



# Fourth Quarter & Full Year 2023

Earnings Results

February 20, 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.

Revenue  
**Up 12%**  
To \$156M

Adj. Gross Profit  
**Up 18%**  
To \$73M

11th Consecutive  
Increase vs Prior  
Year in Revenue  
per Test

Adj. EBITDA  
**Up 900%**  
To +\$9M

- Total YoY Revenue Increased **12%**
  - Clinical Revenue Increased **20%**
  - ADx Revenue Decreased **17%**
- **40+%** growth in NGS
  - Representing over 25% of total Clinical revenue
- Adjusted Gross Margin increased to **46.7%**, an improvement of 225 bps
- Adjusted EBITDA increased **900%** to positive \$9 million



# Full Year 2023 Highlights

Revenue  
**Up 16%**  
To \$592M

Adj. Gross Profit  
**Up 28%**  
To \$264M

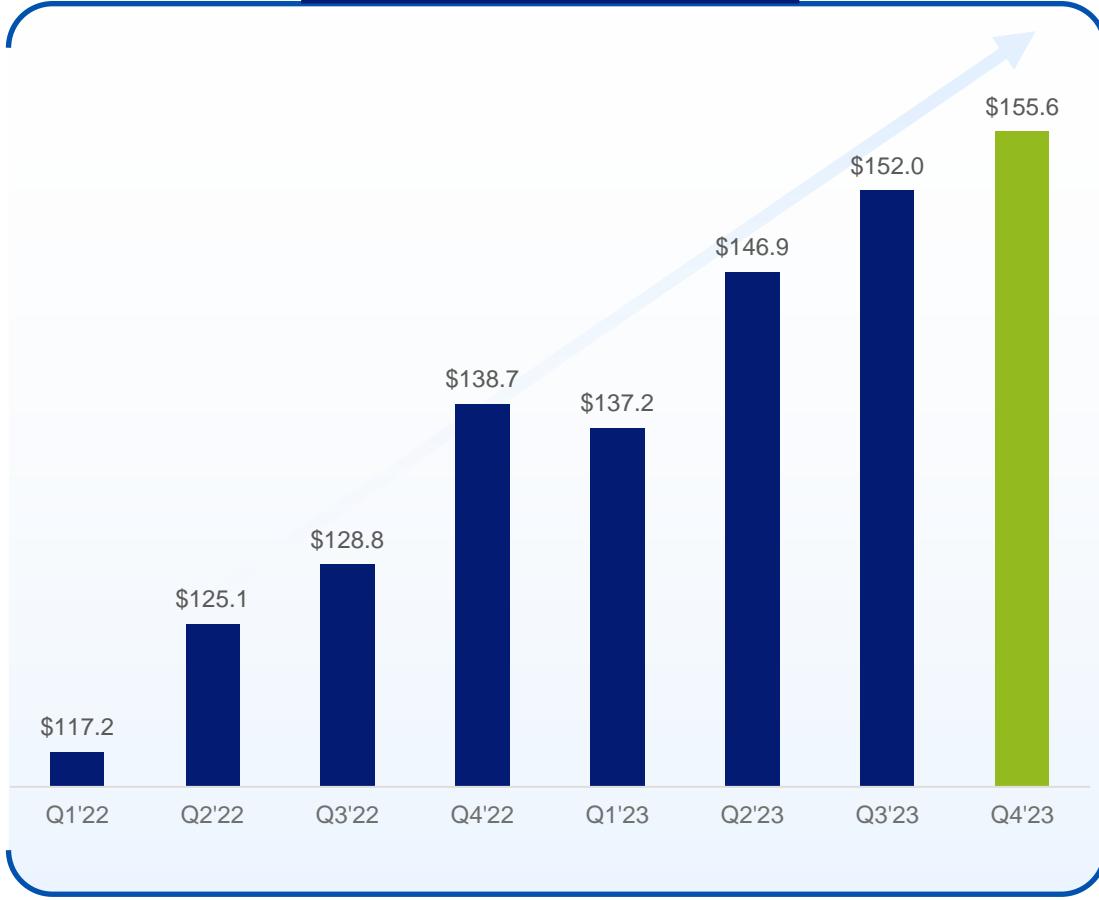
Adj. EBITDA  
**Up 107%**  
To \$3M

## Full Year 2023 In Review:

- Total Neo Revenue Increased **16%**
  - Clinical Revenue Increased **18%**
  - Advanced Diagnostics Revenue Increased **6%**
- Adj. Gross Margin increased to **44.7%**, an improvement of 399 bps
- Achieved Positive Adj. EBITDA Ahead of Guidance
- Cash Flow from Operations Improved 97%

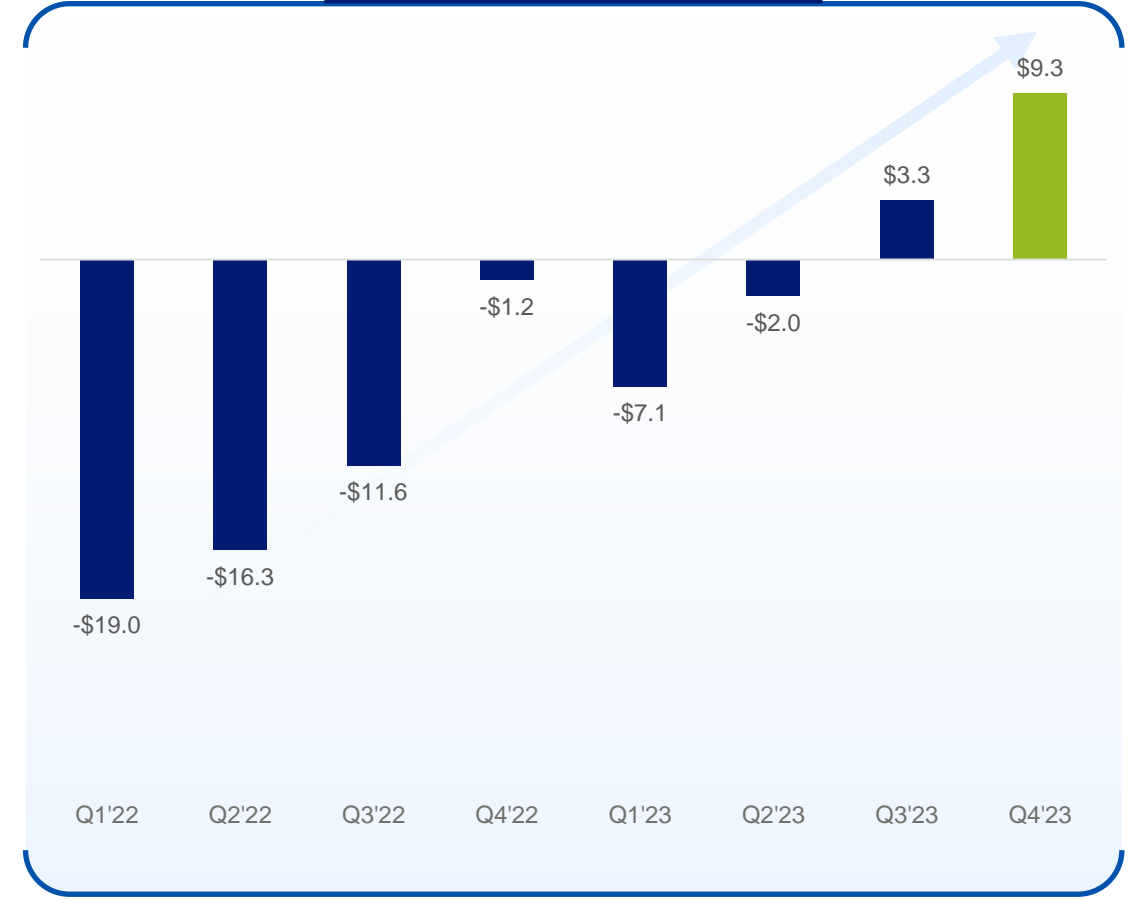
# Momentum Continues

Total Quarterly Revenues



(\$ in millions)

Quarterly Adj. EBITDA



(\$ in millions)

Quarterly financial information is unaudited. Growth corresponds to prior period 2022. Reference non-GAAP reconciliation slides in Appendix for details.

## Profitably Grow Our Core Business



- Served over 600,000 patients
- All modalities grew faster than the market
- Continued strong growth in revenue per test
- Increased the size of our salesforce
- Improved Net Promoter Score to 70
- Introduced software solutions to support providers in clinical decision making

## Accelerate Advanced Diagnostics



- ADx gross margins improved by 368 bps over Q4 of 2022
- Built robust Product Development roadmaps to maintain competitive position and gain market share
- Launched 12 new or upgraded assays across Heme and Solid Tumor
- Announced Informatics collaboration
- Presented new data at AACR, ASCO, SABCS, and other conferences

## Drive Value Creation

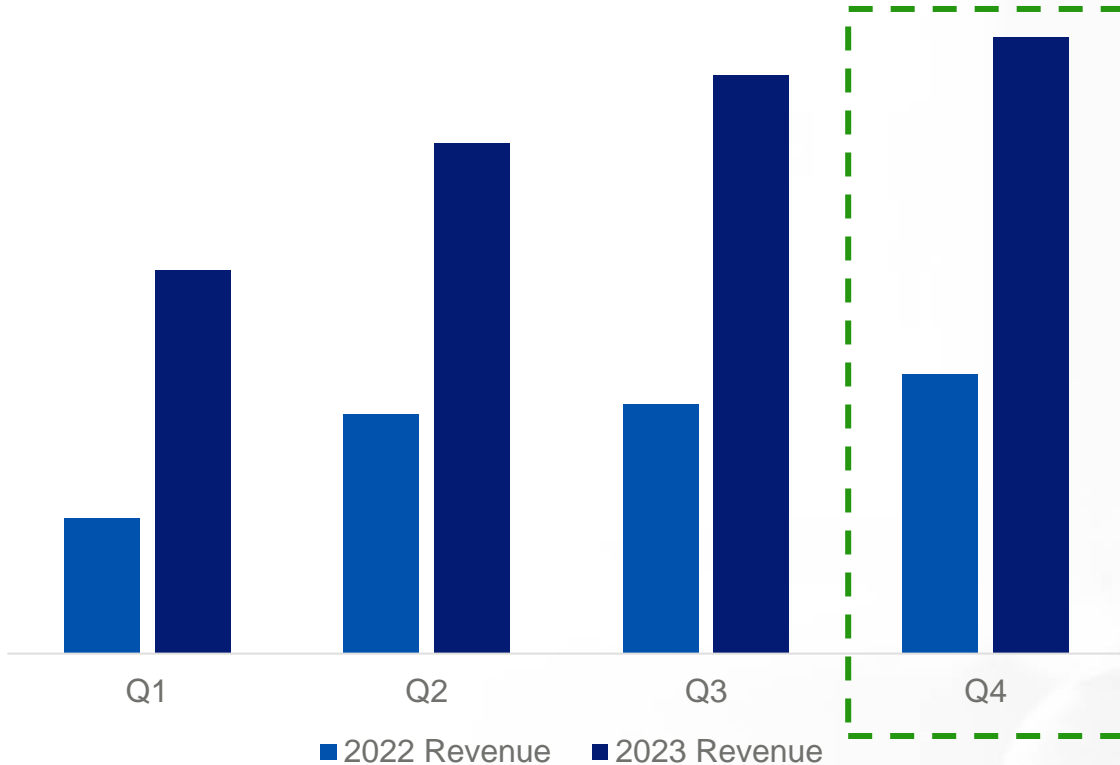


- Improved Gross Margins by nearly 400 bps over FY 2022
- Continued operational improvements to enhance operating leverage
- Turnaround time improved by 28% over Q4 of 2022
- Completed first phase of LIMS project
- Completed consolidation of International labs

# Fourth Quarter 2023 Financial Results



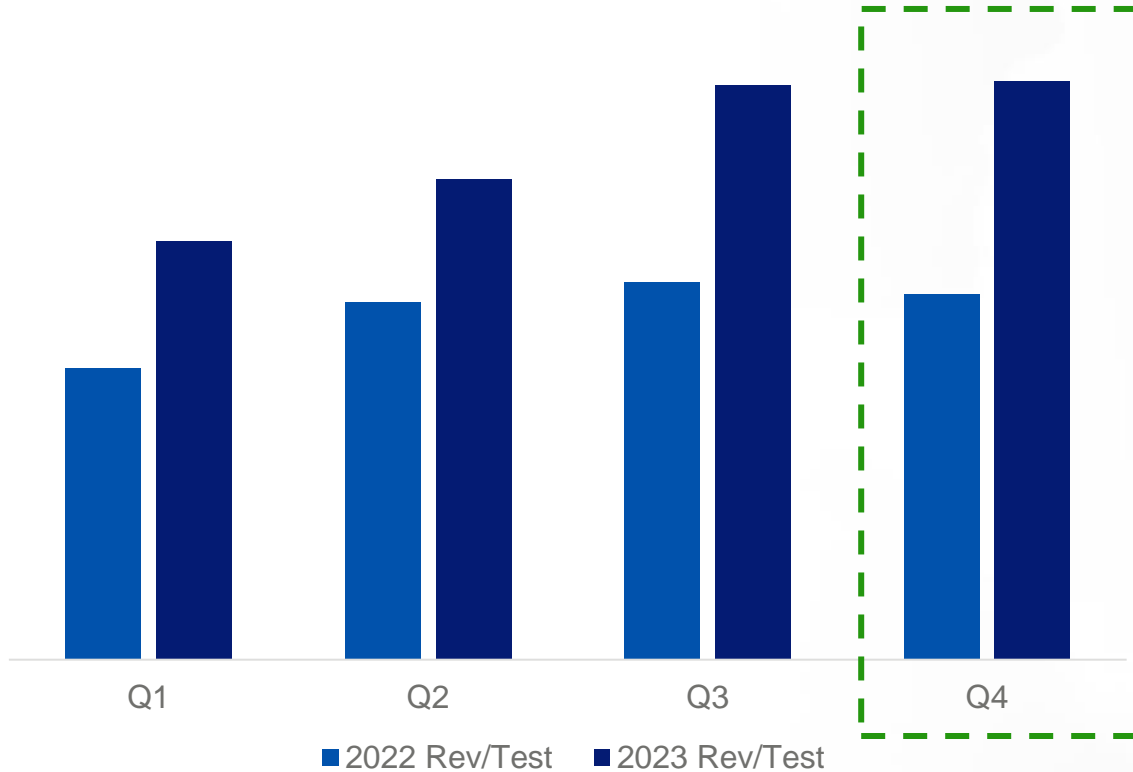
# 4th Quarter Clinical Services Results



Revenue				
\$Millions	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
2022 Revenue	\$98.8	\$105.6	\$106.2	\$108.2
2023 Revenue	\$114.9	\$123.2	\$127.6	\$130.1
Growth %	16%	17%	20%	20%

- Revenue Grew 20% to \$130M
- Revenue per Test Improved 13% Due to Mix and Pricing
- Volume Increased 6%
- Continuing to See the Benefits of Investments Made in Field Resources in 2022 and 2023

# 4th Quarter Clinical Services Revenue per Test

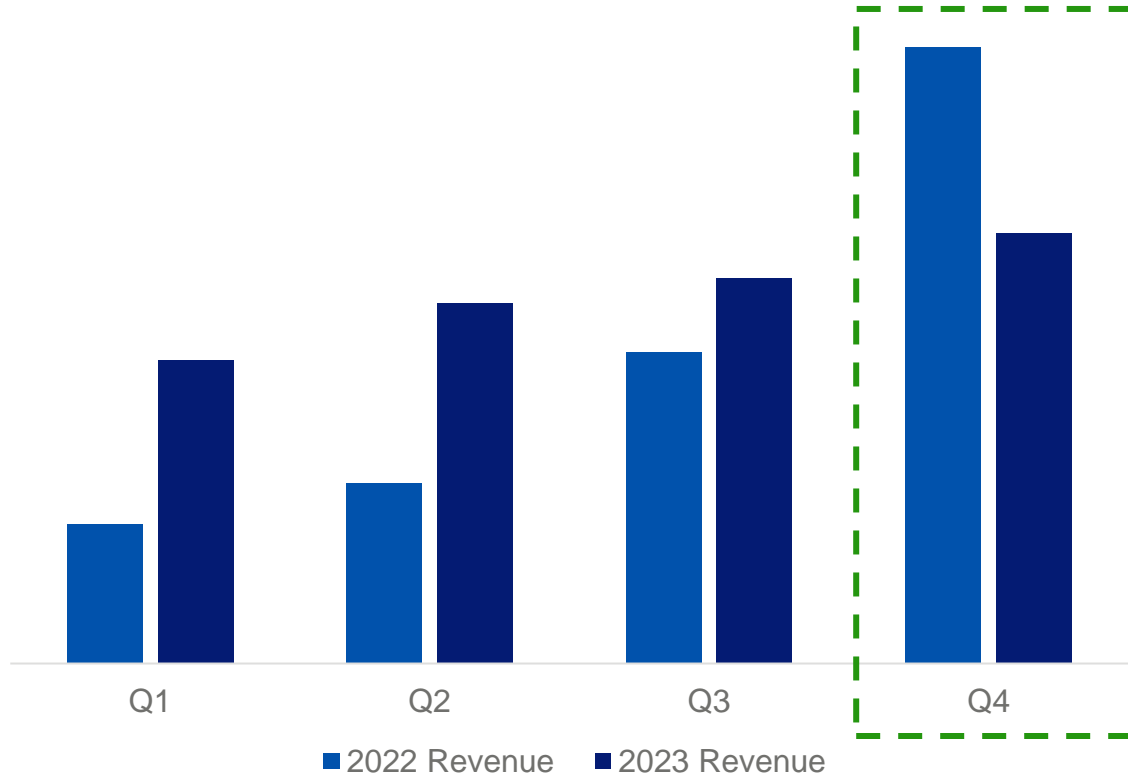


- 11<sup>th</sup> Consecutive Quarter of Revenue per Test Growth
- Revenue per Test Increased 13% over Prior Year to \$441
- Focused on Higher-Value Tests
- Positive Contributions from Revenue Cycle Management Initiatives

Revenue per Test				
\$Dollars	Q1	Q2	Q3	Q4
2022 Rev/Test	\$371	\$387	\$392	\$389
2023 Rev/Test	\$402	\$417	\$440	\$441
Growth %	8%	8%	12%	13%

Quarterly financial information is unaudited. Growth corresponds to prior period 2022.

# 4th Quarter Advanced Diagnostics Results



	Revenue			
\$Millions	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
2022 Revenue	\$18.4	\$19.4	\$22.6	\$30.5
2023 Revenue	\$22.4	\$23.8	\$24.4	\$25.5
Growth %	22%	22%	8%	-17%

- Revenue declined 17% over the prior year and increased 4.5% from Q3 2023 to \$26M
- Continuing to focus on profitable business
- Expanded Adjusted Gross Margin by 368 bps

Income Statement In \$Millions	4Q23	%vPY
Clinical Services	\$130.1	20.2%
Advanced Diagnostics	\$25.5	-16.5%
<b>Total Net Revenue</b>	<b>\$155.6</b>	<b>12.1%</b>
Cost of Revenue	\$88.0	7.4%
<b>Adjusted Gross Profit</b>	<b>\$72.7</b>	<b>17.8%</b>
Gross Margin (excl. Amort.)	46.7%	225 bps
Sales & Marketing	\$18.1	5.4%
<i>as % of Revenue</i>	<i>11.6%</i>	<i>-74 bps</i>
General & Administrative	\$59.8	3.3%
<i>as % of Revenue</i>	<i>38.4%</i>	<i>-329 bps</i>
Research & Development	\$7.1	6.8%
<i>as % of Revenue</i>	<i>4.6%</i>	<i>-23 bps</i>
Restructuring Charges	\$1.2	-21.6%
<b>Total Operating Expenses</b>	<b>\$86.2</b>	<b>3.6%</b>
Loss From Operations	-\$18.6	-29.6%
Net Income/Loss	-\$14.3	-36.9%
Deprec. and Amort.	\$18.4	1.6%
Interest/Taxes and Adjustments	\$5.3	53.9%
<b>Adjusted EBITDA</b>	<b>\$9.3</b>	<b>900.1%</b>
<i>as % of Revenue</i>	<i>6.0%</i>	<i>685 bps</i>

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

- Revenue: Increased revenue by 12.1% over prior year. Drivers are higher testing volumes including NGS and increases in revenue per test.
- Adjusted Gross Profit: Increased by 17.8% 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.

Balance Sheet In \$Millions	Dec-23	Sep-23
Cash and cash equivalents	342.5	306.2
Marketable securities, at fair value	72.7	96.0
Accounts receivable, net	131.2	132.6
Inventories	24.2	24.1
Prepaid assets	18.0	18.7
Other current assets	8.2	9.3
<b>Total current assets</b>	<b>596.8</b>	<b>586.9</b>
Property and equipment, net	92.0	94.5
Operating lease right-of-use assets	91.8	87.1
Intangible assets, net	373.1	381.9
Goodwill	522.8	522.8
Other assets	4.7	5.0
<b>Total non-current assets</b>	<b>1,084.4</b>	<b>1,091.3</b>
<b>Total Assets</b>	<b>1,681.2</b>	<b>1,678.2</b>
Accounts payable and other current liabilities	90.7	86.7
Current portion of equipment financing obligations	0.0	0.0
Current portion of operating lease liabilities	5.6	6.2
<b>Total current liabilities</b>	<b>96.3</b>	<b>92.9</b>
Convertible senior notes, net	538.2	537.5
Operating lease liabilities	67.9	62.0
Deferred income tax liabilities, net	24.3	25.4
Other long-term liabilities	13.0	13.0
<b>Total long-term liabilities</b>	<b>643.4</b>	<b>637.9</b>
<b>Total Liabilities</b>	<b>739.7</b>	<b>730.8</b>
<b>Total stockholders' equity</b>	<b>941.5</b>	<b>947.4</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>1,681.2</b>	<b>1,678.2</b>

- Cash and Marketable Securities: \$415 million
- Cash Flow from Operations: \$18 million for Q4'23, an improvement of \$21.5 million or 583% from Q4'22
- Financial Flexibility to Make Needed Investments to Drive Long-Term Sustainable Growth

# Full Year 2023 Financial Results



Income Statement In \$Millions	FY23	%vPY
Clinical Services	\$495.6	18.4%
Advanced Diagnostics	\$96.0	5.5%
<b>Total Net Revenue</b>	<b>\$591.6</b>	<b>16.1%</b>
Cost of Revenue	\$347.0	7.8%
<b>Adjusted Gross Profit</b>	<b>\$264.2</b>	<b>27.5%</b>
Gross Margin (excl. Amort.)	44.7%	399 bps
Sales & Marketing	\$70.8	5.2%
<i>as % of Revenue</i>	<i>12.0%</i>	<i>-123 bps</i>
General & Administrative	\$243.1	-0.1%
<i>as % of Revenue</i>	<i>41.1%</i>	<i>-665 bps</i>
Research & Development	\$27.3	-9.9%
<i>as % of Revenue</i>	<i>4.6%</i>	<i>-133 bps</i>
Restructuring Charges	\$11.1	145.5%
<b>Total Operating Expenses</b>	<b>\$352.3</b>	<b>2.0%</b>
Loss From Operations	-\$107.7	-31.7%
<b>Net Income/Loss</b>	<b>-\$88.0</b>	<b>-39.0%</b>
Deprec. and Amort.	\$72.6	4.5%
Interest/Taxes and Adjustments	\$18.9	-29.6%
<b>Adjusted EBITDA</b>	<b>\$3.5</b>	<b>107.3%</b>
<i>as % of Revenue</i>	<i>0.6%</i>	<i>1001 bps</i>

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

- Revenue: Increased Revenue Growth by 16.1% over prior year to \$591.6 million. Drivers are increases in test volume, revenue per test, and higher value tests including NGS.
- Adjusted Gross Profit: Increased by 27.5% over prior year to \$264.2 million due to higher revenues and effective cost management.
- Adjusted EBITDA: Improved \$51.5 million versus prior year to \$3.5 million due to improvement in revenue and gross profit.

Balance Sheet In \$Millions	Dec-23	Dec-22
Cash and cash equivalents	342.5	263.2
Marketable securities, at fair value	72.7	174.8
Accounts receivable, net	131.2	119.7
Inventories	24.2	24.3
Prepaid assets	18.0	15.2
Other current assets	8.2	8.1
<b>Total current assets</b>	<b>596.8</b>	<b>605.3</b>
Property and equipment, net	92.0	102.5
Operating lease right-of-use assets	91.8	96.1
Intangible assets, net	373.1	408.3
Goodwill	522.8	522.8
Other assets	4.7	5.1
<b>Total non-current assets</b>	<b>1,084.4</b>	<b>1,134.7</b>
<b>Total Assets</b>	<b>1,681.2</b>	<b>1,740.0</b>
Accounts payable and other current liabilities	90.7	83.3
Current portion of equipment financing obligations	0.0	0.1
Current portion of operating lease liabilities	5.6	6.6
<b>Total current liabilities</b>	<b>96.3</b>	<b>89.9</b>
Convertible senior notes, net	538.2	535.3
Operating lease liabilities	67.9	69.0
Deferred income tax liabilities, net	24.3	34.8
Other long-term liabilities	13.0	13.1
<b>Total long-term liabilities</b>	<b>643.4</b>	<b>652.1</b>
<b>Total Liabilities</b>	<b>739.7</b>	<b>742.0</b>
<b>Total stockholders' equity</b>	<b>941.5</b>	<b>998.0</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>1,681.2</b>	<b>1740.0</b>

- Cash and Marketable Securities: \$415 million
- Cash Flow from Operations: improved \$64 million or 97% from 2022
- Financial Flexibility to Make Needed Investments to Drive Long-Term Sustainable Growth

Growth corresponds to prior period 2022.  
Reference non-GAAP reconciliation slides in Appendix for details.

# 2024 Outlook

## Strategic Focus to Drive Long-Term Profitable Growth

- 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**

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



# FY'23 Summary

- Annual revenue growth was 16%, Cashflow from operations increased 97% and Adj. EBITDA grew \$51.5M
- Achieved positive Adj. EBITDA in Q3'2023 with momentum carrying into 2024
- Key strategic initiatives continue to drive revenue growth and improve financial performance
- 2024 guidance reflects confidence in delivering long-term, sustainable growth



Serving patients.



Saving lives.™

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Rev. 02/20/2024



# Appendix

# Balance Sheet

## December 31, 2023

(unaudited, in thousands)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 342,488	\$ 263,180
Marketable securities, at fair value	72,715	174,809
Accounts receivable, net	131,227	119,711
Inventories	24,156	24,277
Prepaid assets	17,987	15,237
Other current assets	8,239	8,077
Total current assets	<u>596,812</u>	<u>605,291</u>
Property and equipment (net of accumulated depreciation of \$158,211 and \$131,930, respectively)	92,012	102,499
Operating lease right-of-use assets	91,769	96,109
Intangible assets, net	373,128	408,260
Goodwill	522,766	522,766
Other assets	4,742	5,109
Total non-current assets	<u>1,084,417</u>	<u>1,134,743</u>
Total assets	<u>\$ 1,681,229</u>	<u>\$ 1,740,034</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and other current liabilities	\$ 90,694	\$ 83,278
Current portion of equipment financing obligations	-	70
Current portion of operating lease liabilities	5,610	6,584
Total current liabilities	96,304	89,932
<b>Long-term liabilities</b>		
Convertible senior notes, net	538,198	535,322
Operating lease liabilities	67,871	68,952
Deferred income tax liabilities, net	24,285	34,750
Other long-term liabilities	13,034	13,055
Total long-term liabilities	<u>643,388</u>	<u>652,079</u>
Total liabilities	<u>\$ 739,692</u>	<u>\$ 742,011</u>
<b>Stockholders' equity</b>		
Total stockholders' equity	<u>\$ 941,537</u>	<u>\$ 998,023</u>
Total liabilities and stockholders' equity	<u>\$ 1,681,229</u>	<u>\$ 1,740,034</u>

# Income Statement, December 31, 2023

(unaudited, in thousands)

	Three Months Ended December 31,		Years Ended December 31,	
	2023	2022	2023	2022
<b>NET REVENUE</b>				
Clinical Services	\$ 130,058	\$ 108,166	\$ 495,636	\$ 418,754
Advanced Diagnostics	25,494	30,539	96,007	90,974
Total net revenue	155,552	138,705	591,643	509,728
<b>COST OF REVENUE</b>	87,964	81,880	347,039	321,832
<b>GROSS PROFIT</b>	67,588	56,825	244,604	187,896
Operating expenses:				
General and administrative	59,758	57,855	243,101	243,356
Research and development	7,127	6,675	27,309	30,326
Sales and marketing	18,072	17,142	70,842	67,321
Restructuring charges	1,205	1,536	11,088	4,516
Total operating expenses	86,162	83,208	352,340	345,519
<b>LOSS FROM OPERATIONS</b>	(18,574)	(26,383)	(107,736)	(157,623)
Interest income	(4,845)	(2,677)	(16,902)	(6,075)
Interest expense	1,681	1,817	6,907	7,581
Other expense (income), net	(124)	1	(644)	213
Loss before taxes	(15,286)	(25,524)	(97,097)	(159,342)
Income tax benefit	(960)	(2,837)	(9,129)	(15,092)
<b>NET LOSS</b>	<u>\$ (14,326)</u>	<u>\$ (22,687)</u>	<u>\$ (87,968)</u>	<u>\$ (144,250)</u>
<b>NET LOSS PER SHARE</b>				
Basic	\$ (0.11)	\$ (0.18)	\$ (0.70)	\$ (1.16)
Diluted	\$ (0.11)	\$ (0.18)	\$ (0.70)	\$ (1.16)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	125,929	124,714	125,502	124,217
Diluted	125,929	124,714	125,502	124,217

# Statements of Cash Flows, December 31, 2023

(unaudited, in thousands)

	Years Ended December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (87,968)	\$ (144,250)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	37,450	35,372
Amortization of intangibles	35,133	34,058
Non-cash stock-based compensation	24,633	24,672
Non-cash operating lease expense	9,235	9,775
Amortization of convertible debt discount and debt issue costs	2,876	2,839
Loss on disposal of assets	292	2,858
Gain on sale of assets held for sale	—	(2,048)
Impairment of long-lived assets	1,703	718
Other adjustments	186	1,714
Changes in assets and liabilities, net	(25,493)	(31,701)
Net cash used in operating activities	\$ (1,953)	(65,993)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of marketable securities	(6,756)	(97,605)
Proceeds from maturities of marketable securities	112,215	116,915
Purchases of property and equipment	(28,752)	(30,891)
Proceeds from assets held for sale	—	12,098
Net cash provided by investing activities	76,707	517
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of equipment financing obligations	(70)	(758)
Issuance of common stock, net	4,624	12,587
Net cash provided by financing activities	4,554	11,829
Net change in cash and cash equivalents	79,308	(53,647)
Cash and cash equivalents, beginning of period	263,180	316,827
Cash, cash equivalents and restricted cash, end of period	\$ 342,488	\$ 263,180

# Adjusted Gross Margin, December 31, 2023

(unaudited, in thousands)

	Three Months Ended December 31,			Years Ended December 31,		
	2023	2022	% Change	2023	2022	% Change
<b>Clinical Services:</b>						
Total revenue (GAAP)	\$ 130,058	\$ 108,166	20.2 %	\$ 495,636	\$ 418,754	18.4 %
Cost of revenue (GAAP)	\$ 74,027	\$ 64,180	15.3 %	\$ 287,059	\$ 261,742	9.7 %
Adjustments to cost of revenue <sup>(5)</sup>	(4,489)	(4,264)		(17,280)	(17,054)	
<b>Adjusted cost of revenue (non-GAAP)</b>	<b>\$ 69,538</b>	<b>\$ 59,916</b>	<b>16.1 %</b>	<b>\$ 269,779</b>	<b>\$ 244,688</b>	<b>10.3 %</b>
Gross profit (GAAP)	\$ 56,031	\$ 43,986	27.4 %	\$ 208,577	\$ 157,012	32.8 %
<b>Adjusted gross profit (non-GAAP)</b>	<b>\$ 60,520</b>	<b>\$ 48,250</b>	<b>25.4 %</b>	<b>\$ 225,857</b>	<b>\$ 174,066</b>	<b>29.8 %</b>
Gross profit margin (GAAP)	43.1 %	40.7 %		42.1 %	37.5 %	
<b>Adjusted gross profit margin (non-GAAP)</b>	<b>46.5 %</b>	<b>44.6 %</b>		<b>45.6 %</b>	<b>41.6 %</b>	
<b>Advanced Diagnostics:</b>						
Total revenue (GAAP)	\$ 25,494	\$ 30,539	(16.5) %	\$ 96,007	\$ 90,974	5.5 %
Cost of revenue (GAAP)	\$ 13,937	\$ 17,700	(21.3) %	\$ 59,980	\$ 60,090	(0.2) %
Adjustments to cost of revenue <sup>(6)</sup>	(590)	(590)		(2,358)	(2,358)	
<b>Adjusted cost of revenue (non-GAAP)</b>	<b>\$ 13,347</b>	<b>\$ 17,110</b>	<b>(22.0) %</b>	<b>\$ 57,622</b>	<b>\$ 57,732</b>	<b>(0.2) %</b>
Gross profit (GAAP)	\$ 11,557	\$ 12,839	(10.0) %	\$ 36,027	\$ 30,884	16.7 %
<b>Adjusted gross profit (non-GAAP)</b>	<b>\$ 12,147</b>	<b>\$ 13,429</b>	<b>(9.5) %</b>	<b>\$ 38,385</b>	<b>\$ 33,242</b>	<b>15.5 %</b>
Gross profit margin (GAAP)	45.3 %	42.0 %		37.5 %	33.9 %	
<b>Adjusted gross profit margin (non-GAAP)</b>	<b>47.6 %</b>	<b>44.0 %</b>		<b>40.0 %</b>	<b>36.5 %</b>	
<b>Consolidated:</b>						
Total revenue (GAAP)	\$ 155,552	\$ 138,705	12.1 %	\$ 591,643	\$ 509,728	16.1 %
Cost of revenue (GAAP)	\$ 87,964	\$ 81,880	7.4 %	\$ 347,039	\$ 321,832	7.8 %
Adjustments to cost of revenue <sup>(5)(6)</sup>	(5,079)	(4,854)		(19,638)	(19,412)	
<b>Adjusted cost of revenue (non-GAAP)</b>	<b>\$ 82,885</b>	<b>\$ 77,026</b>	<b>7.6 %</b>	<b>\$ 327,401</b>	<b>\$ 302,420</b>	<b>8.3 %</b>
Gross profit (GAAP)	\$ 67,588	\$ 56,825	18.9 %	\$ 244,604	\$ 187,896	30.2 %
<b>Adjusted gross profit (non-GAAP)</b>	<b>\$ 72,667</b>	<b>\$ 61,679</b>	<b>17.8 %</b>	<b>\$ 264,242</b>	<b>\$ 207,308</b>	<b>27.5 %</b>
Gross profit margin (GAAP)	43.5 %	41.0 %		41.3 %	36.9 %	
<b>Adjusted gross profit margin (non-GAAP)</b>	<b>46.7 %</b>	<b>44.5 %</b>		<b>44.7 %</b>	<b>40.7 %</b>	

(5) Clinical Services cost of revenue adjustments for the three months ended December 31, 2023 and 2022 include \$4.5 million and \$4.3 million, respectively, of amortization of acquired intangible assets. Clinical Services cost of revenue adjustments for the years ended December 31, 2023 and 2022 include \$17.3 million and \$17.1 million, respectively of amortization of acquired intangible assets.

(6) Advanced Diagnostics cost of revenue adjustments for the three months ended December 31, 2023 and 2022 include \$0.6 million of amortization of acquired intangible assets. Advanced Diagnostics cost of revenue adjustments for the years ended December 31, 2023 and 2022 include \$2.4 million of amortization of acquired intangible assets.

# Adjusted EBITDA, December 31, 2023

(unaudited, in thousands)

	Three Months Ended December 31,		Years Ended December 31,	
	2023	2022		
<b>Net loss (GAAP)</b>	\$ (14,326)	\$ (22,687)	\$ (87,968)	\$ (144,250)
<i>Adjustments to net loss:</i>				
Interest income	(4,845)	(2,677)	(16,902)	(6,075)
Interest expense	1,681	1,817	6,907	7,581
Income tax benefit	(960)	(2,837)	(9,129)	(15,092)
Depreciation	9,578	9,478	37,450	35,372
Amortization of intangibles	8,783	8,588	35,133	34,058
<b>EBITDA (non-GAAP)</b>	\$ (89)	\$ (8,318)	\$ (34,509)	\$ (88,406)
<i>Further adjustments to EBITDA:</i>				
Acquisition and integration related expenses	—	—	—	2,479
CEO transition costs	—	—	500	4,518
Non-cash stock-based compensation expense	6,990	4,662	24,633	24,672
Restructuring charges	1,205	1,536	11,088	4,516
Other significant expenses (income), net <sup>(4)</sup>	1,242	952	1,774	4,211
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 9,348</b>	<b>\$ (1,168)</b>	<b>\$ 3,486</b>	<b>\$ (48,010)</b>

(4) For the three months ended December 31, 2023, other significant (income) expenses, net, includes fees related to a regulatory matter and other non-recurring items. For the three months ended December 31, 2022, other significant (income) expenses, net, includes fees related to a regulatory matter and other non-recurring items. For the year ended December 31, 2023, other significant (income) expenses, net, includes fees related to a regulatory matter and other non-recurring items. For the year ended December 31, 2022, other significant (income) expenses, net, includes fees related to a regulatory matter, moving costs, a gain on the sale of a building and other nonrecurring 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 and (iii) restructuring charges. 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
<b>Net loss (GAAP)</b>	\$ (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
Acquisition and integration related expenses	—	—
Other one-time expenses	3,000	3,000
<b>Adjusted net loss (non-GAAP)</b>	—	5,000
Interest and taxes	(20,000)	(20,000)
Depreciation	41,000	39,000
<b>Adjusted EBITDA (non-GAAP)</b>	<u>\$ 21,000</u>	<u>\$ 24,000</u>
<b>Net loss per diluted share (GAAP)</b>	\$ (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 <sup>(11)</sup>	—	—
<b>Adjusted diluted EPS<sup>(12)</sup> (non-GAAP)</b>	<u>\$ —</u>	<u>\$ 0.04</u>
<b>Weighted average assumed shares outstanding in 2024:</b>		
Diluted shares (GAAP)	127,000	127,000
Options, restricted stock, and converted shares not included in diluted shares <sup>(12)</sup>	—	—
<b>Adjusted diluted shares outstanding (non-GAAP)</b>	<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 antidilutive.