



Q2-24 Earnings Summary

Financial Highlights

	FY22	1Q23	2Q23	3Q23	4Q23	FY23	1Q24	2Q24
Total Revenue	\$387.5	\$155.0	\$85.4	\$89.2	\$75.9	\$405.5	\$54.1	\$54.3
YoY Growth	65.8%	129.0%	6.5%	-23.4%	-38.4%	4.6%	-65.1%	-36.4%
COVID-19 Revenue	\$243.4	\$118.5	\$47.5	\$50.2	\$41.7	\$257.9	\$23.1	\$18.9
YoY Growth	216.5%	282.3%	9.5%	-37.3%	-53.2%	6.0%	-80.5%	-60.1%
Core Revenue	\$144.1	\$36.6	\$37.9	\$39.0	\$34.2	\$147.7	\$31.0	\$35.4
YoY Growth	-8.1%	-0.3%	3.1%	6.8%	0.4%	2.5%	-15.2%	-6.6%
GAAP Gross Profit	\$148.4	\$65.8	\$26.4	\$44.3	\$35.1	\$171.6	\$24.1	\$24.7
Gross Margin	38.3%	42.5%	30.9%	49.7%	46.3%	42.3%	44.5%	45.4%
Non-GAAP Gross Profit	\$155.3	\$66.3	\$35.9	\$44.6	\$37.7	\$184.5	\$24.4	\$25.8
Non-GAAP Gross Margin	40.1%	42.8%	42.0%	50.0%	49.7%	45.5%	45.2%	47.4%
GAAP Operating Profit	\$(22.2)	\$24.3	\$(6.4)	\$10.9	\$3.9	\$32.7	\$(7.1)	\$(2.7)
Operating Margin	-5.7%	15.7%	-7.5%	12.2%	5.1%	8.1%	-13.1%	-5.0%
Non-GAAP Operating Profit	\$22.5	\$32.7	\$6.7	\$20.6	\$13.6	\$73.6	\$(0.3)	\$3.3
Non-GAAP Operating Margin	5.8%	21.1%	7.9%	23.1%	18.0%	18.2%	-0.6%	6.2%
GAAP EPS	\$(0.24)	\$0.37	\$(0.07)	\$0.15	\$0.27	\$0.72	\$(0.05)	\$(0.01)
Non-GAAP EPS	\$0.36	\$0.47	\$0.09	\$0.27	\$0.22	\$1.04	\$0.04	\$0.07

Key Quarterly Takeaways

Q2 Total Revenue and Core revenue were both near the high end of our guidance range, and we anticipate sequential improvement in our Core revenue in Q3.

Delivered significant gross margin expansion in Q2, driven by operating efficiencies and our investments in automation.

Executing on restructuring initiatives announced in May that are expected to result in \$15 million of annualized expense reductions when fully implemented by the end of 2025.

Generating positive momentum with Syphilis Health Check™ following our launch at the end of Q1, including strong interest from existing and new customers.

Cash and cash equivalents balance of \$267 million as of June 30. We generated \$8 million of Operating Cash Flow in Q2.

Provided Q3-24 financial guidance for revenue of \$37 to \$41 million, which includes Core revenue of \$36 to \$39 million and IntelliSwab® revenue of \$1 to \$2 million.

Business Highlights

- Core revenue in Q2 of \$35.4 million was near the high end of our guidance range of \$33 to \$36 million.
- IntelliSwab® revenue in Q2 of \$18.9 million was at the high end of our guidance range of \$17 to \$19 million. We successfully fulfilled our largest IntelliSwab® contract with the federal government during the quarter.
- Achieved prequalification status from the WHO for our OraQuick® HCV Self-test, representing the first Hepatitis C self-test to earn this designation. OraSure is proud to add this milestone to our legacy of “firsts” in the diagnostic industry.
- Received FDA approval for a new packaging and labeling configuration for our OraQuick® HIV Self-Test, which is expected to result in reduced plastic usage and increased shipping efficiencies. In addition to sustainability improvements, the new packaging also includes updated language regarding linkage to care, treatment options, and preventative therapies.
- Broadened our relationships with several leading oncology companies to expand ORACollect® Dx collection devices into saliva-based liquid biopsy.
- With our stronger balance sheet, we are investing in our internal innovation roadmap and evaluating external opportunities to expand our portfolio to accelerate long-term growth.
- Generated \$8 million of operating cash flow in Q2.
- Remain on track to achieve operating cash flow break-even for the core business by the end of 2024.
- Ended the second quarter with zero debt and \$267 million of total cash, cash equivalents, and short-term investments.

Forward Looking Statements

This press release contains certain forward-looking statements, including with respect to products, product development and manufacturing activities, regulatory submissions and authorizations, revenue growth and guidance, expected revenue from government orders, 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, including from insourcing third party manufacturing and exiting microbiome services; 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 or have manufactured 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 FDA or other regulators; the impact of the novel coronavirus ("COVID-19") pandemic or other public health crises 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; 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 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 achieve and 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; cybersecurity breaches or other attacks involving our systems or those of our third-party contractors and IT service providers, suppliers and customers; the impact of terrorist attacks, civil unrest, hostilities and war; and general political, business and economic conditions, including inflationary pressures and banking stability. 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, 2023, 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)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 54,335	\$ 85,441	\$ 108,467	\$ 240,404
GAAP Cost of products and services sold	29,646	59,070	59,713	148,218
<i>GAAP Gross Margin</i>	<i>45.4%</i>	<i>30.9%</i>	<i>44.9%</i>	<i>38.3%</i>
Stock compensation	193	155	344	289
Amortization of acquisition-related intangible assets	—	132	—	264
Reduction in workforce severance	889	334	1,120	369
Transformation related expenses	—	120	—	281
Non-GAAP Cost of Goods Sold	28,564	58,329	58,249	147,015
<i>Non-GAAP Gross Margin</i>	<i>47.4%</i>	<i>31.7%</i>	<i>46.3%</i>	<i>38.8%</i>
GAAP Operating Income (Loss)	(2,740)	(6,429)	(9,833)	17,892
Stock compensation	3,322	2,357	6,289	5,012
Amortization of acquisition-related intangible assets	58	466	117	932
Reduction in workforce severance	1,652	629	2,056	3,264
Loss on impairment	1,054	215	4,392	1,320
Transformation related expenses	—	232	—	681
Government grant accounting	—	537	—	1,588
Change in fair value of acquisition-related contingent consideration	—	(35)	—	(59)
Non-GAAP Operating Income (Loss)	3,346	(2,028)	3,021	30,630
GAAP Net Income (Loss)	(615)	(4,796)	(4,199)	22,423
Stock compensation	3,322	2,357	6,289	5,012
Amortization of acquisition-related intangible assets	58	466	117	932
Reduction in workforce severance	1,652	629	2,056	3,264
Loss on impairment	1,054	215	4,392	1,320
Transformation related expenses	—	232	—	681
Change in fair value of acquisition-related contingent consideration	—	(35)	—	(59)
Tax effect of Non-GAAP adjustments	(252)	(868)	(350)	(817)
Non-GAAP Net Income	\$ 5,219	\$ (1,800)	\$ 8,305	\$ 32,756
GAAP Earnings (Loss) Per Share:	\$ (0.01)	\$ (0.07)	\$ (0.06)	\$ 0.30
Non-GAAP Earnings Per Share:	\$ 0.07	\$ (0.02)	\$ 0.11	\$ 0.44
Diluted Shares Outstanding	74,159	73,324	74,127	74,115
Diluted Shares Outstanding Used For Computing Non-GAAP Earnings (Loss) Per Share	75,169	74,290	75,460	74,115

The 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
- 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
- Loss on impairment: charges related to the write down of Company's PP&E and leased assets
- Transformation related expenses: transitory costs such as consulting and professional fees related to transformation initiatives
- 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

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