

Statement Regarding Use of Non-GAAP Financial Measures

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 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)								
	Year Ended	Nine Months Ended	Six Months Ended		Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	December 31,	September 30,	June 30,		Mar 31,	June 30,	September 30,	December 31,
	2021	2021	2021		2021	2021	2021	2021
Revenue	\$ 233,674	\$ 170,106	\$ 116,189		\$ 58,582	\$ 57,607	\$ 53,917	\$ 63,568
GAAP Cost of Goods Sold	116,074	79,639	47,190		20,256	26,934	32,449	36,435
GAAP Gross Margin	50%	53%	59%		65%	53%	40%	43%
Stock compensation	572	410	134		62	72	276	162
Amortization of acquisition-related intangible assets	528	396	264		132	132	132	132
Transformation related expenses	-	-	-		-	-	-	-
Inventory reserve for discontinued product line	3,008	1,750	-		-	-	1,750	1,258
Non-GAAP Cost of Goods Sold	111,966	77,083	46,792		20,062	26,730	30,291	34,883
Non-GAAP Gross Margin	52.1%	54.7%	59.7%		65.8%	53.6%	43.8%	45.1%
GAAP Operating Income (Loss)	(10,164)	(793)	12,220		10,422	1,798	(13,013)	(9,371)
Stock compensation	7,177	5,157	2,938		1,464	1,474	2,219	2,020
Amortization of acquisition-related intangible assets	2,843	2,136	1,423		705	718	713	707
Inventory reserve for excess levels	3,008	1,750	-		-	-	1,750	1,258
Goodwill and long-live assets impairment charge	-	-	-		-	-	-	-
Transformation related expenses	1,200	-	-		-	-	-	1,200
Severance expense	2,683	-	-		-	-	-	2,683
Strategic alternative costs	126	-	-		-	-	-	126
Change in fair value of acquisition-related contingent consideration	(1,485)	(1,526)	(1,026)		(806)	(220)	(500)	41
Non-GAAP Operating Loss	5,388	6,724	15,555		11,785	3,770	(8,831)	(1,336)
GAAP Net Loss	(22,998)	(12,605)	2,410		3,774	(1,364)	(15,015)	(10,393)
Stock compensation	7,177	5,157	2,938		1,464	1,474	2,219	2,020
Amortization of acquisition-related intangible assets	2,843	2,136	1,423		705	718	713	707
Inventory reserve for discontinued product line	3,008	1,750	-		-	-	1,750	1,258
Goodwill and long-live assets impairment charge	-	-	-		-	-	-	-
Transformation related expenses	1,200	-	-		-	-	-	1,200
Severance expense	2,683	-	-		-	-	-	2,683
Strategic alternative costs	126	-	-		-	-	-	126
Change in fair value of acquisition-related contingent consideration	(1,485)	(1,526)	(1,026)		(806)	(220)	(500)	41
Tax effect of Non-GAAP adjustments	(401)	(269)	(58)		(80)	21	(211)	(132)
Non-GAAP Net Loss	\$ (7,847)	\$ (5,357)	\$ 5,687		\$ 5,057	\$ 629	\$ (11,044)	\$ (2,490)
GAAP Loss per share:	(\$0.32)	(\$0.18)	\$0.03		\$0.05	(\$0.02)	(\$0.21)	(\$0.14)
Non-GAAP Earnings (loss) per share:	(\$0.11)	(\$0.07)	\$0.08		\$0.07	\$0.01	(\$0.15)	(\$0.03)
Diluted Shares Outstanding	71,981	71,962	72,683		72,766	71,983	72,023	72,040

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.
- Inventory reserve for excess levels: reserves recorded for inventory balances that are deemed excess based on current forecasts and expirations dates.
- Transformation related expenses: transitory costs such as consulting and professional fees related to transformation initiatives.
- Goodwill and long-live assets impairment charge: charges related to the write down of company assets including PP&E and Goodwill
- Strategic alternative costs: one-time expenses such as legal and banking fees tied to the company's strategic alternative process
- Severance expenses: one-time expenses tied to executive severance agreements including accelerated stock compensation
- 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