TEMPUS

Q2 2025 Overview

A word from our CEO

Our goal in writing these quarterly letters is to provide you a summary of our financial and operating results, along with some context as to how we view those results.

We had another record quarter - our revenues in Q2 2025 were $314.6 million versus $166.0 million in Q2 2024, an increase of 89.6% on a year-over-year basis. Our Genomics business accelerated in the quarter delivering $241.8 million of revenue in Q2 2025 versus $112.3 million in Q2 2024, an increase of 115.3% year-over-year. Our Data and services business continued its momentum delivering $72.8 million of revenue in Q2 2025 versus $53.6 million in Q2 2024, an increase of 35.7% year-over-year, with our data licensing business (Insights) growing at 40.7% year-over-year.

We delivered gross profit of $195.0 million, or gross margin of 62.0%, in Q2 2025 versus $75.5 million, or 45.5% in Q2 2024, an increase of 158.3% year-over-year. Our Genomics business had 58.8% gross margin and our Data and services had 72.7% gross margin in Q2 2025. In the aggregate our gross margin was 1650 basis points higher than the same quarter last year. Our Non-GAAP Operating Expenses were $214.6 million in Q2 2025 versus $134.7 million in Q2 2024, an increase of $79.8 million year-over year, largely driven by increased investments in our core business commensurate with our growth.

Our Adjusted EBITDA was ($5.6) million in Q2 2025 versus ($31.2) million in Q2 2024, an improvement of $25.6 million year-over-year. We remain on track to generate positive Adjusted EBITDA for the full year 2025.

In summary, Q2 2025 revenues and gross profit were above expectations, and our expenses were largely in line with our plan, resulting in Adjusted EBITDA ahead of expectations.

If this sounds a bit like a broken record - that’s a good thing. The business is performing well with revenues growing, margins improving, and our costs remaining in check, allowing us to demonstrate significant year-over-year operating leverage. This is the trend that makes good companies great.

Having spent the last 25 years of my professional career building technology companies, I was taught that growth is all that matters. With maturity, I have learned that is dead wrong. At some point you have to detox from endless forward investment and begin to demonstrate quarterly improvements in operating leverage. In other words, you have to generate lots of

gross profit dollars and not reinvest all of those dollars back in the business. Without this, you can't generate profits and in the end, all great businesses generate lots of profits.

Among all of our accomplishments this quarter, I am perhaps most proud of the fact that we are growing quickly while still improving our financial results, quarter after quarter, as once again we sequentially improved our Adjusted EBITDA from ($16.2) million last quarter to ($5.6) million this quarter, exiting the quarter with a high growth business positioned to generate positive Adjusted EBITDA in the very near term.

Genomics

As a reminder, we call our diagnostics' business "Genomics", which has two main components: Oncology and Hereditary.

In Oncology, we saw significant re-acceleration of our year-over- year volume growth rate in Q2, a result of efficiencies finally taking root following the ramp in the size of our salesforce last year. In the quarter, we ran ~84,000 NGS tests versus ~66,500 in Q2 2024, representing 26% growth (compared to 20% last quarter). Our Oncology revenue was $133.2 million in Q2 2025, representing 32.9% year-over-year growth, driven by increased volume and improvements in average selling price (ASP) on a year-over year-basis.

All of our main therapy selection assays performed well in the quarter with strong growth across our entire portfolio, including our main assays xT (solid tumor) and xF (liquid biopsy), which both saw growth rates accelerate in the quarter. Our Q2 2025 ASP was largely flat compared to Q1 2025 at $1,580, given our mix, which Jim will cover in more detail below. Finally, while we continue to see positive signs across all aspects of our MRD portfolio, we are still restricted by the fact that neither we, nor Personalis, have received reimbursement yet from MolDX. Until that happens, we are gating volumes and the investments we make in rolling out our MRD offering. We have one of the most comprehensive MRD offerings in the market, which covers CRC, breast, lung and IO treated cancers, and includes both tumor-informed, with a highly sensitive WGS assay, and a competitive tumor-naive assay. As a result, we expect that volumes will accelerate quickly once reimbursement is secured. This will likely create more tailwind to our clinical volume growth rates in the future.

In Hereditary, we continued to maintain our strong momentum, running ~128,000 tests in Q2 2025 versus ~97,000 tests in Q2 2024. Our overall Hereditary revenue was $97.3 million, representing year-over-year revenue growth of 33.6% on a pro forma basis[1] and year-over-year

[1] *The pro forma amounts have been calculated after applying the Company's accounting policies*

volume growth of ~32%. Hereditary cancer screening is driving the majority of the growth, but we continue to scale our rare disorder and pediatric offerings, which we believe will become a larger part of the business over the next several years.

While it's too early to make long-term predictions given that we have only owned Ambry for a few quarters, there is reason to believe that the long-term growth rates of our Hereditary business could be higher than we originally expected. While we continue to gain market share in the short-term, we also believe that the hereditary screening market will continue to grow, both in oncology and other diseases areas. In hindsight, it makes sense. While there are ~1.9mm new cancer diagnoses in the United States per year, there are at any time significantly more people at risk of getting cancer. In other words, the population of people at risk is materially higher than the population of people that are sick. As the leader in hereditary cancer profiling, with our growing footprint in rare disorders and pediatrics, we are uniquely positioned to take advantage of this opportunity.

The breadth of our diagnostics offering is truly unique in the market, as we offer best-in-class assays across hereditary profiling, therapy selection, and MRD and monitoring. The numbers speak for themselves. We ran and billed 212,000 NGS tests this quarter, which is 30% year-over-year volume growth. Anytime something that size is growing that fast you know you have product market fit. Our provider partners love Tempus, something I can take very little credit for; that belongs almost entirely to the ~4,000 people that work here who have built our AI-enabled diagnostic platform.

Despite the success we have had in capturing market share, we are focused on continually improving our products, bringing the best scientific innovations to the physicians and patients we serve. We have now exceeded more than 2,000 publications, including ~700 peer reviewed articles and ~180 oral presentations. Yet unlike traditional diagnostics companies, the breadth of our R&D efforts are not limited to the wet lab. We are increasingly publishing and presenting on how we leverage Large Language Models ("LLMs") in healthcare.

Across our diagnostics business we have made significant investments in building out our connected AI platform which allows us to structure large amounts of multi-modal data to provide insights to physicians in near real-time, which in turn has allowed us to become deeply integrated with providers. This flywheel has produced >350 petabytes of connected clinical and molecular data - which has uniquely positioned us to both build our Data business at scale and advance our other AI-enabled applications. Last quarter, we embarked on the journey to build the world's first large scale multimodal foundation model in oncology, which could produce diagnostic insights that are transformative for precision medicine. There is hope, real hope, that a company like ours might be able to predict who will and won't respond to a given

therapy, allowing physicians to personalize care in ways that aren't possible today. This is, and always has been, our North Star.

Data

Our Data and services business had continued strong growth in the quarter, delivering $72.8 million in revenue in Q2 2025 versus $53.6 million in Q2 2024, up 35.7% year-over-year, largely driven by our Insights business (data licensing), which grew 40.7% in the quarter. Overall Data and services gross margin was 72.7%. All in, our Data business is performing well, with continued strong growth even at scale - a testament to the inherent value of the products we have brought to market that are resonating with our customers.

One of those products, Lens, is worth spending a moment on. We began building Lens ~5 years ago. At the time, it was apparent to us that just having lots of data wasn't enough. We needed to build tools to both harmonize the data and provide an environment where our customers could build cohorts of interest to interrogate the data to produce the insights necessary to advance their drug discovery and development efforts. In other words, they needed a product that would allow them to make sense of the enormity of our data - that product is Lens. While it is used by many of our data clients in oncology, in Q2 we were tasked by Northwestern University's Feinberg School of Medicine to expand the product into Alzheimer's. That exciting work is now underway.

In addition, as we discussed last quarter, in April we signed a 3 year, $200 million data licensing and model development agreement with AstraZeneca and Pathos, to build what we believe is the largest foundation model that's ever been built in oncology. We have procured a GPU cluster of ~1,000 H200s that is dedicated to this project and we are well into pre-training of the model now, with the first version expected in early 2026. As our deal to build this model is non-exclusive, we are in conversations with others who may want to build similar models.

It's hard to overstate the value of this project. I truly believe the model will be transformative across our entire business, both Genomics and Data, with catalytic effects that make even the most hyperbolic predictions seem understated. One of the most exciting applications for AI is healthcare, and at present we seem to be perfectly situated, given our vast database, real time connections to thousands of providers, and the breadth of our technical expertise.

Apps

Our Apps product line primarily consists of applications that we build and deploy through our connected network of >4,500 sites.

While we made progress across all of our main products (Next - closing care gaps in real-time, TIME - matching patients to trials in real-time, and Algos - deploying purely algorithmic diagnostics in real-time), I will hit a few highlights.

Next: As part of our Next product, we launched a suite of care gap algorithms in lung cancer, such as EGFR testing, across multiple health systems. Next uses AI to comb through multimodal patient records in real-time and identifies patients who are not receiving guideline directed care. That program was successful at launch, and is now being expanded to additional systems. In addition, we added a second indication, so the program will now cover both lung and breast cancer. As these algorithms run automatically on data we already have, there is very little cost to run them. As such, this business (along with Algos) has margins even higher than our data business.

Algos: We have numerous efforts in oncology, cardiology, radiology, and pathology to build and run purely algorithmic diagnostics. In July, we were awarded FDA approval for our second ECG algorithmic product, which predicts LowEF from a standard electrogram. As we now have approval for both LowEF and AFIB, our cardiac portfolio is taking shape. And given that we run >100 million ECG's a year in the US alone, and CMS reimburses these types of algos at a stated rate of $128/algorithm, it has the potential to be significant. So while still early, we're super excited, and working on plans to scale this business over time.

Summary

The business is performing well, which makes my job (and writing this letter) a pleasure. At moments like this, as a CEO, one of my jobs is to keep the "train on the track," given the strong forward momentum. I am envious of companies like Amazon, who upon achieving a billion dollars of annual revenue 25 years ago maintained a compounded annual growth thereafter of roughly 25%. It's easy for small things to grow, much harder when they get to scale. Like Amazon, we want sustained growth rates of roughly 25%. To the extent we can influence this outcome, and make decisions that are better for the long term, we will.

Finally, I want to acknowledge that we serve two primary constituencies - our shareholders and our patients. While these letters focus solely on the former, it is not lost on us that as leaders in bringing AI to healthcare we owe a duty to the latter. We have long believed that the

best way to build a great business, and true shareholder value, is by helping patients live longer and healthier lives. As we sit on the precipice of releasing our first foundation model, that is clearer to us than ever.

A word from our CFO

Overall, we are pleased with the financial results of the second quarter - which were ahead of our expectations. We experienced significant year-over-year growth in each of our product lines: Genomics and Data and services. Margins continue to improve year-over-year and we continue to demonstrate leverage in the business as we advance towards our goal of being Adjusted EBITDA positive for full year 2025.

As with last quarter, we are providing each of gross profit, gross margin, and operating expenses on a Non-GAAP basis to exclude stock compensation expense and related payroll taxes. See “Non-GAAP Financial Measures” below.

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Second Quarter 2025 Financial Results

	Three months ended June 30,		
	2025	2024	Change
	(in thousands, except percentages) (unaudited)		
GAAP Results			
Revenue	$ 314,635	$ 165,969	89.6%
Genomics gross margin	58.8%	39.2%	1,960 bps
Data and services gross margin	72.7%	58.7%	1,400 bps
Operating expenses	$ 256,813	$ 609,005	NM(1)
Net loss	$ (42,843)	$ (552,212)	NM(1)
Non-GAAP Results			
Non-GAAP Genomics gross margin	59.4%	49.4%	1000 bps
Non-GAAP Data and services gross margin	73.9%	72.4%	150 bps
Non-GAAP Operating expenses	$ 214,557	$ 134,742	59.2%
Adjusted EBITDA	$ (5,580)	$ (31,186)	82.1%

(1) Not meaningful due to the impact of stock compensation expense and related employer payroll tax related to stock-based compensation associated with the initial public offering in June 2024

Revenue

Our Q2 2025 revenues were $314.6 million, representing 89.6% year-over-year growth. Excluding legacy Ambry revenues, the core Tempus business grew 30.9%.

Our Q2 2025 Genomics revenues were $241.8 million, representing 115.3% year-over-year growth, largely driven by re-acceleration of growth in our Oncology business and the addition of Ambry (which we refer to as "Hereditary"). Oncology experienced 32.9% year-over-year revenue growth on ~26% volume growth, of which ~1.5% related to MRD testing. Oncology average reimbursement was approximately $1,580 in the quarter, consistent with Q1 2025. While we continue to see xT volumes migrating to xT cDx (approximately 28% of total xT reports in the quarter), there is still work to be done to get to our 40% target by year end. Given our testing platform is so connected to EHR systems, updating our testing menu takes time to roll out and we are mindful of not disrupting our current positive customer experience by rushing the transition. In addition, we have accelerated sales efforts for several of our products with lower reimbursement (namely xG and xM), which are a small drag on ASP. The combination of both held our ASP largely flat in the quarter, although overall margins improved.

Hereditary contributed $97.3 million of revenue on ~128,000 tests delivered in Q2 2025, compared to $72.8 million of pro forma[2] revenue and ~97,000 tests in Q2 2024. This represents year-over-year revenue growth of 33.6% and 32% volume growth. From a volume perspective, Ambry continued to see tailwinds from winning over accounts from competitors, along with increasing share of wallet within existing accounts. Average reimbursement was $760 in Q2 2025, up slightly from Q2 2024.

Our Q2 2025 Data and services revenues were $72.8 million, representing 35.7% year-over-year growth, largely driven by strong growth in our Insights (data licensing) business - which grew 40.7% year-over-year. This growth is largely the result of us delivering on previously signed agreements, including the foundation model project with AZ and Pathos announced in April. Given that most of our data licensing revenue comes from long-term subscriptions, we have good visibility into our expected data licensing revenues for the balance of the year.

Gross Profit

We generated $195.0 million of gross profit in the quarter. Non-GAAP gross profit was $197.5 million in Q2 2025, representing an aggregate Non-GAAP gross margin of 62.8%. This was a 600 basis point improvement year-over-year, largely the result of increased margins in our Genomics business through ASP improvements, efficiencies in our labs, and the addition of Ambry, along with growth in our Data and services product line, which operates at a higher margin.

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[2] *The pro forma amounts have been calculated after applying the Company's accounting policies*

Our Non-GAAP gross margin for our Genomics business was 59.4% in Q2 2025 compared to 49.4% in Q2 2024 as a result of increases in average reimbursement per test and the addition of Ambry. Our Non-GAAP gross margin for the Data and services business was 73.9% in Q2 2025, compared to 72.4% in Q2 2024, again highlighting the year-over-year growth in the Insights business.

Operating Expenses

Operating expenses for the quarter were $256.8 million compared to $609.0 million in Q2 2024. The year-over-year decrease is largely the result of stock compensation and employer payroll tax related to stock-based compensation recognized in Q2 2024 relating to the IPO.

Non-GAAP operating expenses were $214.6 million in Q2 2025 compared to $134.7 million in Q2 2024. The primary difference between GAAP and Non-GAAP relates to stock based compensation and employer payroll tax related to stock-based compensation, amortization of intangibles associated with the Ambry transaction, and acquisition costs. The year-over-year increase is mostly attributable to the addition of Ambry's operating expenses, along with modest investments in the business commensurate with our growth, and increased professional services fees in the quarter. Our expenses are broken down into three categories: Non-GAAP technology expense, was $30.7 million, Non-GAAP research and development expense, was $39.0 million, and Non-GAAP selling, general and administrative expense was $144.8 million.

Adjusted EBITDA and Net Loss

Adjusted EBITDA for the quarter was ($5.6) million, compared to ($31.2) million in Q2 2024, an improvement of $25.6 million year-over-year. We plan on continuing to evaluate the level of investment we make in the business based on increases in gross profit dollars, such that we anticipate continued improvement in Adjusted EBITDA throughout the year.

Net loss for the quarter was ($42.8) million, including fair value gains of $37.8 million related to our marketable equity securities and stock compensation and employer payroll tax related to stock-based compensation of ($24.3) million. Adjusting for stock compensation, stock-based compensation-related employer payroll taxes and other non-operating items, Non-GAAP net loss for the quarter was ($37.3) million compared to ($51.9) million for Q2 2024.

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Cash and Other Items

We finished the quarter with ~$293.0 million of cash, cash equivalents, and marketable securities, an increase of ~$70 million over last quarter. In early July, we issued $750 million of convertible senior notes. The notes have a coupon of 0.75% and a call premium of 32.5% (which was increased to 75% through the purchase of a capped call). Post the convertible offering, we paid down ~$290 million of existing debt / accrued interest / make-whole premium, as well as approximately $70 million of transaction-related fees and commissions, including the capped call, increasing our cash balance by an additional ~$390 million post quarter end.

Given we have become eligible to do so, we also filed a shelf registration statement today, following the filing of our 10-Q. As part of the shelf registration, we have established an at-the-market (ATM) equity offering program, under which we may offer and sell shares of our common stock having an aggregate offering price of up to $500 million. While we have no immediate needs for capital, the program gives us the flexibility to raise capital opportunistically and efficiently in the future, if we so choose. Additionally, we announced that we have officially redomiciled the company from Delaware to Nevada effective August 8th, an item that was previously approved at the shareholder meeting in May.

Guidance

We are increasing our guidance and now expect to finish 2025 with approximately $1.26 billion in revenue, and approximately $5 million in Adjusted EBITDA.

Similar to previous years, we would anticipate revenues to continue to grow during the year, with the fourth quarter being the largest given the seasonality we typically experience in the data business. Given the unique nature of our business, it's difficult to predict these numbers with complete accuracy; as such, the word approximately implies a modest range.

Thanks for your support and for joining on this journey,

Eric & Jim

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Forward Looking Statements

This letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about Tempus AI, Inc. ("Tempus") and its industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this letter are forward-looking statements, including, but not limited to, Tempus' expected financial results for full year 2025, expectations concerning the growth of Tempus' business, including Hereditary; the impact of pricing and reimbursement actions on Tempus' financial results; the expectation that the collaborations with AstraZeneca and Pathos AI will result in the largest multimodal foundation model in oncology; and the impact of the foundation model on Tempus' business; the potential application and impact of AI in healthcare; Tempus' ability to scale the Algos business; Tempus' expectations regarding long term sustained growth rates for Tempus' business; the contributions of Tempus' research and findings to the larger scientific community and the use of Tempus' products and services to advance clinical care for patients. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "going to," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. Tempus cautions you that the foregoing may not include all of the forward-looking statements made in this letter.

You should not rely on forward-looking statements as predictions of future events. Tempus has based the forward-looking statements contained in this letter primarily on its current expectations and projections about future events and trends that it believes may affect Tempus' business, financial condition, results of operations and prospects. These forward-looking statements are subject to risks and uncertainties related to: the intended use of Tempus' products and services; Tempus' financial performance; the ability to attract and retain customers and partners; managing Tempus' growth and future expenses; competition and new market entrants; compliance with new laws, regulations and executive actions, including any evolving regulations in the artificial intelligence space; the ability to maintain, protect and enhance Tempus' intellectual property; the ability to attract and retain qualified team members and key personnel; the ability to repay or refinance outstanding debt, or to access additional financing; future acquisitions, divestitures or investments, including our ability to realize the expected benefits of the acquisition of Ambry Genetics and Deep6 AI; the potential adverse impact of climate change, natural disasters, health epidemics, macroeconomic conditions, trade tensions and tariffs, and war or other armed conflict, as well as risks, uncertainties, and other factors described in the section titled "Risk Factors" in Tempus' Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission ("SEC) on February 24, 2025, as supplemented by Tempus' Form 10-Q

for the quarter ended June 30, 2025, filed with the SEC on August 8, 2025, as well as in other filings Tempus may make with the SEC in the future, In addition, any forward-looking statements contained in this letter are based on assumptions that Tempus believes to be reasonable as of this date. Tempus undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of this letter or to reflect new information or the occurrence of unanticipated events, except as required by law.

Non-GAAP Financial Measures

In addition to the financial information presented in accordance with accounting principles generally accepted in the United States of America (GAAP), Tempus also presents adjusted EBITDA, non-GAAP net loss, and non-GAAP operating expenses (collectively, the "non-GAAP financial measures"). For definitions of each of these non-GAAP financial measures, as well as reconciliation of each non-GAAP financial measure to its most comparable GAAP financial measure, please see the section titled "Non-GAAP Financial Measures" in Tempus' second quarter earnings release and the tables accompanying such release, which can be found on Tempus' investor relations website at this link. Tempus does not provide guidance for net loss, the most directly comparable GAAP measure to Adjusted EBITDA, and similarly cannot provide a reconciliation between its forecasted Adjusted EBITDA and net loss without unreasonable effort due to the unavailability of reliable estimates for certain components of net income and the respective reconciliations. These forecasted items are not within Tempus' control, may vary greatly between periods and could significantly impact future financial results.