabilities		
Convertible senior notes, net	538,923	538,198
Operating lease liabilities	64,773	67,871
Deferred income tax liabilities, net	23,490	24,285
Other long-term liabilities	13,033	13,034
Total long-term liabilities	640,219	643,388
Total liabilities	\$ 716,929	\$ 739,692
Stockholders' equity		
Total stockholders' equity	\$ 923,410	\$ 941,537
Total liabilities and stockholders' equity	\$ 1,640,339	\$ 1,681,229

Income Statement, March 31, 2024

(unaudited, in thousands)

		Three Months Ended March 31,	
		2024	2023
NET REVENUE			
Clinical Services		\$ 134,535	\$ 114,869
Advanced Diagnostics		21,705	22,351
Total net revenue		156,240	137,220
COST OF REVENUE		90,771	82,406
GROSS PROFIT		65,469	54,814
Operating expenses:			
General and administrative		65,797	61,549
Research and development		7,620	7,395
Sales and marketing		20,221	16,259
Restructuring charges		2,398	4,684
Total operating expenses		96,036	89,887
LOSS FROM OPERATIONS		(30,567)	(35,073)
Interest income		(4,834)	(3,224)
Interest expense		1,685	1,757
Other expense (income), net		263	114
Loss before taxes		(27,681)	(33,720)
Income tax benefit		(620)	(2,925)
NET LOSS		\$ (27,061)	\$ (30,795)
NET LOSS PER SHARE			
Basic		\$ (0.21)	\$ (0.25)
Diluted		\$ (0.21)	\$ (0.25)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING			
Basic		126,111	125,026
Diluted		126,111	125,026

Statements of Cash Flows, March 31, 2024

(unaudited, in thousands)

	Three Months Ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (27,061)	\$ (30,795)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	9,905	9,048
Amortization of intangibles	8,362	8,783
Non-cash stock-based compensation	7,774	4,758
Non-cash operating lease expense	2,401	2,330
Amortization of convertible debt discount and debt issue costs	725	715
Loss on disposal of assets, net	—	—
Impairment of assets	145	923
Other adjustments	(57)	(31)
Changes in assets and liabilities, net	(28,109)	(8,423)
Net cash used in operating activities	(25,915)	(12,692)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	—	(6,756)
Proceeds from maturities of marketable securities	20,110	40,425
Purchases of property and equipment	(5,585)	(9,927)
Net cash provided by investing activities	14,525	23,742
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of equipment financing obligations	—	(32)
Issuance of common stock, net	816	1,411
Net cash provided by financing activities	816	1,379
Net change in cash and cash equivalents	(10,574)	12,429
Cash and cash equivalents, beginning of period	342,488	263,180
Cash and cash equivalents, end of period	\$ 331,914	\$ 275,609

Adjusted Gross Margin, March 31, 2024

(unaudited, in thousands)

	Three Months Ended March 31,		
	2024	2023	% Change
<u>Clinical Services:</u>			
Total revenue (GAAP)	\$ 134,535	\$ 114,869	17.1 %
Cost of revenue (GAAP)	\$ 76,844	\$ 67,292	14.2 %
Adjustments to cost of revenue ⁽⁵⁾	(4,607)	(4,264)	
Adjusted cost of revenue (non-GAAP)	<u>\$ 72,237</u>	<u>\$ 63,028</u>	14.6 %
Gross profit (GAAP)	\$ 57,691	\$ 47,577	21.3 %
Adjusted gross profit (non-GAAP)	\$ 62,298	\$ 51,841	20.2 %
Gross profit margin (GAAP)	42.9 %	41.4 %	
Adjusted gross profit margin (non-GAAP)	46.3 %	45.1 %	
<u>Advanced Diagnostics</u>			
Total revenue (GAAP)	\$ 21,705	\$ 22,351	(2.9) %
Cost of revenue (GAAP)	\$ 13,927	\$ 15,114	(7.9) %
Adjustments to cost of revenue ⁽⁶⁾	(698)	(589)	
Adjusted cost of revenue (non-GAAP)	<u>\$ 13,229</u>	<u>\$ 14,525</u>	(8.9) %
Gross profit (GAAP)	\$ 7,778	\$ 7,237	7.5 %
Adjusted gross profit (non-GAAP)	\$ 8,476	\$ 7,826	8.3 %
Gross profit margin (GAAP)	35.8 %	32.4 %	
Adjusted gross profit margin (non-GAAP)	39.1 %	35.0 %	
<u>Consolidated:</u>			
Total revenue (GAAP)	\$ 156,240	\$ 137,220	13.9 %
Cost of revenue (GAAP)	\$ 90,771	\$ 82,406	10.2 %
Adjustments to cost of revenue ⁽⁵⁾⁽⁶⁾	(5,305)	(4,853)	
Adjusted cost of revenue (non-GAAP)	<u>\$ 85,466</u>	<u>\$ 77,553</u>	10.2 %
Gross profit (GAAP)	\$ 65,469	\$ 54,814	19.4 %
Adjusted gross profit (non-GAAP)	\$ 70,774	\$ 59,667	18.6 %
Gross profit margin (GAAP)	41.9 %	39.9 %	
Adjusted gross profit margin (non-GAAP)	45.3 %	43.5 %	

(5) Clinical Services cost of revenue adjustments for both the three months ended March 31, 2024 and 2023 include \$4.3 million of amortization of acquired intangible assets. Clinical Services cost of revenue adjustments for the three months ended March 31, 2024 also include \$0.3 million of non-cash stock-based compensation. There were no such amounts recorded for the three months ended March 31, 2023.

(6) Advanced Diagnostics cost of revenue adjustments for both the three months ended March 31, 2024 and 2023 include \$0.6 million of amortization of acquired intangible assets. Advanced Diagnostics cost of revenue adjustments for the three months ended March 31, 2024 also include \$0.1 million of non-cash stock-based compensation. There were no such amounts recorded for the three months ended March 31, 2023.

Adjusted EBITDA, March 31, 2024

(unaudited, in thousands)

	Three Months Ended March 31,	
	2024	2023
Net loss (GAAP)	\$ (27,061)	\$ (30,795)
<i>Adjustments to net loss:</i>		
Interest income	(4,834)	(3,224)
Interest expense	1,685	1,757
Income tax benefit	(620)	(2,925)
Depreciation	9,905	9,048
Amortization of intangibles	8,362	8,783
EBITDA (non-GAAP)	\$ (12,563)	\$ (17,356)
<i>Further adjustments to EBITDA:</i>		
Non-cash stock-based compensation expense	7,774	4,758
Restructuring charges	2,398	4,684
Other significant (income) expenses, net ⁽⁴⁾	5,883	798
Adjusted EBITDA (non-GAAP)	<u>\$ 3,492</u>	<u>\$ (7,116)</u>

(4) For the three months ended March 31, 2024, other significant (income) expenses, net, includes site closure costs, fees related to non-recurring legal matters, and other non-recurring items. For the three months ended March 31, 2023, other significant (income) expenses, net, includes CEO transition costs, fees related to a regulatory matter, and other non-recurring items.

Adjusted EBITDA, 2024 Guidance

(unaudited, in thousands)

GAAP net loss in 2024 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 one-time expenses. 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 2024 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, 2024	
	Low Range	High Range
Net loss (GAAP)	\$ (72,000)	\$ (65,000)
Amortization of intangibles	35,000	35,000
Non-cash stock-based compensation	27,000	26,000
Restructuring charges	7,000	6,000
Other one-time expenses	3,000	3,000
Adjusted net loss (non-GAAP)	—	5,000
Interest and taxes	(20,000)	(20,000)
Depreciation	41,000	39,000
Adjusted EBITDA (non-GAAP)	<u>\$ 21,000</u>	<u>\$ 24,000</u>
Net loss per diluted share (GAAP)	\$ (0.57)	\$ (0.51)
<i>Adjustments to net loss per diluted share:</i>		
Amortization of intangibles	0.28	0.28
Non-cash stock-based compensation expenses	0.21	0.20
Restructuring charges	0.06	0.05
Other one-time expenses	0.02	0.02
Rounding and impact of diluted shares in adjusted diluted shares ⁽¹¹⁾	—	—
Adjusted diluted EPS⁽¹²⁾ (non-GAAP)	<u>\$ —</u>	<u>\$ 0.04</u>
Weighted average assumed shares outstanding in 2024:		
Diluted shares (GAAP)	127,000	127,000
Options, restricted stock, and converted shares not included in diluted shares ⁽¹²⁾	—	—
Adjusted diluted shares outstanding (non-GAAP)	<u>127,000</u>	<u>127,000</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.