

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.

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

	Three Months Ended	
	March 31,	
	2023	2022
Revenue	\$ 154,963	\$ 67,707
GAAP Cost of products and services sold	89,148	43,408
<i>GAAP Gross Margin</i>	<i>42.5%</i>	<i>35.9%</i>
Stock compensation	134	150
Amortization of acquisition-related intangible assets	132	132
Reduction in workforce severance	35	—
Transformation related expenses	161	371
Inventory reserve for excess levels	—	575
Non-GAAP Cost of Goods Sold	88,686	42,180
<i>Non-GAAP Gross Margin</i>	<i>42.8%</i>	<i>37.7%</i>
	-	
GAAP Operating Income (Loss)	24,321	(16,172)
Stock compensation	2,655	2,062
Amortization of acquisition-related intangible assets	466	501
Reduction in workforce severance	2,635	—
Inventory reserve for excess levels	—	575
Loss on impairment	1,105	—
Transformation related expenses	449	4,153
Executive severance expense	—	1,461
Strategic alternative costs	—	651
Government grant accounting	1,051	221
Change in fair value of acquisition-related contingent consideration	(24)	(36)
Non-GAAP Operating Income (Loss)	32,658	(6,584)
GAAP Net Income (Loss)	27,219	(19,940)
Stock compensation	2,655	2,062
Amortization of acquisition-related intangible assets	466	501
Reduction in workforce severance	2,635	—
Inventory reserve for excess levels	—	575
Loss on impairment	1,105	—
Transformation related expenses	449	4,153
Executive severance expense	—	1,461
Strategic alternative costs	—	651
Change in fair value of acquisition-related contingent consideration	(24)	(36)
Tax effect of Non-GAAP adjustments	(51)	(89)
Non-GAAP Net Income (Loss)	\$ 34,454	\$ (10,662)
GAAP Earnings (Loss) Per Share:	\$0.37	(\$0.28)
Non-GAAP Earnings (Loss) Per Share:	\$0.47	(\$0.15)
Diluted Shares Outstanding	73,966	72,194

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
- 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

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>