

Improving Health Through Innovative Tests That Guide Patient Care

Q3 FY23 Review



- ▶ Q3 2023 net revenue grew by 66.1% to \$61.5 million compared to Q3 2022; total test report volume grew by 52% YOY
- ▶ Gross margin for the quarter was 77.9%, and adjusted gross margin* was 81.3%
- ▶ Generated \$5 million in operating cash flow in Q3 2023
- ▶ As of September 30, 2023, cash, cash equivalents and marketable investment securities totaled ~\$230 million

Three Strategic Guideposts

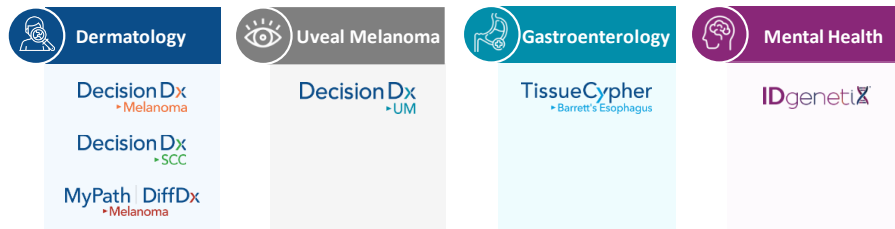
Creating Value for Customers,
Patients and Stockholders

Customer and
Solution Centric

Continuous
Evolution and
Improvement

Exceptional
Employees

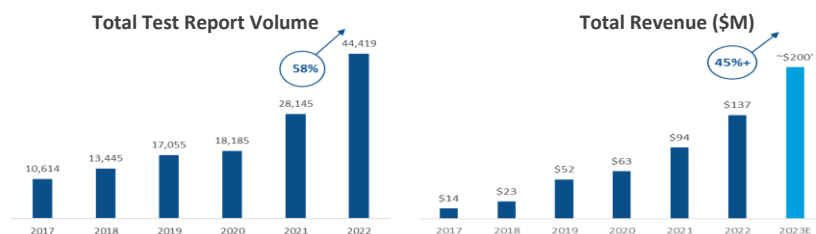
Portfolio of Innovative Tests Designed to Guide Patient Care



"Our third quarter results were exceptional, demonstrating the strength of our business fundamentals and the innovative test portfolio we've built to provide patients and clinicians with actionable information to guide patient care. We delivered another quarter of significant test volume growth and revenue growth, which helped drive positive earnings and positive operating cash flow. Given our consistent performance year-to-date and confidence in our business, we are raising our 2023 revenue guidance to at least \$200 million, up from at least \$180 million."

—Derek Maetzold, Founder, President & CEO

Proven Track Record of Consistent Execution (2017-2022)



USEFUL LINKS

- [Q3 2023 Earnings Press Release](#)
- [Q3 2023 Earnings Webcast](#)
- [2022 Annual Report](#)
- [Q3 2023 10-Q](#)

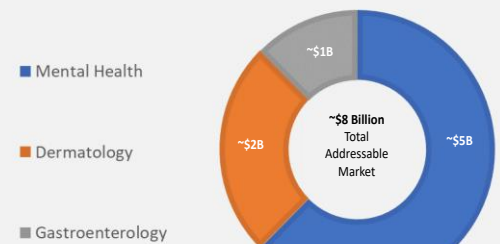
Mission: Improving health through innovative tests that guide patient care

Vision: To transform disease management by keeping people first: patients, clinicians, employees and investors

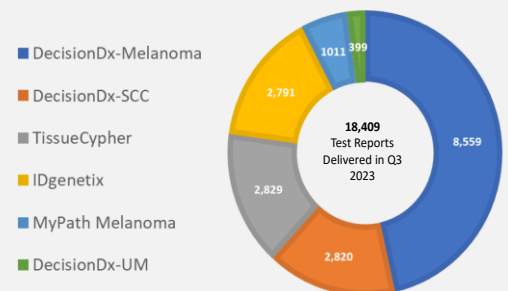
Values: Excitement, Collaboration, Integrity, Innovation, Trust and Excellence

Q3 2023 Highlights

Estimated U.S. Total Addressable Market[†]



Q3 2023 Test Report Volume



Forward-Looking Statements

Certain statements contained herein constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our expectations regarding: (i) our full year 2023 revenue guidance of at least \$200 million; and (ii) our total addressable market. The words "anticipate," "can," "could," "expect," "goal," "may," "plan" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation: the accuracy of our assumptions and expectations underlying our fiscal 2023 revenue guidance (including, without limitation, our assumptions or expectations regarding continued reimbursement for our DecisionDx-SCC test at the current rate and reimbursement for our other products and subsequent coverage decisions, our estimated total addressable markets for our products and product candidates and the related expenses, capital requirements and potential needs for additional financing, the anticipated cost, timing and success of our product candidates, and our plans to research, develop and commercialize new tests and our ability to successfully integrate new businesses, assets, products or technologies acquired through acquisitions), the effects of macroeconomic events and conditions, including inflation and monetary supply shifts, labor shortages, liquidity concerns at, and failures of, banks and other financial institutions or other disruptions in the banking system or financing markets and recession risks, supply chain disruptions, outbreaks of contagious diseases (such as the COVID-19 pandemic) and geopolitical events (such as the ongoing Israel-Hamas War and Ukraine-Russia conflict), among others, on our business and our efforts to address its impact on our business; subsequent study or trial results and findings may contradict earlier study or trial results and findings or may not support the results discussed in this press release, including with respect to the tests discussed in this press release; our planned installation of additional equipment and supporting technology infrastructures and implementation of certain process efficiencies may not enable us to increase the future scalability of our TissueCypher Test; actual application of our tests may not provide the aforementioned benefits to patients; our newer gastroenterology and mental health franchises may not contribute to the achievement of our long-term financial targets as anticipated; and the risks set forth under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, our Quarterly Report on Form 10-Q for the three months ended September 30, 2023, each filed or to be filed with the SEC, and in our other filings with the SEC. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements, except as may be required by law.

Footnotes

* The table below presents the reconciliation of and adjusted gross margin, which are non-GAAP financial measures.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<i>(in thousands)</i>				
Adjusted revenues				
Net revenues (GAAP)	\$ 61,493	\$ 37,011	\$153,668	\$ 98,701
Revenue associated with test reports delivered in prior periods	(883)	277	3,085	1,850
Adjusted revenues (Non-GAAP)	<u>\$ 60,610</u>	<u>\$ 37,288</u>	<u>\$156,753</u>	<u>\$100,551</u>
Adjusted gross margin				
Gross margin (GAAP) ¹	\$ 47,902	\$ 25,846	\$114,367	\$ 70,161
Amortization of acquired intangible assets	2,272	2,306	6,742	6,051
Revenue associated with test reports delivered in prior periods	(883)	277	3,085	1,850
Adjusted gross margin (Non-GAAP)	<u>\$ 49,291</u>	<u>\$ 28,429</u>	<u>\$124,194</u>	<u>\$ 78,062</u>
Gross margin percentage (GAAP) ²	77.9 %	69.8 %	74.4 %	71.1 %
Adjusted gross margin percentage (Non-GAAP) ³	81.3 %	76.2 %	79.2 %	77.6 %

1. Calculated as net revenues (GAAP) less the sum of cost of sales (exclusive of amortization of acquired intangible assets) and amortization of acquired intangible assets.

2. Calculated as gross margin (GAAP) divided by net revenues (GAAP).

3. Calculated as adjusted gross margin (Non-GAAP) divided by adjusted revenues (Non-GAAP).

†U.S. Total Addressable Market based on estimated patient population assuming average reimbursement rate among all payors.