

Financial Highlights

	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	2Q23
Total Revenue	\$58.6	\$57.6	\$53.9	\$63.6	\$233.7	\$67.7	\$80.2	\$116.5	\$123.1	\$387.5	\$155.0	\$85.4
<i>YoY Growth</i>	85.5%	96.9%	12.3%	1.2%	36.1%	15.5%	39.2%	116.1%	93.6%	65.8%	129.0%	6.5%
COVID-19 Revenue	\$27.4	\$12.4	\$13.9	\$23.2	\$76.9	\$31.0	\$43.4	\$80.0	\$89.0	\$243.4	\$118.5	\$47.5
<i>YoY Growth</i>	NM	46.4%	-24.6%	3.1%	55.6%	13.1%	250.0%	475.5%	283.6%	216.5%	282.3%	9.5%
Core Revenue	\$31.2	\$45.2	\$40.0	\$40.4	\$156.8	\$36.7	\$36.8	\$36.5	\$34.1	\$144.1	\$36.6	\$37.9
<i>YoY Growth</i>	-1.3%	117.4%	35.3%	0.1%	28.2%	17.6%	-18.6%	-8.8%	-15.6%	-8.1%	-0.3%	3.1%
GAAP Gross Profit	\$38.3	\$30.7	\$21.5	\$27.1	\$117.6	\$24.3	\$27.8	\$46.5	\$49.8	\$148.4	\$65.8	\$26.4
<i>Gross Margin</i>	65.4%	53.3%	39.9%	42.6%	50.3%	35.9%	34.7%	39.9%	40.5%	38.3%	42.5%	30.9%
Non-GAAP Gross Profit	\$38.5	\$30.9	\$23.6	\$28.7	\$121.7	\$25.5	\$32.4	\$47.0	\$50.4	\$155.3	\$66.3	\$35.9
<i>Non-GAAP Gross Margin</i>	65.7%	53.6%	43.8%	45.1%	52.1%	37.7%	40.4%	40.3%	40.9%	40.1%	42.8%	42.0%
GAAP Operating Profit	\$10.4	\$1.8	\$(13.0)	\$(9.4)	\$(10.2)	\$(16.2)	\$(21.5)	\$0.9	\$14.6	\$(22.2)	\$24.3	\$(6.4)
<i>Operating Margin</i>	17.7%	3.1%	-24.1%	-14.8%	-4.4%	-23.9%	-26.8%	0.8%	11.9%	-5.7%	15.7%	-7.5%
Non-GAAP Operating Profit	\$11.8	\$3.8	\$(8.8)	\$(1.3)	\$5.4	\$(6.6)	\$(1.2)	\$11.7	\$18.6	\$22.5	\$32.7	\$6.7
<i>Non-GAAP Operating Margin</i>	20.1%	6.6%	-16.3%	-2.0%	2.3%	-9.7%	-1.5%	10.0%	15.1%	5.8%	21.1%	7.9%
GAAP EPS	\$0.05	\$(0.02)	\$(0.21)	\$(0.14)	\$(0.32)	\$(0.28)	\$(0.26)	\$0.08	\$0.22	\$(0.24)	\$0.37	\$(0.07)
Non-GAAP EPS	\$0.07	\$0.01	\$(0.15)	\$(0.03)	\$(0.11)	\$(0.15)	\$0.00	\$0.14	\$0.36	\$0.36	\$0.47	\$0.09

Key Quarterly Takeaways

Core Revenue grew 3% year-over-year and 4% sequentially.

Received purchase orders for IntelliSwab® devices that are expected to generate at least \$70 million of revenue in the 2nd half of 2023.

Continued progress on consolidating our manufacturing footprint to drive efficiencies, including reshoring capacity to the U.S.

Cash and cash equivalents balance increased to \$186 million, a \$74 million increase compared to the prior quarter.

Signed a collaboration with the Regeneron Genetics Center® (RGC). RGC will use OraSure's saliva collection devices to remodel its DNA collection workflow.

Significantly improved profitability with GAAP EPS of \$(0.07) and non-GAAP EPS of \$0.09 versus prior year losses

Provided Q3-23 financial guidance for revenue of \$72 to \$77 million, which includes Core revenue of \$37 to \$39 million and IntelliSwab® revenue of \$35 to \$38 million.

Business Highlights

- IntelliSwab® revenue of \$47.5 million grew 10% year-over-year as the company delivered stronger-than-anticipated volumes.
- Diagnostics revenue grew 41% year-over-year, driven by strong growth in domestic and international HIV testing.
- Molecular products revenue increased 1% sequentially with signs of stabilization with current customers, as well as opportunities in new areas and positive momentum with recent partnerships.
- We expect to generate additional operating efficiencies across our enterprise in the second half of 2023 and into 2024, including consolidation of facilities, leveraging of automation, and controlling our non-production costs, which puts us on track to exceed the \$15 million of annualized cost savings announced in Q1 2023.
- Generated \$57 million of operating cash flow in Q2, driven by strong collections of accounts receivable. We also collected \$18 million from the U.S. government related to our manufacturing expansion contract.
- We continue to make progress on our path to achieve operating cash flow breakeven on our core business by the end of 2024.
- With our stronger balance sheet, we are investing internally and evaluating external opportunities to support and enhance our leadership position and grow in our key portfolios.

Forward Looking Statements

This press release contains certain forward-looking statements, including with respect to products, product development activities, regulatory submissions and authorizations, revenue growth, cost savings, cash flow, increasing margins and other matters. Forward-looking statements are not guarantees of future performance or results. Known and unknown factors that could cause actual performance or results to be materially different from those expressed or implied in these statements include, but are not limited to: our ability to satisfy customer demand; ability to reduce our spending rate, capitalize on manufacturing efficiencies and drive profitable growth; ability to achieve the anticipated cost savings as a result of our business restructuring; ability to market and sell products, whether through our internal, direct sales force or third parties; impact of significant customer concentration in the genomics business; failure of distributors or other customers to meet purchase forecasts, historic purchase levels or minimum purchase requirements for our products; ability to manufacture products in accordance with applicable specifications, performance standards and quality requirements; ability to obtain, and timing and cost of obtaining, necessary regulatory approvals for new products or new indications or applications for existing products; ability to comply with applicable regulatory requirements; ability to effectively resolve warning letters, audit observations and other findings or comments from the U.S. Food and Drug Administration (“FDA”) or other regulators; the impact of the novel coronavirus (“COVID-19”) pandemic on the Company’s business, supply chain, labor force, ability to successfully develop new products, validate the expanded use of existing collector products, receive necessary regulatory approvals and authorizations and commercialize such products for COVID-19 testing, and demand for our COVID-19 testing products; changes in relationships, including disputes or disagreements, with strategic partners or other parties and reliance on strategic partners for the performance of critical activities under collaborative arrangements; ability to meet increased demand for the Company’s products; impact of replacing distributors; inventory levels at distributors and other customers; ability of the Company to achieve its financial and strategic objectives and continue to increase its revenues, including the ability to expand international sales and the ability to continue to reduce costs; impact of competitors, competing products and technology changes; reduction or deferral of public funding available to customers; competition from new or better technology or lower cost products; ability to develop, commercialize and market new products; market acceptance of oral fluid or urine testing, collection or other products; market acceptance and uptake of microbiome informatics, microbial genetics technology and related analytics services; changes in market acceptance of products based on product performance or other factors, including changes in testing guidelines, algorithms or other recommendations by the Centers for Disease Control and Prevention (“CDC”) or other agencies; ability to fund research and development and other products and operations; ability to obtain and maintain new or existing product distribution channels; reliance on sole supply sources for critical products and components; availability of related products produced by third parties or products required for use of our products; impact of contracting with the U.S. government; impact of negative economic conditions; ability to maintain sustained profitability; ability to utilize net operating loss carry forwards or other deferred tax assets; volatility of the Company’s stock price; uncertainty relating to patent protection and potential patent infringement claims; uncertainty and costs of litigation relating to patents and other intellectual property; availability of licenses to patents or other technology; ability to enter into international manufacturing agreements; obstacles to international marketing and manufacturing of products; ability to sell products internationally, including the impact of changes in international funding sources and testing algorithms; adverse movements in foreign currency exchange rates; loss or impairment of sources of capital; ability to attract and retain qualified personnel; exposure to product liability and other types of litigation; changes in international, federal or state laws and regulations; customer consolidations and inventory practices; equipment failures and ability to obtain needed raw materials and components; the impact of terrorist attacks, civil unrest, hostilities and war; and general political, business and economic conditions, including inflationary pressures. These and other factors that could affect our results are discussed more fully in our SEC filings, including our registration statements, Annual Report on Form 10-K for the year ended December 31, 2022, Quarterly Reports on Form 10-Q, and other filings with the SEC. Although forward-looking statements help to provide information about future prospects, readers should keep in mind that forward-looking statements may not be reliable. Readers are cautioned not to place undue reliance on the forward-looking statements. The forward-looking statements are made as of the date of this press release and OraSure Technologies undertakes no duty to update these statements.

Statement Regarding Use of Non-GAAP Financial Measures

In this press release, the company’s financial results and financial guidance are provided in accordance with accounting principles generally accepted in the United States (GAAP) and using certain non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating income (loss), and non-GAAP earnings (loss) per share. Management believes that presentation of operating results using these non-GAAP financial measures provides useful supplemental information to investors and facilitates the analysis of the company’s core operating results and comparison of operating results across reporting periods, while excluding certain expenses that may not be indicative of the Company’s recurring core business operating results. In addition, management believes these non-GAAP financial measures are useful to investors both because they (1) allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) are used by OraSure’s institutional investors and the analysis community to help them analyze the health of OraSure’s business. Management also uses non-GAAP financial measures to establish budgets and to manage the company’s business. A reconciliation of the GAAP financial results to non-GAAP financial results is included in the schedules below and a description of the adjustments made to the GAAP financial measures is included at the end of the schedules.

The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Non-GAAP financial results are reported in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Further, non-GAAP financial measures, even if similarly titled, may not be calculated in the same manner by all companies, and therefore should not be compared.

A reconciliation of our non-GAAP measures to their most directly comparable GAAP measures can be found at: <https://orasure.gcs-web.com/gaap-non-gaap-reconciliation>

OraSure Technologies GAAP to Non-GAAP Reconciliation (\$ in 000's)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Revenue	\$ 85,441	\$80,231	\$ 240,404	\$
GAAP Cost of products and services sold	59,070	52,434	148,218	95,842
<i>GAAP Gross Margin</i>	30.9 %	34.6 %	38.3 %	35.2
Stock compensation	155	155	289	305
Amortization of acquisition-related intangible assets	132	132	264	264
Reduction in workforce severance	334	—	369	—
Transformation related expenses	120	544	281	915
Accelerated depreciation	6,950	—	—	—
Inventory reserve for excess levels	1,804	3,794	1,804	4,369
Non-GAAP Cost of Goods Sold	49,575	47,809	145,211	89,989
<i>Non-GAAP Gross Margin</i>	42.0 %	40.4 %	39.6 %	39.2
GAAP Operating Income (Loss)	(6,429)	(21,471)	17,892	(37,643)
Stock compensation	2,357	2,447	5,012	6,804
Amortization of acquisition-related intangible assets	466	501	932	1,002
Reduction in workforce severance	629	—	3,264	—
Accelerated depreciation	6,950	—	—	—
Inventory reserve for excess levels	1,804	3,794	1,804	4,369
Loss on impairment	215	10,542	1,320	10,542
Transformation related expenses	232	902	681	5,055
Executive severance expense	—	1,531	—	2,992
Strategic alternative costs	—	197	—	848
Government grant accounting	537	395	1,588	616
Change in fair value of acquisition-related contingent	(35)	—	(59)	(36)
Non-GAAP Operating Income (Loss)	6,726	(1,162)	32,434	(5,451)
GAAP Net Income (Loss)	(4,796)	(18,589)	\$ 22,423	(38,529)
Stock compensation	2,357	2,447	5,012	4,509
Amortization of acquisition-related intangible assets	466	501	932	1,002
Reduction in workforce severance	629	—	3,264	—
Accelerated depreciation	6,950	—	—	—
Inventory reserve for excess levels	1,804	3,794	1,804	4,369
Loss on impairment	215	10,542	1,320	10,542
Transformation related expenses	232	902	681	5,055
Executive severance expense	—	1,531	—	2,992
Strategic alternative costs	—	197	—	848
Change in fair value of acquisition-related contingent	(35)	—	(59)	(36)
consideration				
Tax effect of Non-GAAP adjustments	(1,218)	(1,156)	(1,168)	(1,245)
Non-GAAP Net Income (Loss)	\$ 6,604	\$ 169	\$ 34,209	\$
GAAP Earnings (Loss) Per Share:	\$ (0.07)	\$ (0.26)	\$ 0.30	\$ (0.53)
Non-GAAP Earnings (Loss) Per Share:	\$ 0.09	\$ 0.00	\$ 0.46	\$ (0.15)
Diluted Shares Outstanding	74,290	72,496	74,115	72,361

Following is a description of the adjustments made to GAAP financial measures:

- Stock Compensation: non-cash equity-based compensation provided to OraSure employees and directors excluding accelerated stock compensation as required under former employees' employment agreements
- Amortization of acquisition-related intangible assets: represents recurring amortization charges resulting from the acquisition of intangible assets associated with our business combinations
- Reduction in workforce severance: one-time termination benefits associated with the Company's workforce reduction
- Inventory reserve for excess levels: reserves recorded for inventory balances that are deemed excess based on current forecasts and expirations dates
- Loss on impairment: charges related to the write down of Company's PP&E
- Transformation related expenses: transitory costs such as consulting and professional fees related to transformation initiatives
- Accelerated depreciation: reduction in the useful life of certain assets to fully depreciate those assets which were identified as having no future use beyond the period presented due to a manufacturing site closure
- Strategic alternative costs: one-time expenses such as legal and banking fees tied to the Company's strategic alternative process
- Executive severance expenses: expenses tied to executive severance agreements including accelerated stock compensation
- Government contract accounting: As required under International Accounting Standard Board IAS 20, *Accounting for Government Contracts and Disclosure of Government Assistance*, our operating expenses associated with the Department of Defense expansion contract are reflected in operating expenses with offsetting reimbursement reflected in other income
- Change in fair value of acquisition-related contingent consideration: changes in the fair value of contingent consideration liability associated with estimate changes in reaching contingent consideration metrics
- Tax impact associated with non-GAAP adjustments – tax expense/(benefit) due to non-GAAP adjustments

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