

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 89,187	\$ 116,463	\$ 329,591	\$ 264,401
GAAP Cost of products and services sold	44,847	69,949	193,065	165,791
<i>GAAP Gross Margin</i>	<i>49.7%</i>	<i>39.9%</i>	<i>41.4%</i>	<i>37.3%</i>
Stock compensation	137	(114)	426	191
Amortization of acquisition-related intangible assets	132	132	396	396
Reduction in workforce severance	—	—	369	—
Transformation related expenses	—	419	281	1,334
Accelerated depreciation	—	—	6,950	—
Inventory reserve for excess levels	—	—	1,804	4,369
Non-GAAP Cost of Goods Sold	44,578	69,512	182,839	159,501
<i>Non-GAAP Gross Margin</i>	<i>50.0%</i>	<i>40.3%</i>	<i>44.5%</i>	<i>39.7%</i>
GAAP Operating Income (Loss)	10,894	866	28,786	(36,777)
Stock compensation	2,590	2,296	7,602	6,805
Amortization of acquisition-related intangible assets	467	468	1,399	1,470
Reduction in workforce severance	—	—	3,264	—
Accelerated depreciation	—	—	6,950	—
Inventory reserve for excess levels	—	—	1,804	4,369
Loss on impairment	6,183	6,559	7,503	17,101
Transformation related expenses	26	616	707	5,671
Executive severance expense	—	558	—	3,550
Strategic alternative costs	—	—	—	848
Government grant accounting	448	331	2,036	947
Change in fair value of acquisition-related contingent consideration	(40)	—	(99)	(36)
Non-GAAP Operating Income (Loss)	20,568	11,694	59,952	3,948
GAAP Net Income (Loss)	11,159	5,595	\$ 33,582	(32,934)
Stock compensation	2,590	2,296	7,602	6,805
Amortization of acquisition-related intangible assets	467	468	1,399	1,470
Reduction in workforce severance	—	—	3,264	—
Accelerated depreciation	—	—	6,950	—
Inventory reserve for excess levels	—	—	1,804	4,369
Loss on impairment	6,183	6,559	7,503	17,101
Transformation related expenses	26	616	707	5,671
Executive severance expense	—	558	—	3,550
Strategic alternative costs	—	—	—	848
Change in fair value of acquisition-related contingent consideration	(40)	—	(99)	(36)
Tax effect of Non-GAAP adjustments	(438)	(6,092)	(1,606)	(7,337)
Non-GAAP Net Income (Loss)	\$ 19,947	\$ 10,000	\$ 61,106	\$ (493)
GAAP Earnings (Loss) Per Share:	\$ 0.15	\$ 0.08	\$ 0.45	\$ (0.45)
Non-GAAP Earnings (Loss) Per Share:	\$ 0.27	\$ 0.14	\$ 0.82	\$ (0.01)
Diluted Shares Outstanding	74,349	72,785	74,197	72,448

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, goodwill and intangible assets
- 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

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>

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