

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2026

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 001-42130

Tempus AI, Inc.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

47-4903308
(I.R.S. Employer
Identification No.)

600 West Chicago Avenue, Suite 510
Chicago, IL 60654
(Address of Principal Executive Offices, Zip Code)
(800) 976-5448
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	TEM	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of July 24, 2026, there were 175,390,967 shares of Class A common stock and 5,043,789 shares of Class B common stock, each with a par value of \$0.0001 per share, outstanding.

	<u>Page</u>
<u>Part I – Condensed Consolidated Financial Statements (Unaudited)</u>	1
Item 1. <u>Condensed Consolidated Quarterly Financial Statements (Unaudited)</u>	1
<u>Condensed Consolidated Balance Sheets</u>	2
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Condensed Consolidated Statements of Common Stock and Stockholders' Equity</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	9
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	36
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	56
Item 4. <u>Controls and Procedures</u>	56
<u>Part II – Other Information</u>	58
Item 1. <u>Legal Proceedings</u>	58
Item 1A. <u>Risk Factors</u>	59
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	63
Item 3. <u>Defaults Upon Senior Securities</u>	63
Item 4. <u>Mine Safety Disclosures</u>	63
Item 5. <u>Other Information</u>	63
Item 6. <u>Exhibits</u>	64
<u>Signatures</u>	65

Tempus AI, Inc.
Condensed Consolidated Quarterly Financial Statements (Unaudited)
June 30, 2026

Tempus AI, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share and per share amounts)

	June 30, 2026	December 31, 2025
Assets		
Current Assets		
Cash and cash equivalents	\$ 599,614	\$ 604,787
Accounts receivable ⁽¹⁾ , net of allowances of \$2,794 and \$2,755 at June 30, 2026 and December 31, 2025, respectively	360,924	311,170
Inventory	53,512	51,724
Related party asset	17,500	8,785
Prepaid expenses and other current assets	42,938	40,498
Marketable equity securities	216,377	150,211
Total current assets	\$ 1,290,865	\$ 1,167,175
Property and equipment, net	89,066	89,156
Goodwill	470,166	470,211
Intangible assets, net	312,457	349,202
Capitalized software, net	19,772	6,051
Investments and other assets	17,164	21,111
Investment in joint venture	77,811	86,557
Investment in related party	8,750	—
Related party asset, less current portion	14,583	16,215
Operating lease right-of-use assets	60,553	64,496
Restricted cash	4,724	4,664
Total Assets	\$ 2,365,911	\$ 2,274,838
Liabilities, Convertible redeemable preferred stock, and Stockholders' equity		
Current Liabilities		
Accounts payable	73,818	81,994
Related party payable	10,000	—
Accrued expenses	181,271	155,370
Deferred revenue ⁽²⁾	87,251	92,673
Deferred other income	15,955	15,955
Other current liabilities	8,293	8,680
Operating lease liabilities	12,192	13,355
Accrued data licensing fees	2,712	4,361
Total current liabilities	\$ 391,492	\$ 372,388
Operating lease liabilities, less current portion	71,266	74,272
Convertible promissory note	187,929	208,672
Other long-term liabilities	56,270	56,600
Revolving credit facility	—	100,000
Interest payable	19,155	12,393
Long-term debt, net	—	202,753
Convertible senior notes, net	1,172,781	728,078
Deferred other income, less current portion	—	7,977
Deferred revenue, less current portion	22,084	20,379
Total Liabilities	\$ 1,920,977	\$ 1,783,512

⁽¹⁾ Includes related party accounts receivable of \$10,924 and \$6,428 as of June 30, 2026 and December 31, 2025, respectively.

⁽²⁾ Includes related party deferred revenue of \$403 and \$3,938 as of June 30, 2026 and December 31, 2025, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tempus AI, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share and per share amounts)

Commitments and contingencies (Note 8)			
Convertible redeemable preferred stock, \$0.0001 par value, 20,000,000 shares authorized at June 30, 2026 and December 31, 2025, respectively, no shares issued and outstanding at June 30, 2026 and December 31, 2025	\$	—	\$ —
Stockholders' equity			
Class A Common Stock, \$0.0001 par value, 1,000,000,000 shares authorized at June 30, 2026 and December 31, 2025, respectively; 175,200,077 and 173,235,428 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively		18	17
Class B Common Stock, \$0.0001 par value, 5,500,000 shares authorized at June 30, 2026 and December 31, 2025, respectively; 5,043,789 issued and outstanding at June 30, 2026 and December 31, 2025, respectively		1	1
Treasury Stock, 183,229 shares at June 30, 2026 and December 31, 2025, respectively, at cost		(6,642)	(6,642)
Additional Paid-In Capital		2,969,637	2,892,910
Accumulated Other Comprehensive (Loss) Income		(1,941)	902
Accumulated deficit		(2,516,139)	(2,395,862)
Total Stockholders' equity	\$	444,934	\$ 491,326
Total Liabilities, Convertible redeemable preferred stock, and Stockholders' equity	\$	2,365,911	\$ 2,274,838

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tempus AI, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net revenue				
Diagnostics ⁽¹⁾	\$ 289,333	\$ 241,843	\$ 550,431	\$ 435,647
Data and applications ⁽²⁾	93,153	72,792	180,171	134,725
Total net revenue	\$ 382,486	\$ 314,635	\$ 730,602	\$ 570,372
Cost and operating expenses				
Cost of revenues, diagnostics	108,233	99,756	209,193	184,539
Cost of revenues, data and applications	27,755	19,840	52,870	35,591
Technology research and development	43,929	34,482	89,850	67,873
Research and development	52,637	41,619	100,874	77,493
Selling, general and administrative	225,845	180,712	438,439	335,339
Total cost and operating expenses	458,399	376,409	891,226	700,835
Loss from operations	\$ (75,913)	\$ (61,774)	\$ (160,624)	\$ (130,463)
Interest income	3,897	1,093	7,763	2,906
Interest expense	(10,283)	(21,579)	(24,624)	(39,582)
Loss on debt extinguishment	(11,643)	—	(11,643)	—
Other income, net	102,757	41,729	75,048	14,274
Income (loss) before (provision for) benefit from income taxes	\$ 8,815	\$ (40,531)	\$ (114,080)	\$ (152,865)
(Provision for) benefit from income taxes	(309)	(212)	(247)	45,968
Losses from equity method investments	(2,864)	(2,100)	(5,950)	(3,983)
Net income (loss)	\$ 5,642	\$ (42,843)	\$ (120,277)	\$ (110,880)
Net income (loss) per share				
Basic	\$ 0.03	\$ (0.25)	\$ (0.67)	\$ (0.64)
Diluted	\$ 0.03	\$ (0.25)	\$ (0.67)	\$ (0.64)
Weighted-average shares outstanding used to compute net income (loss) per share				
Basic	179,917	173,381	179,404	171,960
Diluted	182,397	173,381	179,404	171,960
Comprehensive income (loss), net of tax				
Net income (loss)	\$ 5,642	\$ (42,843)	\$ (120,277)	\$ (110,880)
Foreign currency translation adjustment	(1,033)	3,756	(2,843)	8,354
Comprehensive income (loss)	\$ 4,609	\$ (39,087)	\$ (123,120)	\$ (102,526)

⁽¹⁾ Includes related party revenue of \$40 and \$0 for the three months ended June 30, 2026 and 2025, respectively. Includes related party revenue of \$190 and \$1 for the six months ended June 30, 2026 and 2025, respectively.

⁽²⁾ Includes related party revenue of \$21,984 and \$15,908 for the three months ended June 30, 2026 and 2025, respectively. Includes related party revenue of \$43,657 and \$16,538 for the six months ended June 30, 2026 and 2025, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tempus AI, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands, except share and per share amounts)

	Six Months Ended June 30,	
	2026	2025
Operating activities		
Net loss	\$ (120,277)	\$ (110,880)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	106,827	45,429
Gain on marketable equity securities	(66,166)	(6,007)
Loss on disposal of property and equipment	375	—
Deferred income taxes	—	(46,216)
Losses from equity method investments	5,950	3,983
Amortization of original issue discount	3,125	1,169
Amortization of deferred financing fees	194	332
Change in fair value of holdback liability	(94)	312
Loss on debt extinguishment	11,643	—
Depreciation and amortization	52,161	48,385
Provision for bad debt expense	866	625
Provision for obsolete inventory	400	—
Non-cash operating lease costs	6,896	4,573
Minimum accretion expense	88	108
PIK interest added to principal	1,674	7,157
Change in assets and liabilities		
Accounts receivable ⁽¹⁾	(50,565)	(49,155)
Inventory	(2,188)	1,974
Prepaid expenses and other current assets	(2,440)	(188)
Investments and other assets	960	(11,073)
Accounts payable	(30,225)	7,025
Related party asset	2,917	—
Deferred revenue ⁽²⁾	(12,467)	36,836
Deferred other income	(7,977)	(7,977)
Accrued data licensing fees	(1,568)	3,957
Accrued expenses & other	19,941	6,991
Interest payable	6,270	7,122
Operating lease liabilities	(7,122)	(5,942)
Net cash used in operating activities	\$ (80,802)	\$ (61,460)

⁽¹⁾ Includes increase in related party accounts receivable of \$4,496 for the six months ended June 30, 2026. Includes decrease in related party accounts receivable of \$2,089 for the six months ended June 30, 2025.

⁽²⁾ Includes decrease in related party deferred revenue of \$3,535 for the six months ended June 30, 2026. Includes increase in related party deferred revenue of \$36,685 for the six months ended June 30, 2025.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tempus AI, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands, except share and per share amounts)

	Six Months Ended June 30,	
	2026	2025
Investing activities		
Purchases of property and equipment	\$ (14,327)	\$ (9,588)
Proceeds from sale of marketable equity securities	—	8,316
Business combinations, net of cash acquired (Note 4)	—	(380,762)
Capitalized software costs	(6,832)	(3,295)
Net cash used in investing activities	\$ (21,159)	\$ (385,329)
Financing activities		
Proceeds from convertible senior notes, net of initial purchasers' discount	443,132	—
Principal payments on long-term debt	(207,717)	—
Principal payments on revolving credit facility	(100,000)	—
Prepayment premium on long-term debt	(6,433)	—
Payment of deferred offering costs	(147)	—
Purchases of capped call	(31,234)	—
Proceeds from revolving credit facility, net of original issue discount	—	98,000
Proceeds from long-term debt, net of original issue discount	—	196,000
Payment of deferred financing fees	(751)	(958)
Net cash provided by financing activities	\$ 96,850	\$ 293,042
Effect of foreign exchange rates on cash	(2)	(37)
Net decrease in Cash, Cash Equivalents and Restricted Cash	\$ (5,113)	\$ (153,784)
Cash, cash equivalents and restricted cash, beginning of period	609,451	341,835
Cash, cash equivalents and restricted cash, end of period	<u><u>\$ 604,338</u></u>	<u><u>\$ 188,051</u></u>
Cash, Cash Equivalents and Restricted Cash are Comprised of:		
Cash and cash equivalents	\$ 599,614	\$ 186,310
Restricted cash and cash equivalents	4,724	1,741
Total cash, cash equivalents and restricted cash	<u><u>\$ 604,338</u></u>	<u><u>\$ 188,051</u></u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 12,299	\$ 23,980
Cash paid for income taxes	\$ 247	\$ 136
Preferred stock received on accounts receivable ⁽³⁾	<u><u>\$ 8,750</u></u>	<u><u>\$ —</u></u>
Supplemental disclosure of noncash investing and financing activities		
Purchases of property and equipment, accrued but not paid	\$ 6,106	\$ 6,863
Redemption of convertible promissory note	<u><u>\$ 20,743</u></u>	<u><u>\$ 14,338</u></u>
Deferred financing fees, accrued but not yet paid	<u><u>\$ 726</u></u>	<u><u>\$ 545</u></u>
Deferred offering costs, accrued but not yet paid	<u><u>\$ 129</u></u>	<u><u>\$ 95</u></u>
Operating lease liabilities arising from obtaining right-of-use assets	<u><u>\$ 360</u></u>	<u><u>\$ 606</u></u>
Capitalized software costs, accrued but not yet paid	<u><u>\$ 6,564</u></u>	<u><u>\$ —</u></u>
Class A Common Stock issued in connection with business combinations	<u><u>\$ —</u></u>	<u><u>\$ 310,320</u></u>
Convertible promissory note principal reset due to amendment	<u><u>\$ —</u></u>	<u><u>\$ 72,488</u></u>

⁽³⁾ Includes related party preferred stock of \$8,750 for the six months ended June 30, 2026.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tempus AI, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCK AND STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands, except share and per share amounts)

	Voting Common Stock						Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Class A		Class B		Treasury Stock					
	Units	Amount	Units	Amount	Units	Amount				
Balance at December 31, 2025	173,235,428	\$ 17	5,043,789	\$ 1	(183,229)	\$ (6,642)	2,892,910	\$ (2,395,862)	\$ 902	\$ 491,326
Issuance of common stock upon settlement of restricted stock units, net	1,964,649	1	—	—	—	—	(1)	—	—	—
Purchase of capped call	—	—	—	—	—	—	(31,234)	—	—	(31,234)
Stock-based compensation expense	—	—	—	—	—	—	107,962	—	—	107,962
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(2,843)	(2,843)
Net loss	—	—	—	—	—	—	—	(120,277)	—	(120,277)
Balance at June 30, 2026	175,200,077	\$ 18	5,043,789	\$ 1	(183,229)	\$ (6,642)	2,969,637	\$ (2,516,139)	\$ (1,941)	\$ 444,934

	Voting Common Stock						Additional	Accumulated	Other	Total				
	Class A		Class B		Treasury Stock						Paid-in	Accumulated	Comprehensiv	Stockholders'
	Units	Amount	Units	Amount	Units	Amount								
Balance at December 31, 2024	157,076,972	\$ 16	5,043,789	\$ 1	(145,466)	\$ (3,602)	2,210,664	\$ (2,150,834)	\$ 94	\$ 56,339				
Issuance of common stock upon settlement of restricted stock units, net	6,391,439	1	—	—	—	—	(1)	—	—	(0)				
Issuance of common stock in connection with business combinations	5,112,416	0	—	—	—	—	310,320	—	—	310,320				
Stock-based compensation expense	—	—	—	—	—	—	45,429	—	—	45,429				
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	8,354	8,354				
Net loss	—	—	—	—	—	—	—	(110,880)	—	(110,880)				
Balance at June 30, 2025	168,580,827	\$ 17	5,043,789	\$ 1	(145,466)	\$ (3,602)	\$ 2,566,412	\$ (2,261,714)	\$ 8,448	\$ 309,562				

The accompanying notes are an integral part of these condensed consolidated financial statements.

Tempus AI, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCK AND STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands, except share and per share amounts)

	Voting Common Stock						Additional		Accumulated Other Comprehensiv e Loss	Total Stockholders' Equity
	Class A		Class B		Treasury Stock		Paid-in Capital	Accumulated Deficit		
	Units	Amount	Units	Amount	Units	Amount				
Balance at March 31, 2026	174,360,831	\$ 17	5,043,789	\$ 1	(183,229)	\$ (6,642)	2,945,718	\$ (2,521,781)	\$ (908)	\$ 416,405
Issuance of common stock upon settlement of restricted stock units, net	839,246	1	—	—	—	—	(1)	—	—	—
Purchase of capped call	—	—	—	—	—	—	(31,234)	—	—	(31,234)
Stock-based compensation expense	—	—	—	—	—	—	55,154	—	—	55,154
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(1,033)	(1,033)
Net income	—	—	—	—	—	—	—	5,642	—	5,642
Balance at June 30, 2026	175,200,077	\$ 18	5,043,789	\$ 1	(183,229)	\$ (6,642)	2,969,637	\$ (2,516,139)	\$ (1,941)	\$ 444,934

	Voting Common Stock						Additional		Accumulated Other Comprehensive Income	Total Stockholders' Equity		
	Class A			Class B			Treasury Stock					
	Units	Amount		Units	Amount		Units	Amount				
Balance at March 31, 2025	167,989,074	\$ 17		5,043,789	\$ 1		(145,466)	\$ (3,602)	2,543,957	\$ (2,218,871)	\$ 4,692	\$ 326,194
Issuance of common stock upon settlement of restricted stock units, net	591,753	0		—	—		—	—	(0)	—	—	—
Stock-based compensation expense	—	—		—	—		—	—	22,455	—	—	22,455
Foreign currency translation adjustment	—	—		—	—		—	—	—	—	3,756	3,756
Net loss	—	—		—	—		—	—	—	(42,843)	—	(42,843)
Balance at June 30, 2025	168,580,827	\$ 17		5,043,789	\$ 1		(145,466)	\$ (3,602)	\$ 2,566,412	\$ (2,261,714)	\$ 8,448	\$ 309,562

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. DESCRIPTION OF BUSINESS

Company Information

Tempus AI, Inc., together with the subsidiaries through which it conducts business (the “Company”), is a healthcare technology company focused on bringing artificial intelligence and machine learning to healthcare in order to improve the care of patients across multiple diseases. The Company combines the results of laboratory tests with other multimodal datasets to improve patient care by supporting all parties in the healthcare ecosystem, including physicians, researchers, payers, and pharmaceutical companies. The Company primarily derives revenue from selling comprehensive genetic testing to physicians and large academic research institutions, licensing data to third parties, matching patients to clinical trials, and related services.

The Company, based in Chicago, Illinois, was founded by Eric P. Lefkowsky, the Company’s CEO and Executive Chairman, and evolved from a business Mr. Lefkowsky founded called Bioin. Bioin originally was established as a limited liability company. Effective September 21, 2015, Bioin converted its legal form to a corporation organized and existing under the General Corporation Law of the State of Delaware. Bioin subsequently changed its legal name to Tempus Health, Inc. in September 2015, to Tempus Labs, Inc. in October 2016 and to Tempus AI, Inc. in December 2023. Effective August 7, 2025, the Company reincorporated, by conversion, from a Delaware corporation to a Nevada corporation.

Segment Information

The Company operates as one operating and reportable segment. The Company’s chief operating decision maker (“CODM”) is its chief executive officer, who reviews financial information for purposes of making operating decisions, assessing financial performance and allocating resources. The Company’s CODM evaluates financial information on a consolidated basis.

The CODM assesses performance and decides how to allocate resources based on consolidated net income (loss) that is reported on the consolidated statements of operations and comprehensive loss. The CODM uses consolidated net income (loss) to evaluate income generated from segment assets. Net income (loss) is used to monitor budget versus actual results.

Outside of the expenses reported on the consolidated statements of operations and comprehensive loss, the CODM regularly reviews personnel costs and cloud costs within selling, general, and administrative expenses, which the Company has identified as significant segment expenses.

The following summarizes the significant segment expenses reconciled to total selling, general and administrative expenses shown on the condensed consolidated statements of operations and comprehensive loss. Other selling, general, and administrative expenses include facilities, professional fees, marketing, travel and entertainment, depreciation and amortization, and stock-based compensation (see Note 11).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Selling, general and administrative payroll	\$ 84,147	\$ 69,588	\$ 163,289	\$ 131,015
Cloud and software	43,841	30,359	83,174	57,763
Other selling, general and administrative	97,857	80,765	191,976	146,561
Selling, general and administrative	<u>\$ 225,845</u>	<u>\$ 180,712</u>	<u>\$ 438,439</u>	<u>\$ 335,339</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The condensed consolidated financial statements include the accounts of Tempus AI, Inc. and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The condensed consolidated financial statements and accompanying notes were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and applicable rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) regarding interim financial information and include the assets, liabilities, revenue and expenses of all wholly owned subsidiaries. Investments in unconsolidated entities in which the Company does not have a controlling financial interest, but has the ability to exercise significant influence, are accounted for under the equity method of accounting. Investments in unconsolidated entities in which the Company is not able to exercise significant influence are accounted for under the cost method of accounting. Certain information and disclosures

normally included in the annual consolidated financial statements prepared in accordance with GAAP have been omitted. Accordingly, the unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Form 10-K for the year ended December 31, 2025. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect, in management's opinion, all the adjustments of a normal, recurring nature that are necessary for the fair statement of the Company's financial position, results of operations, and cash flows for the interim periods, but are not necessarily indicative of the results expected for the full year or any other period.

The Company believes that its existing cash and cash equivalents and marketable equity securities at June 30, 2026 will be sufficient to allow the Company to fund its current operating plan through at least a period of one year from the date of issuance of this Quarterly Report on Form 10-Q. As the Company continues to incur losses, its transition to profitability is dependent upon a level of revenues adequate to support the Company's cost structure. Future capital requirements will depend on many factors, including the timing and extent of spending on research and development activities and growth related expenditures.

Other than described below, there have been no changes to the Company's significant accounting policies described in the "Notes to the Consolidated Financial Statements" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 that have had a material impact on the Company's consolidated financial statements and accompanying notes.

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and classifications of assets and liabilities, revenue and expenses, and the related disclosures of contingent assets and liabilities in the condensed consolidated financial statements and accompanying notes. The most significant estimates are related to revenue, accounts receivable, stock-based compensation, operating lease liabilities, the useful lives of property, equipment, capitalized software and intangible assets, and the cash flows used in determining the fair value of acquired intangible assets. Actual results could differ from those estimates.

Capitalized Software

In accordance with ASC 350-40, Internal-Use Software, the Company capitalizes eligible software development costs for the Company's internally developed projects that are not intended for sale or externally marketed. Internal-use software costs are recorded at cost less accumulated amortization in Capitalized software on the condensed consolidated balance sheets. The Company adopted ASU 2025-06 on January 1, 2026 using a prospective transition basis. Under ASU 2025-06, development costs for applicable projects will begin capitalization when management commits to funding a software project and it is probable that the project will be completed and the software will be used to perform the function intended. The Company capitalizes costs directly attributable to the development, design and implementation of the internal use software. Any costs incurred during subsequent efforts to upgrade and enhance the functionality of the software are also capitalized. Capitalized software costs are amortized on a straight-line basis when the capitalized software is ready for its intended use over the estimated useful life of the software, which is typically three to five years.

Recently Adopted Accounting Standards

In November 2024, the FASB issued ASU 2024-04, "Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments", which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as induced conversions. The Company adopted the standard on January 1, 2026 on a prospective basis. The adoption of this standard did not have a material impact on the Company's financial statements.

In July 2025, the FASB issued ASU No. 2025-05, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets". ASU 2025-05 provides a practical expedient that in developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The Company adopted the standard on January 1, 2026 on a prospective basis. The Company elected the practical expedient provided by the standard which allows the Company to assume that current macroeconomic conditions as of the balance sheet date persist for the remaining contractual life of current accounts receivable. The adoption of this standard did not have a material impact on the Company's financial statements.

In September 2025, the FASB issued ASU 2025-06, “Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software.” ASU-2025-06 revises the recognition guidance for internal-use software by eliminating the previous model based on software development stages and introducing a principles-based approach. Under the new guidance, capitalization begins when management has authorized and committed to funding the project, and it is probable that the software will be completed and used for its intended purpose. The Company early adopted the standard on January 1, 2026 using a prospective transition approach. The adoption of this standard did not have a material impact on the Company's financial statements. Refer to Note 6 for additional information over the Company's capitalized software.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income (Topic 220): Disaggregation of Income Statement Expenses.” ASU 2024-03 requires additional disclosures aimed at enhancing the transparency and decision usefulness of income statement expenses. This ASU is effective for fiscal years beginning after December 15, 2026 as well as interim periods beginning after December 15, 2027 and may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of the guidance on the related disclosures.

In September 2025, the FASB issued ASU No. 2025-07, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606), which amends the existing guidance to (a) reduce the cost and complexity of evaluating whether contracts with features based on the operations or activities of one of the parties to the contract are derivatives, (b) better portray the economics of those contracts in the financial statements, and (c) reduce diversity in practice resulting from the broad application of the current guidance and changing business environment. The amendments also are expected to reduce diversity in practice by clarifying the applicability of Topic 606, Revenue from Contracts with Customers, to share-based noncash consideration from a customer for the transfer of goods or services. This ASU is effective for fiscal years beginning after December 15, 2026. The Company is currently evaluating the impact of the guidance on the related disclosures.

In December 2025, the FASB issued ASU 2025-11, “Interim Reporting (Topic 270): Narrow-Scope Improvements.” ASU 2025-11 clarifies interim disclosure requirements and the applicability of Topic 270. The update provides clarity about current interim requirements. The amendments in this update also include a disclosure principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments in this ASU are required to be adopted for interim periods within annual reporting periods beginning after December 15, 2027 and can be adopted using either a prospective or retrospective method. Early adoption is permitted. The Company is currently evaluating the impact of the guidance on the related disclosures.

In December 2025, the FASB issued ASU 2025-12, Codification Improvements. This ASU represents changes to the ASC that clarify, correct errors in or make other improvements to a variety of topics that are intended to make it easier to understand and apply, including amendments to clarify the calculation of earnings per share when a loss from continuing operations exists. This ASU is effective for fiscal years beginning after December 15, 2026 and interim periods within those fiscal years, with early adoption permitted. Entities are required to apply the amendments to ASC 260 retrospectively. All other amendments may be applied prospectively or retrospectively. The Company is currently evaluating the impact of the guidance on the related disclosures.

3. REVENUE RECOGNITION

The Company derives revenue from selling lab services (“Diagnostics”) to physicians, genetic counselors, academic research institutions, and other parties. The Company also derives revenue from the commercialization of data generated in the lab (“Data and applications”) through the licensing of de-identified datasets to third parties and by providing clinical trial support, such as matching patients to clinical trials enrolled in its clinical trial network, and related services. The majority of the Company’s revenue is generated in North America.

The Company accounts for revenue in accordance with Financial Accounting Standards Board (“FASB”) ASC 606 *Revenue from Contracts with Customers* (“ASC 606”). The Company commences revenue recognition when control of these products is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for such products. This principle is achieved by applying the five-step approach: (i) the Company accounts for a contract when it has approval and commitment from both parties, (ii) the rights of the parties are identified, (iii) payment terms are identified, (iv) the contract has commercial substance and (v) collectability of consideration is probable. Revenues and any contract assets are not recognized until such time that the required conditions are met.

Disaggregation of Revenue

The Company provides disaggregation of revenue based on Diagnostics and Data and applications on the condensed consolidated statements of operations and comprehensive loss, as it believes these best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Diagnostics

The Company generally recognizes revenue for its Diagnostics product offering when it has met its performance obligation relating to an order. The Company has determined its sole performance obligation to be the delivery of the testing results to the ordering party. The Company receives payments from Medicare, Medicaid, and commercial insurance for clinical orders and directly from research institutions, pharmaceutical companies or other third parties for direct bill orders.

For clinical orders from Medicare, Medicaid, and commercial insurance, the Company determines transaction price by reducing the standard charge by the estimated effects of any variable consideration, such as contractual allowance and implicit price concessions. The Company estimates the variable consideration using the expected value method which is based on historical collections in relation to established rates, as well as known current or anticipated reimbursement trends not reflected in the historical data. The Company uses significant judgment when assessing whether estimates of variable consideration are constrained and these estimates are calculated based upon both insurance payor-specific and aggregated factors that include historical billing and adjustment data. Estimates are inclusive of the consideration to which the Company will be entitled at an amount for which it is probable that a reversal of cumulative consideration will not occur. The Company monitors the estimated amount to be collected at each reporting period based on actual cash collections in order to assess whether a revision to the estimate is required. Payment is typically due after the claim has been processed by the payer, generally 30-120 days from date of service. While management believes that the estimates are accurate, actual results could differ and the potential impact on the financial statements could be significant. The Company recognized revenue for clinical orders of \$264.4 million and \$221.7 million for the three months ended June 30, 2026 and 2025, respectively. The Company recognized revenue for clinical orders of \$503.7 million and \$403.2 million for the six months ended June 30, 2026 and 2025, respectively.

For direct bill orders from research institutions, pharmaceutical companies, or other third parties, the Company determines the transaction prices based on established contractual rates with the customer, net of any applicable discounts. Payment is typically due between 30 and 60 days following the date of invoice. The Company recognized Diagnostics revenue for direct bill orders of \$24.9 million and \$20.1 million for the three months ended June 30, 2026 and 2025, respectively. The Company recognized Diagnostics revenue for direct bill orders of \$46.7 million and \$32.4 million for the six months ended June 30, 2026 and 2025, respectively.

Data and applications

Data and applications revenue primarily represents data licensing and clinical trial services that the Company provides to pharmaceutical and biotechnology companies. The Company's arrangements with these customers often have terms that span multiple years. However, these contracts generally also include customer opt-in or early termination clauses after twelve months without contractual penalty. The customer's option to renew is generally not viewed as a material right, and as a result, the Company's contract period for these agreements is generally considered less than one year. The Company determines the transaction price based on established contractual rates with the customer, net of any applicable discounts. The Company recognizes revenue for its Data and applications product offering when it has met its performance obligation under the terms of the agreement with the customer. The Company's product offerings are as follows:

Insights

The Company's Insights product consists primarily of licensing and analysis of de-identified records. Each Insights contract is unique and may include multiple promises, including the delivery of licensed de-identified records, including refreshes, analytical services or access to the Company's enhanced Lens application. The Company evaluates each contract to determine which performance obligations are capable of being distinct and separately identifiable from other promises in the contract and, therefore, represent distinct performance obligations. The actual timing of data deliveries can be based on a variety of factors, including, but not limited to, the customer's requirement and/or the Company's technological, operational, and human capital capacity; in addition, management assesses relevant contractual terms in contracts with customers and applies significant judgment in identifying and accounting for all terms and conditions in certain contracts. The transaction price is allocated to the distinct performance obligations and revenue is recognized once the performance obligation has been fulfilled. The standalone selling prices are based on the Company's normal pricing practices when sold separately with consideration of market conditions and other factors, including customer demographics.

The Company has determined that the delivery of de-identified records and, when applicable, analytical services, and access to its enhanced Lens application are separate and distinct performance obligations. The primary Insights contract types are as follows:

- *Data licensing on a one-time or limited duration basis* – Customer licenses a specific dataset of records, and the Company accounts for individual licensed data records as a right to use license. Revenue is typically recognized upon delivery of the data to the customer, as the Company's obligations for an individual record is complete once the data has been delivered, and the customer is able to benefit from the provision of data as it is received.
- *Multi-year data subscriptions* – Customer licenses de-identified records, and the Company accounts for the service as a right to access license and one performance obligation. Revenue is recognized as access to the dataset is provided, ratably over-time, with the measure of progress time-based.
- *Analytical services and other services* – Services typically involve data analysis and research performed on behalf of the customer by the Company. The resulting delivery of data, or a report addressing a series of questions and analytical results, is considered a single performance obligation. Revenue is generally recognized upon the delivery of these services, as defined by the contract.
- *Enhanced Lens application subscription services* – Customer licenses access to the Company's enhanced Lens application under a software-as-a-service model. Customers do not have the right to take possession of the Lens platform application, and the online software product is fully functional once a customer has access. Lens subscription revenues are recognized ratably over the contract terms beginning on the date the Company's service is made available to the customer. For the periods presented, revenue from Lens subscription services are not material.
- *Cloud hosting services* – The Company provides cloud hosting services to customers via a third party cloud infrastructure provider. Revenue is recognized as the related compute and storage costs are incurred by the customer.

The Company recognized revenue from Insights products of \$77.7 million and \$57.2 million for the three months ended June 30, 2026 and 2025, respectively and \$149.0 million and \$106.7 million for the six months ended June 30, 2026 and 2025, respectively.

Trials

The Company's Trials product includes TIME clinical trial matching services and other clinical trial services.

TIME consists primarily of matching patients to clinical trial sponsors of a potential match. To the extent the contract requires, the Company may also assist in opening the clinical trial site and enrolling the patient in the clinical trial. The Company has determined that, depending on the type of agreement, the performance obligation of these contracts is the delivery of a notification or the enrollment of a patient in a clinical trial. As such, revenue is recognized upon one of the following: delivery of a notification to the physician alerting them to a clinical trial match, or once a patient is enrolled in a trial. Concurrently, the customer, which is the clinical trial sponsor, also receives notification from the Company to establish the performance obligations delivered or fulfilled for the billing period.

In addition to TIME, the Company provides other clinical trial services conducting or supporting studies. Tempus Compass LLC, a subsidiary of the Company, is a contract research organization ("CRO"), which manages and executes early and late-stage clinical trials, primarily in oncology. Contracts for clinical trial services can take the form of fee-for-service or fixed-price contracts. Fee-for-service contracts are typically priced based on time and materials, and revenue is recognized based on hours and materials used as the services are provided. Fixed-price contracts generally represent a single performance obligation and are recognized over-time using a cost-based input method. Progress on the performance obligation is measured by the proportion of actual costs incurred to the total costs expected to complete the contract. This cost-based method of revenue recognition requires the Company to make estimates of costs to complete its projects on an ongoing basis. Contract costs principally include direct labor and reimbursable out-of-pocket costs.

The Company recognized revenue from Trials products of \$9.0 million and \$9.8 million for the three months ended June 30, 2026 and 2025, respectively and \$18.9 million and \$19.5 million for the six months ended June 30, 2026 and 2025, respectively.

Next

The Company's Next product is an AI platform that leverages machine learning to apply an "intelligent layer" onto routinely generated data to proactively identify and minimize care gaps for oncology and cardiology patients. The Company evaluates each contract to determine which performance obligations are capable of being distinct and separately identifiable from other promises in the contract and, therefore, represent distinct performance obligations. Fixed-price subscriptions generally represent a single performance obligation and are recognized over-time. Revenue can also be recognized upon delivery of reports or certain milestones as defined by the contract.

The Company recognized revenue from Next of \$6.3 million and \$5.7 million for the three months ended June 30, 2026 and 2025, respectively and \$12.0 million and \$8.4 million for the six months ended June 30, 2026 and 2025, respectively.

For Insights, Trials and Next arrangements, pricing is fixed and the Company may be compensated through a combination of an upfront payment and performance-based, non-refundable payments due upon completion of the stated performance obligation(s). Payment is generally due 60 to 90 days after the date of service. The Company has no significant obligations for refunds, warranties, or similar obligations for Data and applications product offerings. The Company has elected the practical expedient, which allows the Company to not disclose remaining performance obligations for contracts with original terms of twelve months or less. Cancelable contracted revenue is not considered a remaining performance obligation.

Multi-year Contract Performance Obligations

The Company has limited multi-year contracts that do not contain early termination or customer opt-in clauses. These contracts contained defined, noncancelable performance obligations that will be fulfilled in future years. The Company's remaining performance obligations related to multi-year contracts was \$395.3 million as of June 30, 2026, of which the Company expects to recognize approximately 51% as revenue over the next year, and the remaining 36%, 9%, and 4% of its remaining performance obligations as revenue in years two, three, four and thereafter, respectively.

Contract Assets

Timing of revenue recognition may differ from the timing of invoicing to customers. Certain performance obligations may require payment before delivery of the service to the customer. The Company recognizes contract assets when the Company has an unconditional right to payment, and when revenues earned on a contract exceeds the billings. Contract assets are presented under accounts receivable, net. Accounts receivable as of June 30, 2026 and December 31, 2025 included contract assets of \$31.7 million and \$8.1 million, respectively.

In November 2023, the Company entered into a Commercialization and Reference Laboratory Agreement with Personalis, Inc. ("Personalis"), which was subsequently amended in August 2024 and July 2025. The Company agreed to pay up to \$12.0 million to Personalis over three years as certain milestones are met, all of which has been paid as of July 2025. These payments are treated as contract assets and amortized into revenue over the life of the contract. Contract asset balances are offset by deferred revenue generated from receipt of warrants for Personalis common stock (see Note 15). As of June 30, 2026 and December 31, 2025, there was \$2.8 million and \$4.7 million, respectively, of net contract assets related to this agreement recorded in Prepaid expenses and other current assets, respectively.

Deferred Revenue

Deferred revenue consists of billings or cash received for services in advance of revenue recognition and is recognized as revenue when all the Company's revenue recognition criteria are met. The deferred revenue balance is influenced primarily by upfront contractual payments from the Company's Data and applications product offerings and timing of delivery of the Company's de-identified licensed data and clinical test results. The portion of deferred revenue that is anticipated to be recognized as revenue during the succeeding twelve-month period is recorded as deferred revenue, current and any remaining portion is recorded as deferred revenue, non-current. The Company recognized \$51.3 million and \$50.4 million during the six months ended June 30, 2026 and 2025, respectively, that was included in the corresponding deferred revenue balance at the beginning of the periods.

4. BUSINESS COMBINATIONS

Paige.AI, Inc.

On August 22, 2025, (the "Paige Closing Date"), the Company completed its acquisition (the "Paige Acquisition") of Paige.AI, Inc. ("Paige"), a Delaware corporation, pursuant to an Agreement and Plan of Merger. Paige is an AI company specializing in digital pathology. The Paige Acquisition is expected to allow the Company to grow its dataset and establish a strong footprint in digital pathology with an industry leading technology portfolio.

The Company acquired all of the issued and outstanding shares of Paige. The acquisition resulted in goodwill of \$141.1 million. No goodwill is expected to be deductible for tax purposes. The aggregate acquisition date fair value of consideration for the Paige Acquisition totaled \$101.5 million. Consideration consisted of \$3.0 million of cash and the issuance of an aggregate of 1,256,977 shares of the Company's Class A common stock (the "Paige Stock Consideration"), which was valued at \$80.52 per share, the closing price of the Company's Class A common stock on the Paige Closing Date.

A portion of the Paige Stock Consideration was paid to employees as consideration for transaction bonuses. Paige will pay approximately \$3.2 million to fulfill employee tax obligations related to the issuance, of which \$3.0 million has been paid as of

December 2025. The equivalent was withheld from those employees in the Company's Class A common stock and included in treasury stock. In accordance with the terms of the agreement, \$6.9 million in equity consideration was held back and is payable within five business days of August 22, 2026. The net working capital adjustment resulted in a decrease to the acquisition price of \$1.2 million which was recorded to goodwill. The \$6.9 million holdback liability is recognized within Other long-term liabilities. The holdback liability is remeasured at fair value in each period following the closing with changes in fair value recorded within Selling, general and administrative expense.

The following table summarizes the allocation of the aggregate purchase price of the Paige Acquisition (in thousands):

Assets	
Cash	\$ 2,851
Accounts receivable	761
Prepaid expenses and other current assets	5,011
Total current assets	\$ 8,623
Property and equipment, net	1,116
Operating lease right-of-use assets	7,968
Investments and other assets	240
Restricted cash	2,870
Total assets acquired	\$ 20,817
Liabilities	
Accounts payable	\$ 538
Accrued expenses	3,849
Operating lease liabilities	1,887
Deferred revenue	238
Total current liabilities	\$ 6,513
Deferred revenue, less current portion	908
Operating lease liabilities, less current portion	13,058
Other long-term liabilities	39,951
Total liabilities assumed	\$ 60,430
Net assets acquired and liabilities assumed	\$ (39,613)
Goodwill	\$ 141,130
Cash consideration	\$ 2,983
Stock consideration	98,534
Total acquisition price	\$ 101,517

The excess of purchase consideration over the fair value of the net assets acquired was recorded as goodwill, which is primarily attributed to the assembled workforce of the acquired company and expected growth in the Company's dataset. The Company also assumed \$39.5 million of remaining purchase commitments under Paige's Microsoft Azure cloud services agreement in excess of forecasted usage, which is recorded in Other long-term liabilities.

Pursuant to ASC 805, Business Combinations, the Company accounted for the Paige Acquisition as a business combination under the acquisition method of accounting.

Deep 6

On March 11, 2025, the Company acquired all of the issued and outstanding interests of Deep 6 AI, Inc. ("Deep 6"), a Delaware corporation (the "Deep 6 Acquisition"), that enables healthcare organizations to de-risk clinical trials, accelerate recruitment, and generate real-world evidence with speed and precision. Deep 6's AI-powered software matches patients to clinical trials by mining real-time structured and unstructured electronic medical record data across a broad ecosystem.

The acquisition resulted in goodwill of \$21.0 million. The aggregate acquisition date fair value of consideration for the Deep 6 Acquisition totaled \$17.4 million. Consideration consisted of \$4.3 million of cash and \$13.1 million of the Company's Class A common stock. In accordance with the terms of the agreement, \$0.8 million in equity consideration was held back. The net working

capital adjustment resulted in a decrease to the acquisition price of \$0.2 million which was recorded to goodwill. The \$0.6 million holdback liability is recognized within Other long-term liabilities. The holdback liability is remeasured at fair value in each period following the closing within Selling, general and administrative expense.

Ambry Genetics Corporation

On February 3, 2025 (the "Closing Date"), the Company completed its acquisition (the "Ambry Acquisition") of Ambry Genetics Corporation, a Delaware corporation ("Ambry"), pursuant to a Securities Purchase Agreement (the "Purchase Agreement") entered into on November 4, 2024 with Realm, IDX, Inc., a Delaware corporation (the "Seller") and the Seller's ultimate parent, Konica Minolta, Inc., a Japanese corporation, as guarantor.

The Company acquired all of the issued and outstanding shares of capital stock of Ambry. Consideration for the acquisition consisted of \$375.0 million in cash, subject to adjustment for cash, unpaid indebtedness, unpaid transaction expenses and net working capital of Ambry, plus the issuance of an aggregate of 4,843,136 shares of the Company's Class A common stock (the "Stock Consideration"). Stock Consideration was valued at \$61.54 per share, which was the closing price of the Company's Class A common stock on the Closing Date. Pursuant to the terms of the Purchase Agreement, 2,152,505 shares issued as Stock Consideration are subject to a lock-up for a period of one year following the Closing Date. The Company was an Ambry customer prior to the acquisition and, pursuant to that preexisting relationship, owed \$3.8 million to Ambry as of the Closing Date. This balance was effectively settled upon the Ambry Acquisition and was treated as a reduction to consideration transferred. The net working capital adjustment was finalized in September 2025, resulting in a decrease to the acquisition price of \$3.0 million which was recorded to goodwill.

Ambry is a leader in hereditary cancer screening. The Ambry Acquisition provides the Company with expanded testing capabilities for inherited cancer risk. In addition, the Ambry Acquisition complements the Company's strategy of using data to advance clinical and scientific innovation. Ambry's extensive product offerings will allow the Company to expand into new disease categories, including pediatrics, rare disease, immunology, women's reproductive health, and cardiology.

The Company incurred \$7.4 million of transaction costs related to the Ambry Acquisition, of which \$0 and \$1.5 million were recorded during the three months ended June 30, 2026 and 2025, respectively, and \$0, and \$4.5 million were recorded during the six months ended June 30, 2026 and 2025, respectively, within Selling, general and administrative expense in the condensed consolidated statement of operations.

The following table summarizes the allocation of the aggregate purchase price of the Ambry Acquisition (in thousands):

Assets	
Cash	\$ 20,555
Accounts receivable	62,853
Inventory	11,188
Prepaid expenses and other current assets	10,153
Total current assets	\$ 104,749
Property and equipment, net	38,560
Operating lease right-of-use assets	26,198
Investments and other assets	268
Customer relationships	234,000
Trade names	33,000
Developed technology - software	18,000
Developed technology - biotech	114,000
Total assets acquired	\$ 568,775
Liabilities	
Accounts payable	\$ 199
Accrued expenses	28,870
Operating lease liabilities	3,008
Deferred revenue	1,347
Total current liabilities	\$ 33,424
Deferred revenue, less current portion	1,099
Operating lease liabilities, less current portion	23,259
Deferred tax liabilities	52,917
Other long-term liabilities	368
Total liabilities assumed	\$ 111,067
Net assets acquired and liabilities assumed	\$ 457,708
Goodwill	\$ 234,635
Consideration	
Cash consideration	\$ 394,296
Stock consideration	298,047
Total acquisition price	\$ 692,343

The excess of purchase consideration over the fair value of the net assets acquired was recorded as goodwill, which is primarily attributed to the assembled workforce of the acquired company and expected growth from the horizontal integration of Ambry's genomics testing. \$0.6 million of goodwill is expected to be deductible for tax purposes. The identifiable intangible assets acquired consisted of customer relationships, developed technology - biotech, developed technology - software, and trade names.

The fair value of customer relationships was estimated using the multi period excess earnings method, which isolates the net earnings attributable to the asset being measured. Significant assumptions used in the valuation of customer relationships included forecasted revenue and expenses, customer attrition, contributory asset charges and discount rate.

The fair values of developed technology - biotech, developed technology - software, and trade names were estimated using the relief from royalty method, which considers the market-based royalty a company would pay to enjoy the benefits of the trade name or technology in lieu of actual ownership of the trade name or technology. Significant assumptions used in the valuation of these assets included forecasted revenue, royalty rate, and discount rate. In addition, the valuation of developed technology assets included assumed obsolescence rates.

As described, the valuation of identifiable intangible assets acquired required various estimates and assumptions. The Company's management believes the fair values recognized for the assets acquired and liabilities assumed are based on reasonable estimates and assumptions.

Estimated useful lives of the identifiable intangible assets acquired are as follows:

	Useful Life
Customer relationships	7 years
Trade names	7 years
Developed technology - software	3 years
Developed technology - biotech	5 years

The following pro forma information shows the results of the Company's operations as though the acquisition had occurred as of the beginning of the comparable period, January 1, 2024 (in thousands):

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
Revenues	\$ 314,635	\$ 603,295
Net loss	(41,326)	(149,723)

The pro forma amounts have been calculated after applying the Company's accounting policies and adjusting the results of Ambry to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property and equipment, net and intangible assets had been applied from January 1, 2024. The pro forma financial information for the three and six months ended June 30, 2025 combines the Company's financial results and the historical results of Ambry for the three and six months ended June 30, 2025. Included in the adjustment is a \$46.2 million tax benefit from the release of a portion of the valuation allowance attributable to estimated deferred tax liabilities as of the opening balance sheet. The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the acquisition taken place as of the beginning of the period presented, or the results that may occur in the future.

For the three months ended June 30, 2025, Ambry contributed \$97.3 million in net revenue within Diagnostics revenue and \$2.2 million of net income to the consolidated Tempus results. For the six months ended June 30, 2025, Ambry contributed \$160.8 million in net revenue within Diagnostics revenue and \$7.7 million of net income to the consolidated Tempus results.

Pursuant to ASC 805, Business Combinations, the Company accounted for the Ambry Acquisition as a business combination under the acquisition method of accounting.

5. BALANCE SHEET COMPONENTS

Property and Equipment, Net

The following summarizes property and equipment, net as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Equipment	\$ 153,136	\$ 143,651
Leasehold improvements	68,364	64,791
Furniture and fixtures	7,547	6,976
Building	1,234	1,234
Land	9,850	9,850
Total property and equipment, gross	240,131	226,502
Less: accumulated depreciation	(151,065)	(137,346)
Property and equipment, net	\$ 89,066	\$ 89,156

Depreciation expense on property and equipment is classified as follows in the accompanying condensed consolidated statements of operations for the three and six months ended June 30, 2026 and 2025 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue, diagnostics	\$ 3,666	\$ 3,994	\$ 7,391	\$ 7,635
Cost of revenue, data and applications	—	111	—	283
Selling, general and administrative costs	3,459	4,242	7,159	8,312
Total depreciation	\$ 7,125	\$ 8,347	\$ 14,550	\$ 16,230

Accrued Expenses

Accrued expenses as of June 30, 2026 and December 31, 2025, consist of the following (in thousands):

	June 30, 2026	December 31, 2025
Accrued compensation and employee benefits	\$ 48,916	\$ 38,119
Accrued expenses	84,199	72,553
Accrued cloud storage costs	45,547	41,870
Interest payable	2,609	2,828
Total accrued expenses	<u>\$ 181,271</u>	<u>\$ 155,370</u>

6. GOODWILL, INTANGIBLES AND CAPITALIZED SOFTWARE

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. There were no goodwill additions during the three and six months ended June 30, 2026. During the six months ended June 30, 2025, goodwill of \$252.3 million was recorded in connection with the Ambry Acquisition and Deep 6 Acquisition. Measurement period adjustments of \$3.3 million were recorded related to these acquisitions. There were no goodwill additions during the three months ended June 30, 2025. Refer to Note 4. The Company recorded no impairment loss during the three and six months ended June 30, 2026 and 2025.

Intangible assets

Intangible assets are initially recorded at their acquisition cost, or fair value if acquired as part of a business combination and amortized over their estimated useful lives. Intangible assets consist of a website domain, customer relationships, trade names, developed technology acquired as part of a business combination, and licensed data acquired by entering into research collaboration agreements. In each license arrangement, the other party provides the Company with specified data, which is used for research and development purposes and may also be licensed to third parties. The asset represents the Company's right to use these datasets. The Company also recognizes a liability for the associated minimum payments that are presented within Accrued data licensing fees on the condensed consolidated balance sheets.

There were no impairment charges recognized related to intangible assets during the three and six months ended June 30, 2026 and 2025, respectively.

The following table summarizes intangible assets as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026			December 31, 2025		
	Gross Amount	Accumulated Amortization	Net	Gross Amount	Accumulated Amortization	Net
Customer relationships	\$ 254,550	\$ 66,671	\$ 187,879	\$ 254,550	\$ 48,722	\$ 205,828
Licensed data	29,164	24,983	4,181	28,601	22,954	5,647
Website domain	19	—	19	19	—	19
Trade names	41,000	11,822	29,178	41,000	8,892	32,108
Developed technology - biotech	114,000	32,300	81,700	114,000	20,900	93,100
Developed technology - software	18,000	8,500	9,500	18,000	5,500	12,500
	<u>\$ 456,733</u>	<u>\$ 144,276</u>	<u>\$ 312,457</u>	<u>\$ 456,170</u>	<u>\$ 106,968</u>	<u>\$ 349,202</u>

Amortization of intangible assets is recognized using the straight-line method over their estimated useful lives, which range from three to seven years. Amortization expense was \$18.7 million and \$19.7 million for the three months ended June 30, 2026 and 2025, respectively, and \$37.3 million and \$32.2 million for the six months ended June 30, 2026 and 2025, respectively, and is recorded in Cost of revenues, Research and development, or Selling, general and administrative expense, depending on use of the asset. The weighted average life of the Company's intangibles is approximately six years.

As of June 30, 2026, the estimated future amortization expense related to intangible assets is as follows (in thousands):

7/1/2026 - 12/31/2026	37,137
2027	69,329
2028	62,987
2029	61,344
2030	40,319
2031	38,143
Thereafter	3,179
Total	<u>\$ 312,438</u>

Capitalized software

Capitalized software consists of internal-use software costs and software that will be sold, leased or otherwise marketed, which are initially recorded at cost. The Company adopted ASU 2025-06 on January 1, 2026 on a prospective basis. Refer to Note 1 for further detail. Amortization of internal-use capitalized software is recognized using the straight-line method when placed into service over the estimated useful life of the software, which is typically three to five years. Amortization expense of internal-use capitalized software was immaterial for the three and six months ended June 30, 2026 and 2025, and is recorded in Selling, general and administrative expense. No amortization expense of external-use software has been recorded for the three and six months ended June 30, 2026 and 2025.

The following summarizes capitalized software, net as of June 30, 2026 and December 31, 2025 (in thousands):

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Capitalized software, gross	20,239	6,216
Less: accumulated amortization	(467)	(165)
Capitalized software, net	<u>\$ 19,772</u>	<u>\$ 6,051</u>

There were no impairment charges recognized related to capitalized software during the three and six months ended June 30, 2026 and 2025, respectively.

7. JOINT VENTURE

SB Tempus

On May 18, 2024, the Company entered into a Joint Venture Agreement (the "Joint Venture Agreement") with SoftBank Group Corporation ("SoftBank") to form SB Tempus Corp. (the "Joint Venture" or "SB Tempus"). The Joint Venture closed on July 18, 2024, at which time the Company and SoftBank each contributed ¥15 billion (\$95.2 million). Each party received 50% of SB Tempus's outstanding capital stock and board seats. SB Tempus will engage in certain business activities in Japan similar to those conducted by the Company in the United States, including performing clinical sequencing, organizing patient data, and building a real world data business in Japan.

SB Tempus is considered a VIE as the Company does not have sufficient equity at risk and is entitled to receive residual returns of SB Tempus through its equity stake. Decisions that significantly impact the economic performance of SB Tempus require the consent of both the Company and SoftBank. Therefore, the Company concluded that neither party is deemed to have predominant control over SB Tempus, and the Company is not considered to be the primary beneficiary.

The Company's maximum exposure to loss from SB Tempus is equal to the carrying value of the Company's investment. As of June 30, 2026, the carrying value of the investment in SB Tempus was \$77.8 million. The Company's share of losses from SB Tempus are recorded in Losses from equity method investments.

In connection with entering into the Joint Venture Agreement, the Company entered into a Data License Agreement (the "Data License Agreement"), under which the Company granted SB Tempus a limited, non-exclusive, transferable license with a limited right to sublicense certain de-identified data for certain specified uses solely in Japan. Under the Data License Agreement, SB Tempus paid the Company ¥7.5 billion (\$47.9 million) in exchange for the license to an initial records batch, which is recorded in deferred revenue and will be recognized into Data and applications revenue over the term of the license subscription which ended on March 31, 2026. For the three months ended June 30, 2026 and 2025, the Company recognized \$0 and \$6.2 million in Data and applications revenue related to the Data License Agreement, respectively. For the six months ended June 30, 2026 and 2025, the Company recognized \$6.2 million and \$12.5 million in Data and services revenue related to the Data License Agreement, respectively.

In addition, on July 18, 2024, the Company and SB Tempus entered into an Intellectual Property Agreement (the "IP License Agreement") under which SB Tempus paid the Company an additional ¥7.5 billion (\$47.9 million) in exchange for a non-exclusive license to certain of the Company's technologies for certain specified uses solely in Japan. The payment is recorded in deferred other income and will be amortized into Other income, net over three years, based on the estimated time for SB Tempus' systems and technologies to diverge from the Company's. For each of the three months ended June 30, 2026 and 2025, the Company recognized \$4.0 million related to the IP License Agreement. For each of the six months ended June 30, 2026 and 2025, the Company recognized \$8.0 million related to the IP License Agreement.

8. COMMITMENTS AND CONTINGENCIES

Purchase Obligations

The Company has entered into non-cancelable arrangements with third parties, primarily related to data licenses and cloud computing services. Where applicable, the Company calculates its obligation based on termination fees that can be paid to exit the contract. The data license agreements include committed payments for access to the data and additional payments contingent on the commercialization of such data. For the three months ended June 30, 2026 and 2025, the Company recognized data licensing and cloud computing expenses of \$12.1 million and \$9.1 million, respectively, related to non-cancelable arrangements. For the six months ended June 30, 2026 and 2025, the Company recognized data licensing and cloud computing expenses of \$24.1 million and \$23.3 million, respectively, related to non-cancelable arrangements.

As of June 30, 2026, future payments under these contractual obligations were as follows (in thousands):

7/1/2026 - 12/31/2026	25,710
2027	75,793
2028	29,517
2029	24,225
2030	2,667
2031	—
Total purchase obligations	157,912
Less: Current portion of purchase obligations	44,041
Total long-term purchase obligations	\$ 113,871

Legal Matters

From time to time, the Company may be involved in various legal proceedings, including commercial claims from customers and vendors, potential lawsuits seeking damages and/or injunctive relief, employment disputes, subpoenas, government investigations, regulatory or administrative proceedings, and other types of matters arising from the normal course of business activities. There were no material matters as of and for the three and six months ended June 30, 2026 and 2025.

9. LEASES

The Company has entered into various non-cancelable operating lease agreements, primarily for the rent of office and lab space, with expirations at various dates through 2036. Lease cost is recognized on a straight-line basis over the lease term. Variable lease costs, which include items such as real estate taxes, common area maintenance, utilities and storage are not included in the calculation of the right-of-use assets and are recognized as incurred.

The components of total lease costs for the three and six months ended June 30, 2026 and 2025 are as follows (in thousands):

	For the Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease cost	\$ 3,394	\$ 2,484	\$ 6,896	\$ 4,573
Variable lease cost	1,415	1,953	3,456	3,598
Short-term lease costs	170	219	364	644
Sublease income	(375)	(45)	(754)	(89)
Total lease costs	\$ 4,604	\$ 4,611	\$ 9,962	\$ 8,726

Lease term and discount rate as of June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026	December 31, 2025
Weighted-average remaining lease term (in years)		
Operating leases	6.7	7.0
Weighted-average discount rate		
Operating leases	6.1%	6.1%

As of June 30, 2026, the future payments under operating leases for each of the next five years and thereafter are as follows (in thousands):

	Operating Leases
7/1/2026 - 12/31/2026	6,290
2027	17,953
2028	16,704
2029	15,015
2030	12,504
2031	12,743
Thereafter	22,146
Total minimum lease payments	103,355
Less: Amount representing interest	19,897
Present value of net minimum lease payments	83,458
Less: Current portion of lease liabilities	12,192
Total long-term lease liabilities	\$ 71,266

10. STOCKHOLDERS' EQUITY

Common Stock

Prior to the initial public offering of the Company's Class A common stock ("IPO"), the Company had authorized two classes of common stock, voting and non-voting. In March 2021, the Company amended its certificate of incorporation to bifurcate the voting common stock into two classes, Class A common stock and Class B common stock. In connection with the IPO, a further amendment to the Company's certificate of incorporation became effective, which authorized 1,000,000,000 shares of Class A common stock, 5,500,000 shares of Class B common stock, and 20,000,000 shares of preferred stock. In connection with the Company's reincorporation from Delaware to Nevada, the Company adopted amended and restated articles of incorporation under Nevada law (the "Articles of Incorporation"), pursuant to which the Company's authorized capital stock remained unchanged.

Class A common stock and Class B common stock are collectively referred to as "Common Stock" throughout the notes to these unaudited interim condensed consolidated financial statements unless otherwise noted.

The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to thirty votes per share. No shares of non-voting common stock are authorized or outstanding.

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock.

Under the Articles of Incorporation, any holder's shares of Class B common stock will convert automatically into Class A common stock, on a one-to-one basis, upon certain circumstances, including: (1) the sale or transfer of such shares of Class B common stock, other than to a "controlled entity," which is any person or entity which, directly or indirectly, is controlled by, or is under common control with, the holder of such shares of Class B common stock; (2) the trading day that is no less than 90 days and no more than 150 days following June 17, 2024; (3) the date on which Mr. Lefkofsky is no longer providing services to the Company as an executive officer or member of the board of directors; and (4) the trading day that is no less than 90 days and no more than 150 days following the date that Mr. Lefkofsky and his controlled entities hold, in the aggregate, fewer than 10,000,000 shares of the Company's capital stock (as adjusted for stock splits, stock dividends, combinations, subdivisions and recapitalizations).

Once transferred and converted into Class A common stock, the Class B common stock may not be reissued.

The Company issues stock-based awards to its employees in the form of stock options, restricted stock units, performance stock units and restricted stock, all of which have the potential to increase the outstanding shares of common stock in the future (see Note 11, Stock-Based Compensation).

Upon any liquidation, dissolution, or winding-up, the holders of Class A common stock and Class B common stock will be entitled to share equally, identically, and ratably in all assets remaining after the payment of any liabilities, liquidation preferences, and accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class.

Treasury Stock

As discussed in Note 4, Paige will pay approximately \$3.2 million to fulfill employee tax obligations related to the issuance, of which \$3.0 million was paid in December 2025. The equivalent was withheld from those employees in the Company's Class A common stock. These shares were accounted for as treasury stock. The Company records treasury stock at cost.

At the Market Sales Agreement

On August 8, 2025, the Company entered into a Controlled Equity OfferingSM Sales Agreement (the "Sales Agreement") with Morgan Stanley & Co., LLC, Cantor Fitzgerald & Co., TD Securities (USA), LLC and Allen & Company LLC, as sales agents (collectively, the "Sales Agents"), pursuant to which the Company may offer and sell from time to time, at its option, shares of Class A common stock through the Sales Agents (the "ATM"). The issuance and sale, if any, of shares of Class A Common Stock under the Sales Agreement will be made pursuant to an automatically effective registration statement on Form S-3 and the related prospectus included therein (the "ATM Prospectus"), which was filed with the SEC on August 8, 2025. In accordance with the terms of the Sales Agreement, under the ATM Prospectus, the Company may offer and sell shares of Class A common stock having an aggregate offering price of up to \$500.0 million from time to time through the Sales Agents.

For the three and six months ended June 30, 2026, the Company sold no shares under the ATM. In connection with the entry of the Sales Agreement and filing of the ATM Prospectus, the Company incurred \$1.1 million of deferred offering costs to date, of which \$0.8 million was reclassified as a reduction of paid-in-capital upon completion of the sales that occurred in 2025. The remaining deferred offering costs, which were incurred in anticipation of future ATM sales, are recorded in Prepaid and other assets on the consolidated balance sheet. As of June 30, 2026, approximately \$300.0 million remained available for sale pursuant to the Sales Agreement and ATM Prospectus.

11. STOCK-BASED COMPENSATION

2015 Stock Plan

In 2015, the Company adopted the Tempus AI, Inc. 2015 Stock Plan (the "2015 Plan"), which has been amended and restated numerous times to increase the aggregate shares authorized to be issued to employees, consultants, and directors of the Company. As of December 31, 2023, there were 28,115,750 shares authorized under the 2015 Plan.

After the IPO, no further grants will be made under the 2015 Plan.

2024 Equity Incentive Plan

In February 2024, the Company's board of directors adopted, and in April 2024, the Company's stockholders approved, the 2024 Equity Incentive Plan (the "2024 Plan"), which became effective in connection with the IPO in June 2024. The 2024 Plan provides for the grant of incentive stock options, ("ISOs") nonstatutory stock options, stock appreciation rights, RSUs, restricted stock unit awards ("RSAs"), performance-based restricted stock awards ("PSUs") and other awards. The original maximum number of shares of Class A common stock that may be issued under the 2024 Plan was 7,430,000 shares of the Company's Class A common stock and automatically increases on January 1 of each year, beginning on January 1, 2025 and continuing through and including January 1, 2034 in an amount equal to either (i) a number of shares of the Company's Class A common stock (the "Evergreen Increase"), such that the sum of (x) the remaining number of shares available under the 2024 Plan and (y) the Evergreen Increase is equal to 5% of the total number of shares of common stock (both Class A and Class B) outstanding on December 31 of the preceding calendar year, or (ii) a lesser number of shares determined by the Company's board of directors prior to the applicable January 1. The maximum number of shares that may be issued upon the exercise of ISOs under the 2024 Plan is 22,290,000 shares. As of June 30, 2026, there were 6,508,360 shares of the Company's Class A common stock that may be issued under the 2024 Plan.

The Company granted 2,126,266 and 2,617,067 RSUs during the three and six months ended June 30, 2026. The Company granted 0 and 175,000 PSUs to a non-employee during the three and six months ended June 30, 2026. Refer to Note 16 for further detail regarding the PSU grant.

Stock-based compensation is classified as follows in the accompanying condensed consolidated statements of operations for the three and six months ended June 30, 2026 and 2025 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenues, diagnostics	\$ 3,636	\$ 1,420	\$ 5,758	\$ 2,455
Cost of revenues, data and applications	968	693	2,521	1,304
Technology research and development	8,641	3,285	18,147	6,604
Research and development	5,287	2,335	9,852	4,317
Selling, general and administrative	35,589	14,722	70,549	30,749
Total stock-based compensation	<u>\$ 54,121</u>	<u>\$ 22,455</u>	<u>\$ 106,827</u>	<u>\$ 45,429</u>

12. DEBT

Convertible Senior Notes due 2032

On May 12, 2026, the Company completed a private offering (the “2026 Offering”) of \$460.0 million aggregate principal amount of 0.00% Convertible Senior Notes due 2032 (the “2032 Notes”). The Company's net proceeds from the 2026 Offering were \$441.9 million, after deducting the initial purchasers' discount and commissions and offering expenses payable by the Company.

The 2032 Notes are general unsecured obligations of the Company and will mature on May 15, 2032. The 2032 Notes will not bear regular interest, and the principal amount of the 2032 Notes will not accrete. The 2032 Notes are convertible at the option of the holders prior to February 15, 2032, only upon satisfaction of one or more of the following conditions:

- (1) During any calendar quarter commencing after the calendar quarter ending on September 30, 2026, if the last reported sale price of the Company's Class A common stock, for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2032 Notes on each applicable trading day;
- (2) During the five business day period after any ten consecutive trading day period (the “measurement period”) in which the trading price per \$1,000 principal amount of the 2032 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's Class A common stock and the conversion rate for the 2032 Notes on each such trading day;
- (3) If the Company calls such 2032 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- (4) Upon the occurrence of specified corporate events.

On or after February 15, 2032, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2032 Notes at their option at any time, regardless of the foregoing conditions. Upon conversion, the Company will pay or deliver cash, shares of the Company's Class A common stock or a combination of cash and shares of the Company's Class A common stock, at the Company's election.

The conversion rate for the 2032 Notes will initially be 14.4388 shares of the Company's Class A common stock per \$1,000 principal amount of 2032 Notes, which is equivalent to an initial conversion price of approximately \$69.26 per share of the Company's Class A common stock. The conversion rate is subject to adjustment under certain circumstances.

On or after May 21, 2029, the Company may redeem for cash all or any portion of the 2032 Notes if the last reported sale price of the Company's Class A common stock has been at least 130% of the conversion price for the 2032 Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2032 Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date. If the Company redeems less than all the outstanding 2032 Notes, at

least \$75.0 million aggregate principal amount of 2032 Notes must be outstanding and not subject to redemption. No sinking fund is provided for the 2032 Notes.

If the Company undergoes a fundamental change (as defined in the indenture governing the 2032 Notes), then, subject to certain conditions and exceptions, noteholders may require the Company to repurchase for cash all or any portion of their 2032 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2032 Notes to be repurchased, plus accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

The indenture governing the 2032 Notes contains customary terms and covenants, including that upon certain events of default either the 2032 Trustee or the holders of at least 25% in principal amount of the outstanding 2032 Notes may declare 100% of the principal of, and accrued and unpaid special interest, if any, on, all the 2032 Notes to be due and payable.

If there is an event of default relating to failures by the Company to comply with certain reporting requirements, the Company may elect, at its option, that the sole remedy to consist exclusively of the right of the noteholders to receive special interest on the 2032 Notes for up to 365 days at a specified rate per annum of 0.25% of the principal amount for the first 180 days on which the special interest accrues, and thereafter at a rate of 0.50%.

The initial purchasers' discount and deferred financing fees on the 2032 Notes are amortized over the term of the underlying debt and unamortized amounts have been offset against the 2032 Notes, net in the condensed consolidated balance sheets. As of June 30, 2026, the net carrying amount of the 2032 Notes are as follows:

	June 30, 2026
Principal	460,000
Unamortized deferred financing fees	(1,216)
Unamortized initial purchasers' discount	(16,491)
Net carrying amount	442,293

Amortization of the initial purchasers' discount and deferred financing fees are reflected in Interest expense on the condensed consolidated statements of operations. The Company recognized interest expense during the three and six months ended June 30, 2026 as follows:

	Three Months Ended June 30, 2026	Six Months Ended June 30, 2026
2032 Notes		
Amortization of initial purchasers' discount	377	377
Amortization of deferred financing fees	28	28
Total interest expense	405	405
Effective interest rate	0.4%	0.2%

Convertible Senior Notes due 2030

On July 3, 2025, the Company completed a private offering (the "2025 Offering") of \$750.0 million aggregate principal amount of 0.75% Convertible Senior Notes due 2030 (the "2030 Notes" and, together with the 2032 Notes, the "Notes"). The Company's net proceeds from the 2025 Offering were \$725.7 million, after deducting the initial purchasers' discount and commissions and offering expenses payable by the Company.

The 2030 Notes are general unsecured obligations of the Company and will mature on July 15, 2030. Interest on the 2030 Notes will accrue at a rate of 0.75% per year from July 3, 2025 and will be payable semiannually in arrears on January 15 and July 15 of each year, beginning on January 15, 2026. The 2030 Notes are convertible at the option of the noteholders prior to April 15, 2030, only upon satisfaction of one or more of the following conditions:

- (1) During any calendar quarter, commencing after the fiscal quarter ending on September 30, 2025, if the last reported sale price of the Company's Class A common stock, for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2030 Notes on each applicable trading day;
- (2) During the five business day period after any ten consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of the 2030 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's Class A common stock and the conversion rate for the 2030 Notes on each such trading day;

- (3) If the Company calls the 2030 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- (4) Upon the occurrence of specified corporate events.

On or after April 15, 2030, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2030 Notes at their option at any time, regardless of the foregoing conditions. Upon conversion, the Company will pay or deliver cash, shares of the Company's Class A common stock or a combination of cash and shares of the Company's Class A common stock, at the Company's election.

The conversion rate for the 2030 Notes is 11.8778 shares of the Company's Class A common stock per \$1,000 principal amount of Notes, which is equivalent to an initial conversion price of approximately \$84.19 per share of the Company's Class A common stock. The conversion rate is subject to adjustment under certain circumstances.

On or after July 20, 2028, the Company may redeem for cash all or any portion of the 2030 Notes if the last reported sale price of the Company's Class A common stock has been at least 130% of the conversion price for the 2030 Notes for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2030 Notes to be redeemed, plus accrued and unpaid interest, to, but excluding, the redemption date. If the Company redeems less than all the outstanding 2030 Notes, at least \$100.0 million aggregate principal amount of 2030 Notes must be outstanding and not subject to redemption. No sinking fund is provided for the 2030 Notes.

If the Company undergoes a fundamental change (as defined in the indenture governing the 2030 Notes), then, subject to certain conditions and exceptions, noteholders may require the Company to repurchase for cash all or any portion of their 2030 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2030 Notes to be repurchased, plus accrued and unpaid interest, to, but excluding, the fundamental change repurchase date.

The initial purchasers' discount and deferred financing fees on the 2030 Notes are amortized over the term of the underlying debt and unamortized amounts have been offset against the 2030 Notes, net in the condensed consolidated balance sheets. As of June 30, 2026 and December 31, 2025, the net carrying amount of the 2030 Notes are as follows:

	June 30, 2026	December 31, 2025
Principal	750,000	750,000
Unamortized deferred financing fees	(638)	(734)
Unamortized initial purchasers' discount	(18,874)	(21,188)
Net carrying amount	730,488	728,078

During the six months ended June 30, 2026, the Company made \$3.0 million in interest payments on the 2030 Notes. Accrued interest on the 2030 Notes is recorded within Accrued expenses on the condensed consolidated balance sheet. Amortization of the initial purchasers' discount and deferred financing fees are reflected in Interest expense on the condensed consolidated statements of operations. The Company recognized interest expense during the three and six months ended June 30, 2026 as follows:

	Three Months Ended June 30, 2026	Six Months Ended June 30, 2026
2030 Notes		
Contractual interest expense	1,422	2,781
Amortization of initial purchasers' discount	1,164	2,314
Amortization of deferred financing fees	39	96
Total interest expense	2,625	5,191
Effective interest rate	1.4%	1.4%

Capped Call Transactions

In connection with the pricing of the 2032 Notes on May 7, 2026, and the exercise in full by the initial purchasers of their option to purchase additional 2032 Notes on May 8, 2026, the Company entered into capped call transactions (the "2032 Capped Call") with

one of the initial purchasers or its affiliate and other financial institutions. The 2032 Capped Call is expected generally to reduce the potential dilution to the Company's Class A common stock upon any conversion of the 2032 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2032 Notes, with such reduction and/or offset subject to a cap based on a cap price initially equal to \$98.9400 per share, which is subject to certain adjustments under the terms of the 2032 Capped Call. The 2032 Capped Call have an initial strike price of approximately \$69.26 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2032 Notes. The 2032 Capped Call cover, subject to anti-dilution adjustments, approximately 6,641,848 shares of the Company's Class A common stock.

In connection with the pricing of the 2030 Notes on June 30, 2025, and the exercise in full by the initial purchasers of their option to purchase additional 2030 Notes on July 1, 2025, the Company entered into capped call transactions (the "2030 Capped Call"), effective as of July 3, 2025, with one of the initial purchasers and certain other financial institutions. The 2030 Capped Call is expected generally to reduce the potential dilution to the Company's Class A common stock upon any conversion of the 2030 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2030 Notes, with such reduction and/or offset subject to a cap based on a cap price initially equal to \$111.1950 per share, which is subject to certain adjustments under the terms of the 2030 Capped Call. The 2030 Capped Call have an initial strike price of approximately \$84.19 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2030 Notes. The 2030 Capped Call cover, subject to anti-dilution adjustments, approximately 8,908,350 shares of the Company's Class A common stock.

The 2030 and 2032 Capped Call (together, the "Capped Call Transactions") qualifies for a scope exception from derivative accounting for instruments that are both indexed to the issuer's own stock and classified in stockholders' equity. The \$73.0 million incurred to purchase the Capped Call Transactions was recorded as a reduction to additional paid-in capital in the condensed consolidated balance sheets, and will not be remeasured as long as they continue to meet the conditions for equity classification.

Credit Facilities

On September 22, 2022, the Company entered into a Credit Agreement (the "Original Credit Agreement") with Ares Capital Corporation ("Ares") for a senior secured loan (the "Term Loan Facility") that matures in September 2027, in an original principal amount of \$175.0 million, less original issue discount of \$4.4 million and deferred financing fees of \$2.6 million. The Original Credit Agreement was amended on April 25, 2023 and October 11, 2023, to, among other things, increase the original principal amount of the Term Loan Facility by \$85.0 million in the aggregate, less original issue discount of \$2.2 million in the aggregate.

On February 3, 2025, the Company entered into a Third Amendment Agreement (the "Third Amendment Agreement") which, among other things, provided for an additional \$200.0 million tranche of senior secured term loans (the "Additional Term Loan Facility", and together with the Term Loan Facility, the "Term Loans") and \$100.0 million in priority revolving loan commitments (the "Revolving Credit Facility", and loans thereunder, the "Revolving Loans"). The Company received \$194.0 million under the Additional Term Loan Facility, which is the aggregate principal amount of \$200.0 million, less original issue discount of \$4.0 million and \$2.0 million in legal fees paid to third parties, and \$97.1 million in revolving loans under the Revolving Credit Facility, which is the aggregate amount of \$100.0 million, less original issue discount of \$2.0 million and \$0.9 million in legal fees paid to third parties, the proceeds of which were used to fund the cash consideration for the Ambry Acquisition and to pay related fees. The Third Amendment Agreement was accounted for as a debt modification. The Additional Term Loan Facility and the Revolving Credit Facility mature on February 3, 2030.

On June 30, 2025, in conjunction with the 2025 Offering, the Company entered into a Fourth Amendment to the Credit Agreement (the "Fourth Amendment Agreement"). The Fourth Amendment Agreement amended the terms of the Credit Agreement to (i) permit the Offering and the related derivative transactions and (ii) provide that the Offering satisfies the junior capital raise requirement set forth in the Credit Agreement. Except as noted above, the material terms of the Credit Agreement were not amended. The Fourth Amendment Agreement was accounted for as a debt modification.

The Term Loans and Revolving Credit Facility (together with the Term Loan Facility, the "Credit Facilities") are subject to quarterly interest payments for Base Rate loans and at the end of the applicable interest rate period for Term Secured Overnight Financing Rate ("SOFR") loans.

The Term Loans are subject to quarterly interest payments, which bears interest based on Term SOFR. Additionally, the Company may make either a paid-in-kind ("PIK") election or a Cash election. Pursuant to the Original Credit Agreement, as amended by the Fourth Amendment Agreement, or the Credit Agreement, interest on the Term Loans accrues at a per annum rate as follows: (i) for any interest period for which the Company elects to pay interest in cash, the cash interest rate for Term SOFR borrowings will be Term SOFR *plus* a margin ranging from 6.75% to 7.75%, respectively, and (ii) for any interest period for which the Company elects to pay interest in kind, the cash interest rate for Term SOFR borrowings will be Term SOFR *plus* a margin of 5%, respectively, and the PIK interest rate will be 3.25%.

Interest on the Revolving Loans accrues interest at a per annum rate equal to Term SOFR *plus* 3.75%.

In July 2025, the Company repaid in full the principal amount of the Term Loan Facility for \$276.9 million. In May 2026, the Company repaid in full the principal amount for \$307.7 million of the Additional Term Loan Facility and Revolving Credit Facility. In connection with this repayment, the Credit Agreement, as amended, and all guarantee and security documents executed in connection therewith, were terminated. No amounts under the Credit Facilities remain outstanding as of June 30, 2026. The Company recorded a loss on debt extinguishment of \$11.6 million in the condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2026, representing a prepayment premium of \$6.4 million, unamortized original issue discount of \$4.5 million, and unamortized deferred financing fees of \$0.7 million.

The original issue discount of \$10.5 million and deferred financing fees of \$2.6 million on the Term Loans are amortized over the term of the underlying debt and unamortized amounts have been offset against long-term debt in the condensed consolidated balance sheets. As a result of the repayment of the principal amount of the Additional Term Loan Facility in May 2026, as of June 30, 2026, the original issue discount was \$0. As of December 31, 2025, the unamortized original issue discount was \$3.3 million. As a result of the repayment of the principal amount of the Term Loan Facility in July 2025, the deferred financing fees is \$0 as of June 30, 2026 and December 31, 2025.

The original issue discount of \$2.0 million and deferred financing fees of \$1.0 million on the Revolving Credit Facility are amortized over the term of the underlying debt and unamortized amounts are recorded in Investments and other assets in the condensed consolidated balance sheets. As of June 30, 2026, the unamortized original issue discount and deferred financing fees on the Revolving Credit Facility were both \$0 as a result of the repayment of the principal amount of the Revolving Credit Facility in May 2026. As of December 31, 2025, the unamortized original issue discount and deferred financing fees on the Revolving Credit Facility was \$1.6 million and \$0.8 million, respectively.

During the six months ended June 30, 2026, the Company made \$9.3 million in interest payments.

Interest expense and the effective interest rate for the three and six months ended June 30, 2026 and 2025 are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Interest expense				
Term Loans	2,896	15,150	\$ 9,037	\$ 27,677
Revolving Credit Facility	869	2,035	2,725	3,286
Effective interest rate				
Term Loans	12.5%	12.7%	12.6%	12.6%
Revolving Credit Facility	7.8%	8.1%	7.8%	7.9%

Convertible Promissory Note

On February 22, 2025, the Company amended its convertible promissory note (the "Second Amended Note") with Google LLC ("Google"), originally entered into on June 22, 2020 (the "Initial Note"), and subsequently amended on November 19, 2020 (the "Amended Note"). The amendment extended the maturity date of the Second Amended Note from March 22, 2026 to December 31, 2030. In addition, the amendment provides the Company the option upon maturity to repay up to 50% of the outstanding principal and accrued interest balance (the "Outstanding Amount") in shares of the Company's Class A common stock equal to the quotient obtained by dividing (1) the Outstanding Amount on the maturity date, by (2) the average of the last trading price on each trading day during the twenty day period ending immediately prior to the maturity date.

The amendment was accounted for as a modification. The principal balance of the Second Amended Note was reset to \$238.8 million, which is the total of the then-outstanding principal and accrued interest. Consistent with the terms of the Amended Note, the Second Amended Note bears interest at a rate of 6.0% per annum, compounded annually. The principal amount is automatically reduced each year based on a formula taking into account the aggregate value of the Google Cloud Platform services used by the Company. The Company accounts for the principal reductions as an offset to its cloud and compute spend within selling, general and administrative in its condensed consolidated statements of operations and comprehensive loss. The Outstanding Amount under the Second Amended Note is due and payable on the earlier of (1) December 31, 2030, which is the maturity date of the Amended Note, (2) upon the occurrence and during the continuance of an event of default, and (3) upon the occurrence of an acceleration event, which includes any termination by the Company of its Google Cloud Platform agreement. The Company generally may not prepay the Outstanding Amount, except that the Company may, at its option, prepay the Outstanding Amount in an amount such that the principal amount remaining outstanding after such repayment is \$150.0 million.

The Company recognized interest expense of \$3.3 million and \$3.6 million during the three months ended June 30, 2026 and 2025, respectively. The Company recognized interest expense of \$6.8 million and \$7.1 million during the six months ended June 30, 2026 and 2025, respectively. Accrued interest on the Second Amended Note is recorded as Interest Payable within noncurrent liabilities on the condensed consolidated balance sheet.

13. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing the net income (loss) by the weighted average number of outstanding shares of Common Stock each period. The Company's Class A common stock and Class B common stock share equally in distributed and undistributed earnings; therefore, no allocation to participating securities or dilutive securities is performed. Diluted net income (loss) per share is calculated by giving effect to all potential dilutive Common Stock equivalents, which includes stock options, RSUs, RSAs, PSUs, and preferred stock. The Company used the if-converted method for its convertible debt instruments and the treasury stock method for options, warrants, and similar instruments in accordance with ASC 260 to calculate diluted EPS. The Company excluded any potentially dilutive common stock equivalents from the calculation of diluted net income (loss) per share if their effect is anti-dilutive. As the Company had net losses in the three months ended June 30, 2025 and the six months ended June 30, 2026 and 2025, all potentially dilutive common stock equivalents have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is anti-dilutive.

The following table presents the calculation for basic and diluted net income (loss) per share (in thousands, except share and per share data):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Numerator:				
Net income (loss), basic	\$ 5,642	\$ (42,843)	\$ (120,277)	\$ (110,880)
Net income (loss), diluted	\$ 5,642	\$ (42,843)	\$ (120,277)	\$ (110,880)
Denominator:				
Weighted-average common shares outstanding, basic	179,917	173,381	179,404	171,960
Plus: Dilutive effect of RSUs, PSUs and RSAs	2,480	—	—	—
Weighted-average common shares outstanding, diluted	182,397	173,381	179,404	171,960
Net income (loss) per share, basic	\$ 0.03	\$ (0.25)	\$ (0.67)	\$ (0.64)
Net income (loss) per share, diluted	\$ 0.03	\$ (0.25)	\$ (0.67)	\$ (0.64)

The following outstanding shares of common stock equivalents were excluded from the calculation of diluted net income (loss) per share for the three months ended June 30, 2025 and the six months ended June 30, 2026 and 2025, as the impact of including them would have been anti-dilutive.

	<u>As of June 30,</u>	
	<u>2026</u>	<u>2025</u>
Deep 6 holdback liability	13,614	17,372
Paige holdback liability	70,792	—
Unvested RSUs	3,161,182	6,670,364
Unvested RSAs	—	23,887
Unvested PSUs	1,828,052	—
Shares issuable upon conversion of Notes ⁽¹⁾	15,550,198	—
Total potentially dilutive shares	20,623,838	6,711,623

⁽¹⁾ As disclosed in Note 12, the Company entered into the Capped Call Transactions in connection with the pricing of the Notes. The Capped Call Transactions are generally expected to reduce the potential dilution to the Company's Class A common stock upon conversion of the Notes. As such, the impact of the Capped Call Transactions was excluded from the calculation as the effect of the Capped Call Transactions if issued upon conversion of the Notes, would have been anti-dilutive.

As disclosed in Note 12, the Second Amended Note may be fully converted to shares upon maturity at the holder's option, or up to 50% may be converted to shares upon maturity at the Company's option. The number of shares to be issued is based on the amount outstanding at the maturity date, which is subject to reduction based on services used by us prior to the maturity date. As such, these are treated as contingently issuable shares and are excluded from potential dilutive impact.

14. INCOME TAXES

Accounting for income taxes for interim periods generally requires the provision for income taxes to be determined by applying an estimate of the annual effective tax rate for the full fiscal year to income or loss before income taxes, adjusted for discrete items, if any, for the reporting period. The Company updates its estimate of the annual effective tax rate each quarter and makes a cumulative adjustment in such period.

For the three and six months ended June 30, 2026, the Company recorded an income tax expense of \$0.3 million and \$0.2 million, respectively. The effective tax rate for the three and six months ended June 30, 2026 differs from the statutory federal income tax rate primarily due to the Company's full valuation allowance position in the US which prevents the Company from benefiting current year losses.

Due to the Company's history of losses in the United States, a full valuation allowance on all other deferred tax assets, including net operating loss carryforwards and other book versus tax differences, was maintained.

The Company will continue to evaluate the realizability of its deferred tax assets on a quarterly basis and adjust the valuation allowance as necessary based on the weight of available evidence.

For the three and six months ended June 30, 2025, the Company recorded an income tax expense of \$0.2 million and income tax benefit of \$46.0 million. This benefit was the result of a discrete tax benefit of \$46.2 million recorded from the release of a portion of the valuation allowance attributable to net deferred tax liabilities recorded on Ambry's opening balance sheet which offset certain net deferred tax assets of the Company. The effective tax rate for the three and six months ended June 30, 2025 differs from the statutory federal income tax rate primarily due to the discrete tax benefit recognized from the reduction of the valuation allowance as a result of the Ambry Acquisition during the quarter.

15. FAIR VALUE MEASUREMENTS AND MARKETABLE EQUITY SECURITIES

Fair Value Measurements

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, minimum royalties, accounts payable, and accrued expenses approximate fair value due to the short maturity of these instruments. The carrying amounts of the related party receivable and minimum royalties approximate fair value because the interest rates used fluctuate with market interest rates or the fixed rates are based on current rates offered to the Company for debt with similar terms and maturities.

The valuation methodologies used for the Company's assets and liabilities measured at fair value and their classification in the valuation hierarchy are summarized below:

Marketable equity securities—The Company holds marketable equity securities, all of which are publicly traded shares of common stock, which have quoted prices in active markets and are classified as short-term. The securities are measured at fair value each reporting period. The Company classifies the marketable equity securities as Level 1 as they are valued using quoted market prices at each reporting period.

Holdback liability—The Company held back 13,614 shares in connection with the Deep 6 acquisition and 70,792 shares in connection with the Paige acquisition. See Note 4, Business Combinations for further discussion of those acquisitions. For all holdback liabilities, the number of shares are fixed at the acquisition price as of the date of the acquisition.

Holdback liabilities are measured at fair value each reporting period, with the acquisition date fair value included as part of the consideration transferred in the related business combination and subsequent changes in fair value recorded in earnings within operating expense on the condensed consolidated statements of operations and comprehensive loss. The Company classified the holdback liability as Level 1 as the shares are valued using a quoted market price.

The Credit Facilities, the Second Amended Note, and the Notes were not recorded at fair value. The fair values of the Credit Facilities, the Second Amended Note, and the Notes approximated their carrying values as of June 30, 2026 and December 31, 2025. Estimates of the fair values of the Credit Facilities, the Second Amended Note, and the Notes are classified as Level 3 due to the lack of relevant observable market data over fair value inputs.

The following tables summarize assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2026 and December 31, 2025 (in thousands):

		Fair Value Measurement at Reporting Date Using		
		Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2026			
Assets				
Marketable equity securities	\$ 216,377	\$ 216,377	\$ —	\$ —
Liabilities				
Holdback liability	4,890	4,890	—	—

		Fair Value Measurement at Reporting Date Using		
		Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	December 31, 2025			
Assets				
Marketable equity securities	\$ 150,211	\$ 150,211	\$ —	\$ —
Liabilities				
Holdback liability	\$ 4,984	\$ 4,984	\$ —	\$ —

For the three and six months ended June 30, 2026 and 2025, the Company did not recognize any gain or loss due to a change in fair value for assets and liabilities measured at fair value using significant unobservable inputs (Level 3).

Marketable Equity Securities

The Company holds marketable equity securities, which are all publicly traded shares of Recursion Pharmaceuticals, Inc. ("Recursion") Class A common stock and Personalis common stock.

Recursion shares of Class A common stock were received as payment of accounts receivable. During the three and six months ended June 30, 2026 and the three months ended June 30, 2025, the Company did not sell any shares of Recursion Class A common stock. During the six months ended June 30, 2025, the Company sold 737,466 shares of Recursion Class A common stock at a weighted average price of \$11.28 per share for aggregate proceeds of \$8.3 million. The Company owns less than 20% of Recursion's outstanding common stock and has no significant influence or control over Recursion.

As consideration for the Company's obligations to Personalis under the Commercialization and Reference Laboratory Agreement entered into with Personalis in November 2023, Personalis issued warrants to the Company to purchase up to an aggregate of 9,218,800 shares of Personalis' common stock, up to 4,609,400 of which were exercisable for cash at any time prior to December 31, 2024 at an exercise price of \$1.50 per share, and up to 4,609,400 of which were exercisable for cash at any time prior to December 31, 2025 at an exercise price of \$2.50 per share. In August 2024, the Company exercised the warrants in full at their respective exercise prices for an aggregate of 9,218,800 shares of Personalis common stock at an aggregate purchase price of \$18.4 million. Concurrently, the Company entered into an Investment Agreement with Personalis, pursuant to which the Company purchased an additional 3,500,000 shares of Personalis common stock for \$17.7 million. The Company owns less than 20% of Personalis' outstanding common stock and has no significant influence or control over Personalis.

Changes in fair value of marketable equity securities are recorded in earnings within Other income, net on the condensed consolidated statement of operations and comprehensive loss. The following summarizes the portion of unrealized gains and losses recorded during the three and six months ended June 30, 2026 and 2025 that relate to marketable equity securities held as of June 30, 2026 and 2025 (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net gain during the period on marketable equity securities	\$ (98,474)	\$ (37,812)	\$ (66,166)	\$ (6,007)
Less: Net gain recognized during the period on marketable equity securities sold during the period	—	—	\$ —	(3,264)
Unrealized gain recognized during the period on marketable equity securities still held at the reporting date	<u>\$ (98,474)</u>	<u>\$ (37,812)</u>	<u>\$ (66,166)</u>	<u>\$ (2,743)</u>

16. RELATED PARTIES

Strategic Investment

The Company's Founder and Chief Executive Officer is a co-founder and serves as Executive Chairman of the board of Pathos AI, Inc. ("Pathos"). On August 19, 2021, the Company entered into a Master Agreement with Pathos, which was subsequently amended on February 12, 2024 (as amended, the "Amended and Restated Master Agreement"), for the purpose of furthering the commercialization efforts of drug development. In connection therewith, the Company received a warrant to purchase 23,456,790 shares, or approximately 15% of the current outstanding equity in Pathos, for \$0.0125 per share. The warrant will automatically exercise upon a change of control (as defined therein) or upon an IPO of Pathos' securities. The Company also has an optional exercise election window during the last 10 days of the 20 year term of the warrant agreement. The Amended and Restated Master Agreement provides for an initial term of five years, measured from February 2024, with a subsequent five-year renewal provision unless the agreement is terminated. Either party may terminate the agreement after the initial five-year term by prior written notice to the other party.

On April 17, 2025, the Company entered into an Order Form (the "Order Form") regarding both the development of a foundation large multimodal model in the field of oncology (the "Foundation Model") and the licensing of certain de-identified multi-modal data to assist in the development of the Foundation Model, with Pathos under the Amended and Restated Master Agreement (the Amended and Restated Master Agreement and the Order Form collectively referred to herein as the "Pathos Master Agreement"). Pursuant to the Pathos Master Agreement, (i) Pathos will be responsible for Foundation Model development activities under the Statement of Work with AstraZeneca under the Master Services Agreement, dated November 17, 2021 between the Company and AstraZeneca, as amended from time to time (the Master Services Agreement and the Statement of Work are collectively referred to herein as the "MSA"), (ii) the Company will license Pathos a comprehensive de-identified multi-modal dataset for the sole purpose of assisting in the development and training of the Foundation Model under the MSA, (iii) Pathos will pay the Company data license fees of \$200 million over a three-year period, including an upfront payment of \$50 million paid as of April 2025, (iv) the Company will provide a secure cloud environment to host the Foundation Model, for which Pathos will pay the Company the first \$60 million of cloud compute costs, (v) the Company will receive a license to use the Foundation Model upon its completion (with certain field restrictions and the right of sublicense to AstraZeneca), and (vi) in consideration of Pathos' commitments under the Pathos Master Agreement, the Company will pay Pathos \$35 million, of which \$25 million has been paid to date. Pathos, in its sole discretion, may pay up to 50% of the data license fees owed to the Company in shares of Pathos' Series D Preferred Stock. In June 2026, Pathos paid \$8.8 million of the data license fees in Pathos' Series D Preferred Stock, which is presented in Investment in related party on the condensed consolidated balance sheets and recorded under the measurement alternative for equity investments. As part of the transaction, the Company became a party to Pathos' standard investment documents. The Pathos' Series D Preferred Stock is entitled to cumulative dividends at an annual rate of 5.0%. As of June 30, 2026, no dividends have been declared by the Pathos board of directors.

Consulting Arrangement and Equity Grant

On February 16, 2026, the Company entered into an Independent Contractor Agreement (the "Huerga Contractor Agreement") with Iker Huerga, Chief Executive Officer of Pathos, pursuant to which Mr. Huerga agreed to assist the Company in negotiating, managing, and expanding a new commercial agreement (the "Commercial Agreement"). Compensation under the Huerga Contractor Agreement consists solely of RSUs and PSUs. Mr. Huerga will earn 25,000 RSUs for services rendered in 2025 and expected to be

rendered in 2026. Mr. Huerga has the potential to earn an additional 175,000 PSUs based on milestones that include certain minimum purchase commitments.

The Company has entered into various agreements with our related parties, which primarily encompasses the development of the Foundation Model, access to the Company's Lens product, sequencing, clinical research organization and other data services. The Company has recognized \$22.0 million and \$15.9 million of revenue from related parties for the three months ended June 30, 2026 and 2025, respectively. The Company has recognized \$43.8 million, and \$16.5 million of revenue from related parties for the six months ended June 30, 2026 and 2025, respectively.

As of June 30, 2026 and December 31, 2025, there was no amount due to related parties. As of June 30, 2026 and December 31, 2025, the amount due from related parties was \$10.9 million and \$6.4 million, respectively.

As of June 30, 2026, related party asset and related party asset, less current portion were \$17.5 million and \$14.6 million, respectively. As of December 31, 2025, the related party asset and related party asset, less current portion were \$8.8 million and \$16.2 million, respectively. The related party asset represents future services to be provided by Pathos under the Pathos Master Agreement.

As of June 30, 2026 and December 31, 2025, related party payable was \$10.0 million and \$0 million, respectively. The related party payable represents the amount due to Pathos in consideration of Pathos' commitments under the Pathos Master Agreement.

As of June 30, 2026, deferred revenue includes \$0.4 million of related party deferred revenue. As of December 31, 2025, deferred revenue includes \$3.9 million of related party deferred revenue.

17. SUBSEQUENT EVENTS

On July 20, 2026, the Company announced that an Agreement and Plan of Merger (the "Merger Agreement") was entered into with Personalis. Under the terms of the Merger Agreement, the Company will acquire all outstanding shares of Personalis not already owned by the Company (refer to Note 15) at a price of \$16.25 per common share, representing a total enterprise value of \$1.5 billion. The consideration is planned to consist entirely of the Company's common stock; however, the Company may elect to pay up to 50% of the aggregate consideration in cash. The closing is expected in late 2026 or early 2027, and is subject to Personalis' shareholder approval, as well as receipt of applicable regulatory approvals and other customary closing conditions. The Merger Agreement was approved by both companies' board of directors.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements concerning the following:

- the evolving treatment paradigm for cancer, including physicians’ use of molecular data and targeted oncology therapeutics and the market size for our current and future products;
- our ability to expand our business beyond oncology into new disease areas;
- estimates of our addressable market and our expectations regarding our revenue, expenses, capital requirements and operating results;
- our ability to develop new products and services, including our goals and strategy regarding development and commercialization of our Application products;
- our ability to maintain and grow our datasets, including in new disease areas and geographies;
- any expectation that the growth of our datasets will improve the quality of our products and services and accelerate their adoption;
- our ability to capture, aggregate, analyze or otherwise utilize genomic data in new ways and in additional diagnostic modalities;
- any expectation that we will continue to commercialize de-identified records and license them to multiple customers;
- the acceptance of our publications in peer-reviewed journals or of our presentations at scientific and medical conference presentations;
- the implementation of our business model and strategic plans for our products, technologies and businesses;
- competitive companies and technologies and our industry;
- the potential of Intelligent Diagnostics to be disruptive across a broad set of disease areas and the clinical trial process;
- our ability to manage and grow our business by expanding our sales to existing customers or introducing our products to new customers;
- the impact of macroeconomic conditions, including new and potential tariffs, on us and our customers;
- third-party payer reimbursement and coverage decisions, including our strategy to increase reimbursement;
- our ability to establish and maintain intellectual property protection for our products or avoid claims of infringement;
- potential effects of evolving and/or extensive government regulation;
- the timing or likelihood of regulatory filings and approvals;
- our ability to hire and retain key personnel;
- our ability to expand internationally, including through our joint venture, SB Tempus Corp., in Japan;
- our ability to successfully acquire businesses, form joint ventures or make investments in companies or technologies, including our ability to consummate the acquisition of Personalis, Inc., or Personalis, on the terms described herein or at all;
- our ability to realize the expected benefits of our acquisitions of Paige.AI, Inc., Ambry Genetics Corporation and Deep 6 AI, Inc., and if consummated, Personalis;
- our ability to protect and enforce our intellectual property rights, including our trade secret protected proprietary rights in our platform;
- our ability to service or pay down existing or future debt obligations;

- the outcome of pending or threatened litigation;
- our anticipated cash needs and our needs for additional financing; and
- anticipated trends and challenges in our business and the markets in which we operate.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2025. Some of the information contained in this discussion and analysis, including information with respect to our planned investments in our sales and marketing, research and development, and general and administrative functions, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled "Note Regarding Forward-Looking Statements" and "Risk Factors" in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2025 for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Tempus is a technology company focused on healthcare that straddles two converging worlds. We strive to combine deep healthcare expertise, providing next-generation diagnostics across multiple disease areas, with leading technology capabilities, harnessing the power of data and analytics to help personalize medicine. We endeavor to unlock the true power of precision medicine by creating Intelligent Diagnostics through the practical application of artificial intelligence, or AI, in healthcare. Intelligent Diagnostics use AI, including generative AI, to make laboratory tests more accurate, tailored, and personal. Unlike traditional diagnostic labs, we can incorporate unique patient information, such as clinical, molecular, and imaging data, with the goal of making our tests more intelligent and our results more insightful. Unlike other technology companies, we are deeply rooted in clinical care delivery as one of the largest sequencers of cancer patients, and patients with other diseases, in the United States. Straddling both worlds is advantageous as we believe Intelligent Diagnostics represent the future of precision medicine, informing more personalized and data-driven therapy selection and development. We believe their adoption could empower physicians to deliver better care and researchers to develop more precise therapies, with the potential to save millions of lives.

In order to bring AI to healthcare at scale, we believe the foundation of how data flows throughout the ecosystem needs to be rebuilt. We established new data pipes, going to and from providers, to allow for the free exchange of data between physicians, who interpret data, and diagnostic and life science companies, who provide data, integrating relevant clinical data, such as outcomes, or adverse events, which are essential for many clinical decisions. Without this capability, we believe that data would continue to accumulate without impacting patient care. To accomplish this, we built both a technology platform to free healthcare data from silos and an operating system to make this data useful, the combination of which we refer to as our Platform. Our Platform connects multiple stakeholders within the larger healthcare ecosystem, often in real time, to assemble and integrate the data we collect, thereby providing an opportunity for physicians to make data-driven decisions in the clinic and for researchers to discover and develop therapeutics. We aim to help physicians find the best therapies for their patients, help pharmaceutical and biotechnology companies make the best drugs possible, and enable patients to access emerging therapies and clinical trials when appropriate.

We currently offer two product lines: Diagnostics and Data and applications. Each product line is designed to enable and enhance the other, thereby creating network effects in each of the markets in which we operate. We are able to commercialize records multiple times, both at the time a test is run and thereafter. Our Diagnostics product line leverages our laboratories to provide next generation sequencing, or NGS diagnostics, polymerase chain reaction, or PCR, profiling, molecular genotyping and other anatomic and molecular pathology testing to healthcare providers, pharmaceutical companies, biotechnology companies, researchers, and other third parties. The data generated in our lab or ingested into our platform as part of the Diagnostics product line is structured and de-identified, prior to commercialization. This de-identified database is then commercialized to our pharmaceutical and biotechnology partners to facilitate drug discovery and development through our products, including, among other things, Insights, Trials, Next and Algos. Our Applications product line is focused on developing and providing diagnostics that are algorithmic in nature, implementing new software as a medical device, and building and deploying clinical decision support tools.

We primarily operate in the United States and generated total revenue of \$382.5 million and \$314.6 million in the three months ended June 30, 2026 and 2025, respectively, and \$730.6 million and \$570.4 million in the six months ended June 30, 2026 and 2025, respectively. We also incurred net income (losses) of \$5.6 million and \$(42.8) million in the three months ended June 30, 2026 and 2025, respectively, and \$(120.3) million and \$(110.9) million in the six months ended June 30, 2026 and 2025, respectively. We generated adjusted EBITDA of \$8.0 million and \$(5.6) million in the three months ended June 30, 2026 and 2025, respectively, and \$5.2 million and \$(21.8) million in the six months ended June 30, 2026 and 2025, respectively. Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of adjusted EBITDA to net income (loss), the most directly comparable financial measure

stated in accordance with generally accepted accounting principles in the United States of America, or GAAP, and for additional information about adjusted EBITDA, a non-GAAP financial measure, see "—Non-GAAP Financial Measure."

Acquisition of Personalis, Inc.

On July 20, 2026, we announced that an Agreement and Plan of Merger, or the Merger Agreement, was entered into with Personalis. Under the terms of the agreement, we will acquire all outstanding shares of Personalis not already owned by us at a price of \$16.25 per common share, representing a total enterprise value of \$1.5 billion. The consideration is planned to consist entirely of the Company's common stock; however, the Company may elect to pay up to 50% of the aggregate consideration in cash. The closing is expected in late 2026 or early 2027, and is subject to Personalis' shareholder approval, as well as receipt of applicable regulatory approvals and other customary closing conditions. The Merger Agreement was approved by both companies' board of directors.

Convertible Senior Notes 2032

On May 12, 2026, we completed a private offering, or the 2026 Offering, of \$460.0 million aggregate principal amount of 0.00% Convertible Senior Notes due 2032, or the 2032 Notes, including the exercise in full of the initial purchasers' over-allotment option to purchase up to an additional \$60.0 million principal amount of the 2032 Notes. The 2032 Notes are our general unsecured obligations and will mature on May 15, 2032, unless earlier converted, redeemed or repurchased. Refer to Note 12 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further information regarding the issuance and terms of the 2032 Notes and the 2032 Capped Call transaction (as defined in "—Liquidity and Capital Resources—Senior Convertible Notes").

Our net proceeds from the Offering were approximately \$441.9 million, after deducting the initial purchasers' discounts and commissions and the estimated offering expenses payable by us. We used a portion of the net proceeds from the Offering to repay \$317.9 million of the Additional Term Loan Facility and Revolving Credit Facility (as defined in "—Liquidity and Capital Resources—Credit Facilities"), which includes repayment of the principal, accrued interest, and prepayment premium and to pay approximately \$31.2 million cost of the 2032 Capped Call. We expect to use the remaining net proceeds from the 2026 Offering for general corporate purposes, which may include acquisitions or strategic investments in complementary businesses or technologies, working capital, operating expenses, capital expenditures and repayment of additional indebtedness.

Strategic Collaborations

AstraZeneca and Pathos

In April 2025, we entered into a series of agreements with AstraZeneca AB, or AstraZeneca, and Pathos regarding both the development of a foundation large multimodal model in the field of oncology, or the Foundation Model, and the licensing of certain de-identified multi-modal data to assist in the development of the Foundation Model.

Specifically, we entered into a Statement of Work with AstraZeneca under the previously disclosed Master Services Agreement, dated November 17, 2021, as amended in October 2022, February 2023 and December 2023 (and as further amended from time to time, together with the Statement of Work, collectively referred to herein as the MSA). Pursuant to the MSA, (i) we will ensure that Pathos develops, and we provide AstraZeneca with, a Foundation Model which has been developed, validated, and maintained using de-identified datasets contributed by us, (ii) the Foundation Model will be developed, validated, and maintained by Pathos, (iii) AstraZeneca will pay us a fee of \$35 million, and (iv) a syndicate of investors including AstraZeneca will contemporaneously execute a Stock Purchase Agreement with Pathos, or the SPA, as part of a preferred stock financing round of sufficient size given the obligations described herein.

We also entered into an Order Form with Pathos under the previously disclosed Amended and Restated Master Agreement, restated effective February 12, 2024, (the Amended and Restated Master Agreement and the Order Form collectively referred to herein as the "Pathos Master Agreement"). Pursuant to the Pathos Master Agreement, (i) Pathos will be responsible for Foundation Model development activities under the MSA, (ii) we will license Pathos a comprehensive de-identified multi-modal dataset for the sole purpose of assisting in the development and training of the Foundation Model under the MSA, (iii) Pathos will pay us data license fees of \$200 million over a three-year period, including an upfront payment of \$50 million that has been paid as of April 2025 (iv) we will receive a license to use the Foundation Model upon its completion (with certain field restrictions and the right of sublicense to AstraZeneca), and (v) in consideration of Pathos' commitments under the Pathos Master Agreement, we will pay Pathos \$35 million, of which \$25 million has been paid to date. Pathos, in its sole discretion, may pay up to 50% of the data license fees owed to us in shares of Pathos' Series D Preferred Stock. In June 2026, Pathos paid \$8.8 million of the data license fees in Pathos' Series D Preferred Stock, which is presented in Investment in related party on the condensed consolidated balance sheets and recorded under the measurement alternative for equity investments. As part of the transaction, we became a party to Pathos' standard investment

documents. The Pathos' Series D Preferred Stock is entitled to cumulative dividends at an annual rate of 5.0%. As of June 30, 2026, no dividends have been declared by the Pathos board of directors.

AstraZeneca

As previously disclosed, in November 2021, we entered into the MSA with AstraZeneca. Under the MSA, we agreed, on a non-exclusive basis, to provide AstraZeneca with certain of our products and services, including licensed data, sequencing, clinical trial matching, organoid modeling services, algorithm development, and others. In exchange for certain discounted prices, AstraZeneca has committed to spend a minimum of \$220 million on such products and services during the term of the MSA. The term of the MSA will continue through December 31, 2026, unless terminated sooner. The minimum commitment may increase from \$220 million to \$320 million through December 2028 at AstraZeneca's election.

GlaxoSmithKline

In August 2022, we entered into a Strategic Collaboration Agreement, or, as amended in May 2024, the GSK Agreement, with GlaxoSmithKline, or GSK. Under the GSK Agreement, we agreed, on a non-exclusive basis, to provide GSK with certain of our products and services, including licensed data, sequencing, clinical trial matching, organoid modeling services, algorithm development, and others. In exchange for certain discounted prices, GSK has committed to spend a minimum of \$180 million on such products and services during the term of the GSK Agreement, of which \$70 million was paid upon execution. The term of the GSK Agreement will continue through December 31, 2027, unless terminated sooner. An additional commitment of up to \$120 million may be triggered at GSK's election for the years 2028, 2029 and 2030.

Recursion Master Agreement

In November 2023, we entered into a Master Agreement, or the Recursion Agreement, with Recursion Pharmaceuticals, Inc., or Recursion. Under the Recursion Agreement, we agreed to provide certain of our services and to license certain data to Recursion, including a limited right to access our proprietary database of de-identified clinical and molecular data for certain therapeutic product development purposes. In exchange for these rights, Recursion will pay an initial license fee of \$22 million and an annual license fee throughout the term of the agreement, which, together with the initial license fee, totals up to \$160 million. The term of the Recursion Agreement will continue through November 3, 2028, unless terminated sooner. In addition to mutual rights to terminate for an uncured breach of the Recursion Agreement, Recursion may terminate the agreement for convenience after three years upon 90 days prior notice, subject to payment by Recursion of an early termination fee.

The initial license fee and each annual license fee are payable at Recursion's option either in the form of (x) cash, (y) shares of Recursion's Class A common stock, or (z) a combination of cash and shares of Recursion's Class A common stock in such proportion as is determined by Recursion in its sole discretion; provided that the aggregate number of shares of Recursion's Class A common stock to be issued to us under the Recursion Agreement shall not exceed 19.9% of the aggregate total of shares of Recursion Class A common stock and Class B common stock outstanding on November 3, 2023, or the date immediately preceding the date any shares of Class A common stock are issued pursuant to the Recursion Agreement, whichever is less. We have customary registration rights with respect to any shares of Recursion's Class A common stock issued pursuant to the Recursion Agreement.

Factors Affecting Our Performance

We believe there are several important factors that have impacted and that we expect will impact our operating performance and results of operations. While each of these areas presents significant opportunities for us, they also pose significant risks and challenges that we must address.

Research and Development and New Products

We expect to maintain high levels of investment in product innovation over the coming years as we continue to develop new laboratory assays, develop algorithms, and expand our Platform into new disease areas. These investments will include laboratory costs incurred in validating new or improving current assays, licensing of data sets to accelerate our efforts in new diseases, and development and validation costs for new Algos products. We invested \$52.6 million and \$41.6 million during the three months ended June 30, 2026 and 2025, respectively, and \$100.9 million and \$77.5 million during the six months ended June 30, 2026 and 2025 respectively, in research and development. Our ability to develop new products, obtain regulatory approvals when required, launch them into the market, and drive adoption of these products by our customers will continue to play a key role in our results.

Customer Acquisition and Expansion

To grow our business requires both identifying new customers and expanding our partnerships with existing ones across each of our product lines. For Diagnostics, this entails our field salesforce developing relationships with individual physicians, genetic counselors, and hospital systems, demonstrating the power our Platform has in enabling them to provide personalized care to their patients. For Data and applications, this entails our pharmaceutical business development teams demonstrating the power our Platform and database have in enabling drug discovery, development and clinical trial matching for our pharmaceutical partners and demonstrating the utility of these algorithms in a clinical setting. Since our inception, our offerings have been used by more than 9,000 physicians and we have worked with over 250 biotech companies, as well as 19 of the 20 largest public pharmaceutical companies based on 2025 revenue, albeit with many we are still at an early stage of adoption. Our financial performance relies heavily on our ability to add customers to our Platform and expand the relationships with our current customers through adoption of our new products.

Investments in Technology

Technology is at the core of everything we do. From receiving orders and ingesting data through our various provider integrations to delivering test results and access to our analytical platform, our Platform plays a key role in driving our business. We will continue to make significant investments in our Platform to continually improve our user experience and allow us to generate, ingest and structure data more efficiently as we expand our offerings. We invested \$43.9 million and \$34.5 million during the three months ended June 30, 2026 and 2025, respectively, and \$89.9 million and \$67.9 million, in the six months ended June 30, 2026 and 2025, respectively, in technology. We expect to maintain high levels of investment in our technology over the coming years as we continue to develop new features to support our current and future business needs. Our ability to execute on the development of such technology will continue to play a key factor in our results. In addition, the announcement of substantial new tariffs and other restrictive trade policies, to the extent such current and future tariffs apply to hardware, networking infrastructure or other technology infrastructure used by us or our third-party vendors, could raise costs, constrain supply or affect service reliability.

Payer Coverage and Reimbursement

Our financial performance relies heavily on our ability to secure reimbursement from payers and government health benefits programs. A substantial majority of the genomic testing we perform is clinical in nature. We typically receive reimbursement for these tests from commercial payers and from government health benefits programs, such as Medicare and Medicaid. The amount of payment we receive varies widely and depends on a variety of factors, including the payer, the assay run, and other characteristics about the patient. As of December 31, 2025, we had received payment on approximately 55% of our clinical oncology NGS tests and 50% of our hereditary tests across all payers performed from January 1, 2023 through December 31, 2024. We calculated this metric on a trailing basis based on payer adjudication timing. However, we continued to perform our NGS tests through December 31, 2025. For the years ended December 31, 2025, 2024 and 2023, our average reimbursement for NGS tests in oncology (i.e., excluding hereditary testing) was approximately \$1,600, \$1,510 and \$1,450, respectively. For the year ended December 31, 2025 and 2024, our average reimbursement for NGS tests in hereditary testing was approximately \$770 and \$760, on a pro forma basis, for which pro forma amounts have been calculated after applying our accounting policies. We will continue to invest significantly in various efforts aimed at improving our average reimbursement, including performing clinical studies to generate evidence of clinical utility, seeking regulatory approval for our tests, and opening additional lab locations. Any changes to medical policies impacting how our tests are reimbursed could have a significant impact on our results.

Macroeconomic Conditions

A significant portion of our current Data and applications products sales are to customers in the life sciences industry, in particular the pharmaceutical and biotechnology industry. Demand for our Data and applications products could be affected by factors that adversely affect the life sciences industry, including macroeconomic and market conditions that may adversely impact earlier stage biotechnology companies such as substantial new tariffs and other restrictive trade policies.

Components of Results of Operations

Revenue

We currently primarily derive our revenue from our two product lines: (1) Diagnostics and (2) Data and applications.

Diagnostics

Diagnostics primarily includes revenue from Oncology testing (legacy Tempus) and Hereditary testing (legacy Ambry Genetics). Oncology testing includes revenue from diagnostics, PCR profiling, and other anatomic and molecular pathology testing to oncologists, pharmaceutical companies, biotechnology companies, researchers, and other third parties. Hereditary testing includes

revenue from inherited cancer risk, whole exome and genome profiling for rare conditions, and all other inherited screening testing primarily to genetic counselors.

Data and applications

Data and applications primarily includes revenue from de-identified data generated through our Diagnostics product line to our pharmaceutical and biotechnology partners for use in their drug development efforts. These transactions consist of data licensing agreements, AI-enabled clinical trial matching, and analytical services. Our Data revenue is typically back-weighted towards the second half of the year based on the budgeting cycles of our customers.

Cost and Operating Expenses

We incur costs to generate revenue for each of our two product lines. Cost of revenues for our Diagnostics product line is a higher percentage of the Diagnostics revenue than cost of revenues for Data and applications is as a percentage of Data and applications revenue. As revenue shifts between these product lines, total cost of revenue as a percentage of revenue will be impacted.

Cost of Revenues, Diagnostics

Cost of revenues for Diagnostics primarily includes personnel lab expenses, including salaries, bonuses, employee benefits and stock-based compensation expenses (which we refer to as “personnel costs”), and amortization of intangible assets, cost of laboratory supplies and consumables, laboratory rent expense, depreciation of laboratory equipment and shipping costs. Costs associated with performing our tests are recorded as the tests are processed at the time of report delivery. We expect these costs will increase in absolute dollars as our Diagnostics revenue continues to grow.

Cost of Revenues, Data and applications

Cost of revenues for Data and applications primarily includes data acquisition and royalty fees, and personnel costs related to delivery of our data services and platform, cloud costs, and certain allocated overhead expenses. Costs associated with performing data product services are recorded as incurred. We expect these costs will increase in absolute dollars as our Data and applications revenue continues to grow.

Research and Development

Research and development expense primarily includes costs incurred to develop new assays and products, including validation costs, research and development and allocated lab personnel costs, salaries and benefits of our scientific and laboratory research and development teams, amortization of intangible assets, inventory costs, overhead costs, contract services and other related costs. Research and development costs are expensed as incurred. We plan to continue to invest in new assay development and expansion into new disease areas. As a result, we expect that research and development expenses will increase in absolute dollars for the foreseeable future as we continue to invest to support these activities.

Technology Research and Development

Technology research and development expense primarily includes personnel costs incurred related to the research and development of our technology platform and applications and the research and development of new products that we hope to bring to the market. Technology research and development costs are expensed as incurred. We plan to continue to invest in technology personnel to support our Platform and new algorithm development. We expect that technology research and development expenses will increase in absolute dollars for the foreseeable future as we continue to invest to support these activities.

Selling, General and Administrative

Our selling, general and administrative expense primarily includes personnel costs, inclusive of stock-based compensation expense, for our sales, executive, accounting and finance, legal and human resources functions, commissions, and other general corporate expenses, including software and tools, professional services, real estate costs, and travel costs.

Interest Income

Interest income consists of interest earned on our cash and cash equivalents.

Interest Expense

Interest expense consists primarily of interest from our Second Amended Note, Credit Facilities, and Notes (each as defined in “—Liquidity and Capital Resources”). Interest expense related to our Second Amended Note will continue, but should decrease over time as the principal amount decreases. Subsequent to May 2026, there will be no additional interest expense related to the Credit Facilities as a result of the prepayment of the Credit Facilities in July 2025 and May 2026.

Loss on Debt Extinguishment

Loss on debt extinguishment consists of the recognition of unamortized original issuance discount, unamortized deferred financing fees, and prepayment premium as a result of the prepayment of the Additional Term Loan Facility and Revolving Credit Facility (defined in “—Liquidity and Capital Resources”).

Other Income, Net

Other income, net consists of foreign currency exchange gains and losses, gains and losses on marketable equity securities, income from the Intellectual Property Agreement, or the IP License Agreement, with SB Tempus Corp., or SB Tempus. Foreign currency exchange gains and losses relate to transactions and asset and liability balances denominated in currencies other than the U.S. dollar. We expect our foreign currency gains and losses to continue to fluctuate in the future due to changes in foreign currency exchange rates. We hold shares of common stock of Recursion and Personalis, which are recorded within marketable equity securities. These shares are marked to market each reporting period.

(Provision for) Benefit from income taxes

(Provision for) benefit from income taxes consists of U.S. federal and state income taxes and income taxes in certain foreign jurisdictions in which we conduct business, as adjusted for non-deductible expenses, and changes in the valuation of our deferred tax assets and liabilities. We maintain a full valuation allowance on our U.S. federal and state deferred tax assets as we have concluded that it is more likely than not that the deferred tax assets will not be realized.

Losses from Equity Method Investments

Losses from equity method investments consist of earnings from our joint venture, SB Tempus. See Note 7 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information regarding SB Tempus.

Results of Operations

The following table sets forth the significant components of our results of operations for the periods presented (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net revenue				
Diagnostics	\$ 289,333	\$ 241,843	\$ 550,431	\$ 435,647
Data and applications	93,153	72,792	180,171	134,725
Total net revenue	\$ 382,486	\$ 314,635	\$ 730,602	\$ 570,372
Cost and operating expenses				
Cost of revenues, diagnostics	108,233	99,756	209,193	184,539
Cost of revenues, data and applications	27,755	19,840	52,870	35,591
Technology research and development	43,929	34,482	89,850	67,873
Research and development	52,637	41,619	100,874	77,493
Selling, general and administrative	225,845	180,712	438,439	335,339
Total cost and operating expenses	458,399	376,409	891,226	700,835
Loss from operations	\$ (75,913)	\$ (61,774)	\$ (160,624)	\$ (130,463)
Interest income	3,897	1,093	7,763	2,906
Interest expense	(10,283)	(21,579)	(24,624)	(39,582)
Loss on debt extinguishment	(11,643)	—	(11,643)	—
Other income, net	102,757	41,729	75,048	14,274
Income (loss) before (provision for) benefit from income taxes	8,815	(40,531)	(114,080)	(152,865)
(Provision for) benefit from income taxes	(309)	(212)	(247)	45,968
Losses from equity method investments	(2,864)	(2,100)	(5,950)	(3,983)
Net income (loss)	\$ 5,642	\$ (42,843)	\$ (120,277)	\$ (110,880)

Comparison of the Three Months Ended June 30, 2026 and 2025

Revenue

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Diagnostics	\$ 289,333	\$ 241,843	\$ 47,490	20%
Data and applications	93,153	72,792	20,361	28%
Total Net Revenue	\$ 382,486	\$ 314,635	\$ 67,851	22%

The increase in revenue for the three months ended June 30, 2026, compared to the same period in 2025, was due to increased volume of clinical oncology and hereditary tests performed in Diagnostics and increased data deliveries in our Data and applications product line. Beginning in 2026, xG (hereditary testing sold to oncologists) volumes and associated revenues are reported within Hereditary, which was applied to 2025 volumes and associated revenues.

Diagnostics

The increase in Diagnostics revenue for the three months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase in the number of Oncology tests and Hereditary tests. Volume of tests increased from approximately 212,000 tests for the three months ended June 30, 2025 to approximately 238,000 tests for the three months ended June 30, 2026.

Oncology tests increased from approximately 73,500 tests for the three months ended June 30, 2025 to approximately 96,500 tests for the three months ended June 30, 2026. Oncology revenue increased \$37.5 million, primarily due to the increase in the volume of clinical oncology tests performed.

Hereditary tests increased from approximately 138,500 tests for the three months ended June 30, 2025 to approximately 141,500 tests for the three months ended June 30, 2026. The increase is primarily due to the increase in volume of hereditary tests performed and an increase in ASP, which resulted in an increase of \$5.4 million.

The remaining increase of \$4.5 million is due to growth in our other product lines within Diagnostics.

Data and applications

The increase in Data and applications revenue for the three months ended June 30, 2026, compared to the same period in 2025, was driven primarily by an increase of \$20.5 million from increased demand for our Insights products. Across all Data and applications products, the increase in revenue in the three months ended June 30, 2026 is primarily attributable to continued growth from within our existing customer base, specifically the Pathos Foundation Model agreement, as well as adoption of our services by new customers that did not purchase services in the three months ended June 30, 2025.

Cost and Operating Expenses

Cost of Revenues

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Cost of revenues, diagnostics	\$ 108,233	\$ 99,756	\$ 8,477	8%
Cost of revenues, data and applications	27,755	19,840	7,915	40%
Total	\$ 135,988	\$ 119,596	\$ 16,392	14%

The increase in Cost of revenues for the three months ended June 30, 2026, compared to the same period in 2025, was primarily due to increases of \$4.5 million in cloud costs, \$3.9 million in material and service costs, \$2.9 million in personnel-related costs, \$2.9 million in costs related to development of foundation model, \$2.5 million of stock-based compensation expenses, and \$1.4 million in clinical studies costs.

Cost of Revenues, Diagnostics

The increase in Cost of revenues, Diagnostics for the three months ended June 30, 2026, compared to the same period in 2025, was primarily due to increases of \$3.9 million in material and service costs, \$3.1 million in personnel-related costs, and \$2.2 million of stock-based compensation expense.

Cost of Revenues, Data and applications

The increase in Cost of revenues, Data and applications for the three months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase of \$4.0 million in cloud costs, \$2.9 million in costs related to development of foundation model, and \$1.4 million in clinical studies costs.

Technology Research and Development

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Technology research and development	\$ 43,929	\$ 34,482	\$ 9,447	27%

The increase in Technology research and development expenses for the three months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase of \$5.3 million of stock-based compensation expenses and increase of \$4.6 million in personnel-related costs associated with the investment in our cloud infrastructure and new lines of business.

Research and Development

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Research and development	\$ 52,637	\$ 41,619	\$ 11,018	26%

The increase in Research and development expenses for the three months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase of \$3.4 million in validation and regulatory costs, \$2.9 million of stock-based compensation expense, \$1.7 million in personnel-related costs for employees in our research and development group, \$1.3 million of outside services costs related to clinical studies, and \$1.2 million of cloud costs.

Selling, General and Administrative

	<u>Three Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2026</u>	<u>2025</u>		
	(unaudited)			
	(in thousands, except percentages)			
Selling, general and administrative	\$ 225,845	\$ 180,712	\$ 45,133	25%

The increase in Selling, general and administrative expenses for the three months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase of \$20.9 million of stock-based compensation expenses, \$14.2 million in personnel-related costs, \$5.2 million in software and tools costs, \$4.9 million in cloud storage costs, and \$4.5 million in legal costs. The increase is offset by a decrease of \$2.4 million of franchise tax, and \$1.0 million in acquisition costs.

Interest Income

	<u>Three Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2026</u>	<u>2025</u>		
	(unaudited)			
	(in thousands, except percentages)			
Interest income	\$ 3,897	\$ 1,093	\$ 2,804	257%

The increase in Interest income for the three months ended June 30, 2026, compared to the same period in 2025, increased primarily due to higher cash on hand as of June 30, 2026 compared to June 30, 2025.

Interest Expense

	<u>Three Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2026</u>	<u>2025</u>		
	(unaudited)			
	(in thousands, except percentages)			
Interest expense	\$ (10,283)	\$ (21,579)	\$ 11,296	-52%

The decrease in Interest expense for the three months ended June 30, 2026, compared to the same period in 2025 is due to a decrease of \$14.0 million as a result of the prepayment of the Additional Term Loan Facility and Revolving Credit Facility in July 2025 and May 2026. The decrease is offset by additional interest expense from the Notes, which resulted in an increase of \$3.0 million.

Loss on Debt Extinguishment

	<u>Three Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2026</u>	<u>2025</u>		
	(unaudited)			
	(in thousands, except percentages)			
Loss on debt extinguishment	\$ (11,643)	\$ —	\$ (11,643)	100%

The change in Loss on debt extinguishment for the three months ended June 30, 2026, compared to the same period in 2025, was driven by the repayment of the Additional Term Loan Facility and Revolving Credit Facility in May 2026, which includes repayment of the principal, accrued interest, and prepayment premium. The repayment resulted in a loss on debt extinguishment of \$11.6 million.

Other Income, net

	<u>Three Months Ended June 30,</u>			
	<u>2026</u>	<u>2025</u>	<u>\$ Change</u>	<u>% Change</u>
	(unaudited)			
	(in thousands, except percentages)			
Other income, net	\$ 102,757	\$ 41,729	\$ 61,028	146%

The change in Other income, net for the three months ended June 30, 2026, compared to the same period in 2025, was primarily driven by a \$60.7 million increase in income related to unrealized gains on marketable equity securities.

Provision for Income Taxes

	<u>Three Months Ended June 30,</u>			
	<u>2026</u>	<u>2025</u>	<u>\$ Change</u>	<u>% Change</u>
	(unaudited)			
	(in thousands, except percentages)			
Provision for income taxes	\$ (309)	\$ (212)	\$ (97)	46%

The change in provision for income tax expense for the three months ended June 30, 2026, compared to the same period in 2025, was not material.

Losses from Equity Method Investments

	<u>Three Months Ended June 30,</u>			
	<u>2026</u>	<u>2025</u>	<u>\$ Change</u>	<u>% Change</u>
	(unaudited)			
	(in thousands, except percentages)			
Losses from equity method investments	\$ (2,864)	\$ (2,100)	\$ (764)	36%

The increase in losses from equity method investments for the three months ended June 30, 2026, compared to the same period in 2025, was due to the losses from SB Tempus.

Comparison of the Six Months Ended June 30, 2026 and 2025

Revenue

	<u>Six Months Ended June 30,</u>			
	<u>2026</u>	<u>2025</u>	<u>\$ Change</u>	<u>% Change</u>
	(unaudited)			
	(in thousands, except percentages)			
Diagnostics	\$ 550,431	\$ 435,647	\$ 114,784	26%
Data and applications	180,171	134,725	45,446	34%
Total Net Revenue	\$ 730,602	\$ 570,372	\$ 160,230	28%

The increase in revenue for the six months ended June 30, 2026, compared to the same period in 2025, was due to increased volume of clinical oncology and hereditary tests performed in Diagnostics and increased data deliveries in our Data and applications product line. Beginning in 2026, xG (hereditary testing sold to oncologists) volumes and associated revenues are reported within Hereditary, which was applied to 2025 volumes and associated revenues.

Diagnostics

The increase in Diagnostics revenue for the six months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase in the number of Oncology tests and the addition of Hereditary tests through the acquisition of Ambry in February 2025. Volume of tests increased from approximately 365,000 tests for the six months ended June 30, 2025 to approximately 456,000 tests for the six months ended June 30, 2026, of which 274,000 tests related to Hereditary testing.

Oncology tests increased from approximately 140,500 tests for the six months ended June 30, 2025 to approximately 182,000 tests for the six months ended June 30, 2026. Oncology revenue increased \$69.0 million, primarily due to the increase in the volume of clinical oncology tests performed.

Hereditary tests increased from approximately 224,500 tests for the six months ended June 30, 2025 to approximately 274,000 tests for the six months ended June 30, 2026 due to the acquisition of Ambry in February 2025. The increase is primarily due to the inclusion of Ambry for the full period and resulted in an increase of \$38.7 million.

The remaining increase of \$7.1 million is due to growth in our other product lines within Diagnostics.

Data and applications

The increase in Data and applications revenue for the six months ended June 30, 2026, compared to the same period in 2025, was driven primarily by an increase of \$42.3 million and \$3.6 million from increased demand for our Insights and Next products, respectively. Across all Data and applications products, the increase in revenue in the six months ended June 30, 2026 is primarily attributable to continued growth from within our existing customer base, specifically the Pathos Foundation Model agreement, as well as adoption of our services by new customers that did not purchase services in the six months ended June 30, 2025.

Cost and Operating Expenses

Cost of Revenues

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Cost of revenues, diagnostics	\$ 209,193	\$ 184,539	\$ 24,654	13%
Cost of revenues, data and applications	52,870	35,591	17,279	49%
Total	\$ 262,063	\$ 220,130	\$ 41,933	19%

The increase in Cost of revenues for the six months ended June 30, 2026, compared to the same period in 2025, was primarily due to increases of \$11.1 million in personnel-related costs, of which \$5.5 million is due to the Ambry Acquisition that occurred in February 2025, \$10.9 million in cloud costs, \$10.0 million in material and service costs, of which \$3.1 million is due to the Ambry Acquisition that occurred in February 2025, \$4.5 million of stock-based compensation expenses, \$2.9 million in costs related to development of foundation model, \$2.8 million in clinical studies costs.

Cost of Revenues, Diagnostics

The increase in Cost of revenues, Diagnostics for the six months ended June 30, 2026, compared to the same period in 2025, was primarily due to increases of \$11.2 million in personnel-related costs, of which \$5.5 million is due to the Ambry Acquisition that occurred in February 2025, \$10.0 million in material and service costs, of which \$3.1 million is due to the Ambry Acquisition that occurred in February 2025, and \$3.3 million of stock-based compensation expense.

Cost of Revenues, Data and applications

The increase in Cost of revenues, Data and applications for the six months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase of \$9.9 million in cloud costs, \$2.9 million in costs related to development of foundation model, \$2.8 million in clinical studies costs, and \$1.2 million in stock-based compensation.

Technology Research and Development

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Technology research and development	\$ 89,850	\$ 67,873	\$ 21,977	32%

The increase in Technology research and development expenses for the six months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase of \$11.5 million of stock-based compensation expenses and increase of \$10.1 million

in personnel-related costs associated with the investment in our cloud infrastructure and new lines of business, of which \$2.9 million is due to the Ambry Acquisition that occurred in February 2025.

Research and Development

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2026</u>	<u>2025</u>		
	(unaudited)			
	(in thousands, except percentages)			
Research and development	\$ 100,874	\$ 77,493	\$ 23,381	30%

The increase in Research and development expenses for the six months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase of \$8.3 million in personnel-related costs for employees in our research and development group, of which \$4.1 million is due to the Ambry Acquisition that occurred in February 2025, \$5.5 million of stock-based compensation expense, \$4.1 million of validation and regulatory costs, \$2.8 million of cloud costs, of which \$0.8 million is due to the Ambry Acquisition that occurred in February 2025, and \$1.5 million of outside services costs related to clinical studies.

Selling, General and Administrative

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2026</u>	<u>2025</u>		
	(unaudited)			
	(in thousands, except percentages)			
Selling, general and administrative	\$ 438,439	\$ 335,339	\$ 103,100	31%

The increase in Selling, general and administrative expenses for the six months ended June 30, 2026, compared to the same period in 2025, was primarily due to an increase of \$39.8 million of stock-based compensation expenses, \$32.2 million in personnel-related costs, of which \$15.6 million is due to the Ambry Acquisition that occurred in February 2025, \$12.2 million in software and tools costs, of which \$1.4 million is due to the Ambry Acquisition that occurred in February 2025, \$10.1 million in cloud storage costs, \$6.6 million in legal costs, and \$5.5 million in amortization of intangibles acquired from the Ambry Acquisition. The increase is offset by a decrease in \$4.5 million in acquisition costs and \$3.0 million in taxes related to the settlement of RSUs.

Interest Income

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2026</u>	<u>2025</u>		
	(unaudited)			
	(in thousands, except percentages)			
Interest income	\$ 7,763	\$ 2,906	\$ 4,857	167%

The increase in Interest income for the six months ended June 30, 2026, compared to the same period in 2025, increased primarily due to higher cash on hand as of June 30, 2026 compared to June 30, 2025.

Interest Expense

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2026</u>	<u>2025</u>		
	(unaudited)			
	(in thousands, except percentages)			
Interest expense	\$ (24,624)	\$ (39,582)	\$ 14,958	-38%

The decrease in Interest expense for the six months ended June 30, 2026, compared to the same period in 2025, is due to a decrease of \$20.2 million as a result of the prepayment of the Term Loan Facility in July 2025 and of the Additional Term Loan Facility and Revolving Credit Facility in May 2026. The decrease is offset by additional interest expense from the Notes, which resulted in an increase of \$5.6 million.

Loss on Debt Extinguishment

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Loss on debt extinguishment	\$ (11,643)	\$ —	\$ (11,643)	100%

The change in Loss on debt extinguishments for the six months ended June 30, 2026, compared to the same period in 2025, was driven by the repayment of the Additional Term Loan Facility and Revolving Credit Facility, which includes repayment of the principal, accrued interest, and prepayment premium. The repayment resulted in a loss on debt extinguishment of \$11.6 million.

Other Income, net

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Other income, net	\$ 75,048	\$ 14,274	\$ 60,774	426%

The change in Other income, net for the six months ended June 30, 2026, compared to the same period in 2025, was primarily driven by a \$60.2 million increase in income related to realized and unrealized gains on marketable equity securities.

(Provision for) Benefit from Income Taxes

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
(Provision for) benefit from income taxes	\$ (247)	\$ 45,968	\$ (46,215)	-101%

The change in provision for income tax (expense) benefit for the six months ended June 30, 2026, compared to the same period in 2025, was due to a \$46.2 million discrete tax benefit recorded in the prior period from the release of a portion of the valuation allowance attributable to net deferred tax liabilities related to the acquisition of Ambry which offset certain of our net deferred tax assets.

Losses from Equity Method Investments

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
	(unaudited)			
	(in thousands, except percentages)			
Losses from equity method investments	\$ (5,950)	\$ (3,983)	\$ (1,967)	49%

The increase in losses from equity method investments for the six months ended June 30, 2026, compared to the same period in 2025, was due to the losses from SB Tempus.

Non-GAAP Financial Measure

To supplement our condensed consolidated financial statements prepared and presented in accordance with accounting principles generally accepted in the United States of America, or GAAP, we use adjusted EBITDA to facilitate analysis of our financial and business trends and for internal planning and forecasting purposes.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. We define adjusted EBITDA as net income (loss), adjusted to exclude (i) interest income, (ii) interest expense, (iii) depreciation and amortization, (iv) provision for (benefit from) income taxes, (v) losses from equity method investments, (vi) changes in fair value of our marketable equity securities and indemnity-related holdback liabilities, (vii) stock-based compensation expense, (viii) employer payroll tax related to stock-based compensation expense, (ix) acquisition-related expenses, (x) amortization of deferred other income from our IP License Agreement with SB Tempus, (xi) franchise taxes related to our IPO, and (xii) loss on debt extinguishment. We use adjusted EBITDA in conjunction with net income or loss, its corresponding GAAP measure, as a performance measure to assess our operating performance and operating leverage in our business. The above items are excluded from our adjusted EBITDA measure because these items are non-cash in nature, or because the amount and timing of these items is unpredictable, or they are not driven by core results of operations, thereby rendering comparisons with prior periods and competitors less meaningful. We believe adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations, as well as provides a useful measure for period-to-period comparisons of our business performance. Moreover, adjusted EBITDA is a key measurement used by our management internally to make operating decisions, including those related to analyzing operating expenses, evaluating performance, and performing strategic planning and annual budgeting.

Adjusted EBITDA has limitations as a financial measure, should be considered as supplemental in nature, and is not meant as a substitute for, or superior to, the related financial information prepared in accordance with GAAP. Some of these limitations are that adjusted EBITDA:

- does not reflect interest income which increases cash available to us;
- excludes depreciation and amortization expense, and although these are non-cash expenses, the asset being depreciated may have to be replaced in the future, increasing our cash requirements;
- does not reflect provision for or benefit from income taxes that reduces cash available to us; and
- excludes change in fair value of marketable equity securities and indemnity-related holdback liabilities.

Because of these limitations, we consider, and you should consider, adjusted EBITDA alongside other financial performance measures, including net income (loss) and our other GAAP results. A reconciliation of our adjusted EBITDA to net income (loss), the most directly comparable financial measure stated in accordance with GAAP, is provided below. Investors are encouraged to review the related GAAP financial measures and the reconciliation of the non-GAAP financial measure to their most directly comparable GAAP financial measure.

The following table summarizes our adjusted EBITDA, along with net loss, the most directly comparable GAAP measure, for each period presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(unaudited)			
	(in thousands)			
Net income (loss)	\$ 5,642	\$ (42,843)	\$ (120,277)	\$ (110,880)
Interest income	(3,897)	(1,093)	(7,763)	(2,906)
Interest expense	10,283	21,579	24,624	39,582
Depreciation	7,125	8,347	14,550	16,230
Amortization	18,860	19,685	37,610	32,155
Provision for (benefit from) income taxes	309	212	247	(45,968)
EBITDA	\$ 38,322	\$ 5,887	\$ (51,009)	\$ (71,787)
Losses from equity method investments	2,864	2,100	5,950	3,983
Fair value changes ⁽¹⁾	(97,401)	(37,546)	(66,260)	(5,696)
Stock-based compensation expense	54,121	22,455	106,827	45,429
Employer payroll tax related to stock-based compensation	1,493	1,873	5,051	7,126
Acquisition related expenses ⁽²⁾	990	1,992	986	5,521
Amortization of technology license	(3,988)	(3,988)	(7,977)	(7,977)
Franchise taxes related to IPO	—	1,647	—	1,647
Loss on debt extinguishment	11,643	—	11,643	—
Adjusted EBITDA	\$ 8,044	\$ (5,580)	\$ 5,211	\$ (21,754)

(1) Fair value changes include gains and losses related to quarterly fair value adjustments of our marketable equity securities and indemnity-related holdback liabilities.

(2) Acquisition related expenses consist of legal, diligence, accounting, and financing costs incurred for acquisitions during the three and six months ended June 30, 2026 and 2025.

Liquidity and Capital Resources

We have incurred significant losses and negative cash flows from operations since our inception, and as of June 30, 2026, we had an accumulated deficit of \$2.5 billion.

We expect to incur additional operating losses in the near future and our operating expenses will increase as we continue to invest and develop new offerings, expand our sales organization, and increase our marketing efforts to drive market adoption of our tests. As demand for our tests continues to increase from physicians and biopharmaceutical companies, we anticipate that our capital expenditure requirements could also increase if we require additional laboratory capacity.

We have funded our operations to date principally from the sale of stock, convertible debt, term debt, the Revolving Credit Facility, and sales of our products. As of June 30, 2026, we had cash, cash equivalents and restricted cash of \$604.3 million.

Based on our current business plan, we believe our current cash and cash equivalents, marketable equity securities and anticipated cash flows from operations, will be sufficient to meet our anticipated cash requirements for more than twelve months from the date of this Quarterly Report on Form 10-Q. We may raise additional capital to expand our business, to pursue strategic investments, to take advantage of financing opportunities or for other reasons. As we grow our revenue, our accounts receivable and inventory balances will increase. Any increase in accounts receivable and inventory may not be completely offset by increases in accounts payable and accrued expenses, which could result in greater working capital requirements.

If our available cash and cash equivalents and anticipated cash flows from operations are insufficient to satisfy our liquidity requirements because of lower demand for our products as a result of lower than currently expected rates of reimbursement from our customers or other risks described elsewhere in this Quarterly Report on Form 10-Q and in our Form 10-K for the year ended December 31, 2025, we may seek to sell additional common or preferred equity or convertible debt securities, enter into a credit facility or another form of third-party funding or seek other debt financing. The sale of equity and convertible debt securities, or exercise of warrants may result in dilution to our stockholders and, in the case of preferred equity securities or convertible debt, those securities could provide for rights, preferences or privileges senior to those of our common stock. The terms of debt securities issued

or borrowings pursuant to a credit agreement could impose significant restrictions on our operations. If we raise funds through collaborations and licensing arrangements, we might be required to relinquish significant rights to our platform technologies or products or grant licenses on terms that are not favorable to us. Additional capital may not be available to us on reasonable terms, or at all. The failure to obtain any required future financing may require us to reduce or eliminate certain existing operations.

Convertible Senior Notes

Convertible Senior Notes due 2032

On May 12, 2026, we completed the 2026 Offering of \$460.0 million aggregate principal amount of 0.00% Convertible Senior Notes due 2032, or the 2032 Notes. Our net proceeds from the 2026 Offering were \$441.9 million, after deducting the initial purchasers' discount and commissions and offering expenses payable by us.

The 2032 Notes are general unsecured obligations of ours and will mature on May 15, 2032. The 2032 Notes will not bear regular interest, and the principal amount of the 2032 Notes will not accrete. The 2032 Notes are convertible at the option of the holders prior to February 15, 2032, only upon satisfaction of one or more of the following conditions:

- (1) During any calendar quarter commencing after the calendar quarter ending on September 30, 2026, if the last reported sale price of our Class A common stock, for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2032 Notes on each applicable trading day;
- (2) During the five business day period after any ten consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of the 2032 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate for the 2032 Notes on each such trading day;
- (3) If we call such 2032 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- (4) Upon the occurrence of specified corporate events.

On or after February 15, 2032, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2032 Notes at their option at any time, regardless of the foregoing conditions. Upon conversion, we will pay or deliver cash, shares of our Class A common stock or a combination of cash and shares of our common stock, at our election.

The conversion rate for the 2032 Notes will initially be 14.4388 shares of the Company's Class A common stock per \$1,000 principal amount of 2032 Notes, which is equivalent to an initial conversion price of approximately \$69.26 per share of our Class A common Stock. The conversion rate is subject to adjustment under certain circumstances.

On or after May 21, 2029, we may redeem for cash all or any portion of the 2032 Notes if the last reported sale price of our Class A common stock has been at least 130% of the conversion price for the 2032 Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2032 Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date. If we redeem less than all the outstanding 2032 Notes, at least \$75.0 million aggregate principal amount of 2032 Notes must be outstanding and not subject to redemption. No sinking fund is provided for the 2032 Notes.

If we undergo a fundamental change (as defined in the indenture governing the 2032 Notes), then, subject to certain conditions and exceptions, noteholders may require us to repurchase for cash all or any portion of their 2032 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2032 Notes to be repurchased, plus accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

The indenture governing the 2032 Notes contains customary terms and covenants, including that upon certain events of default either the 2032 Trustee or the holders of at least 25% in principal amount of the outstanding 2032 Notes may declare 100% of the principal of, and accrued and unpaid special interest, if any, on, all the 2032 Notes to be due and payable.

If there is an event of default relating to failures by us to comply with certain reporting requirements, we may elect, at our option, that the sole remedy to consist exclusively of the right of the noteholders to receive special interest on the 2032 Notes for up to 365 days at a specified rate per annum of 0.25% of the principal amount for the first 180 days on which the special interest accrues, and thereafter at a rate of 0.50%.

In connection with the pricing of the 2032 Notes on May 7, 2026, and the exercise in full by the initial purchasers of their option to purchase additional 2032 Notes on May 8, 2026, we entered into capped call transactions, or the 2032 Capped Call, with one of the

initial purchasers or its affiliate and other financial institutions. The 2032 Capped Call is expected generally to reduce the potential dilution to our Class A common stock upon any conversion of the 2032 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2032 Notes, with such reduction and/or offset subject to a cap based on a cap price initially equal to \$98.9400 per share, which is subject to certain adjustments under the terms of the 2032 Capped Call. The 2032 Capped Call have an initial strike price of approximately \$69.26 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2032 Notes. The 2032 Capped Call cover, subject to anti-dilution adjustments, approximately 6,641,848 shares of our Class A common stock.

Additionally, we paid approximately \$31.2 million cost of the 2032 Capped Call from the proceeds of the 2026 Offering. We expect to use the remaining net proceeds from the 2026 Offering for general corporate purposes, which may include acquisitions or strategic investments in complementary businesses or technologies, working capital, operating expenses, capital expenditures and repayment of additional indebtedness.

Convertible Senior Notes due 2030

On July 3, 2025, we completed a private offering, or the 2025 Offering, of \$750.0 million aggregate principal amount of 0.75% Convertible Senior Notes due 2030, or the 2030 Notes. Our net proceeds from the 2025 Offering were \$725.7 million, after deducting the initial purchasers' discount and commissions and offering expenses payable by us.

The 2030 Notes are general unsecured obligations of ours and will mature on July 15, 2030. Interest on the 2030 Notes will accrue at a rate of 0.75% per year from July 3, 2025 and will be payable semiannually in arrears on January 15 and July 15 of each year, beginning on January 15, 2026. The 2030 Notes are convertible at the option of the holders prior to April 15, 2030, upon satisfaction of one or more of the following conditions:

- (1) During any calendar quarter, commencing after the fiscal quarter ending on September 30, 2025, if the last reported sale price of our Class A common stock, for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2030 Notes on each applicable trading day;
- (2) During the five business day period after any ten consecutive trading day period, or the measurement period, in which the trading price per \$1,000 principal amount of the 2030 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate for the 2030 Notes on each such trading day;
- (3) If we call the 2030 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- (4) Upon the occurrence of specified corporate events.

On or after April 15, 2030, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2030 Notes at their option at any time, regardless of the foregoing conditions. Upon conversion, we will pay or deliver cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election.

The conversion rate for the 2030 Notes is 11.8778 shares of Class A common stock per \$1,000 principal amount of 2030 Notes, which is equivalent to an initial conversion price of approximately \$84.19 per share of our Class A common stock. The conversion rate is subject to adjustment under certain circumstances.

On or after July 20, 2028, we may redeem for cash all or any portion of the 2030 Notes if the last reported sale price of our Class A common stock has been at least 130% of the conversion price for the 2030 Notes for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the 2030 Notes to be redeemed, plus accrued and unpaid interest. If we redeem less than all the outstanding 2030 Notes, at least \$100.0 million aggregate principal amount of 2030 Notes must be outstanding and not subject to redemption. No sinking fund is provided for the 2030 Notes.

If we undergo a fundamental change (as defined in the indenture governing the 2030 Notes), then, subject to certain conditions and exceptions, noteholders may require us to repurchase for cash all or any portion of their 2030 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2030 Notes to be repurchased, plus accrued and unpaid interest, to, but excluding, the fundamental change repurchase date.

In connection with the pricing of the 2030 Notes on June 30, 2025, and in connection with the exercise in full by the initial purchasers of their option to purchase additional Notes on July 1, 2025, we entered into capped call transactions, or the 2030 Capped Call, effective as of July 3, 2025, with one of the initial purchasers and certain other financial institutions. The 2030 Capped Call is expected generally to reduce the potential dilution to our Class A common stock upon any conversion of the 2030 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2030 Notes, with such reduction and/or offset subject to a cap based on a cap price initially equal to \$111.1950 per share, which is subject to certain adjustments under the terms of the 2030 Capped Call. The 2030 Capped Calls have an initial strike price of approximately \$84.19 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2030 Notes. The 2030 Capped Call cover, subject to anti-dilution adjustments, approximately 8,908,350 shares of our Class A common stock.

Additionally, we paid approximately \$41.8 million cost of the 2030 Capped Call from the proceeds of the 2025 Offering. We expect to use the remaining net proceeds from the 2025 Offering for general corporate purposes, which may include acquisitions or strategic investments in complementary businesses or technologies, working capital, operating expenses, capital expenditures and repayment of additional indebtedness.

Credit Facilities

On September 22, 2022, we entered into a Credit Agreement, or the Original Credit Agreement, with Ares Capital Corporation, or Ares, for a senior secured loan, or the Term Loan Facility that matures in September 2027, in an original principal amount of \$175.0 million, less original issue discount of \$4.4 million and deferred financing fees of \$2.6 million. The Original Credit Agreement was amended on April 25, 2023 and October 11, 2023, to, among other things, increase the original principal amount of the Term Loan Facility by \$85.0 million in the aggregate, less original issue discount of \$2.2 million in the aggregate.

On February 3, 2025, we entered into a Third Amendment Agreement, or the Third Amendment Agreement which, among other things, provided for an additional \$200.0 million tranche of senior secured term loans, or the Additional Term Loan Facility, and together with the Term Loan Facility, the Term Loans, and \$100.0 million in priority revolving loan commitments, or the Revolving Credit Facility, and loans thereunder, the Revolving Loans. We received \$194.0 million under the Additional Term Loan Facility, which is the aggregate principal amount of \$200.0 million, less original issue discount of \$4.0 million and \$2.0 million in legal fees paid to third parties, and \$97.1 million in revolving loans under the Revolving Credit Facility, which is the aggregate amount of \$100.0 million, less original issue discount of \$2.0 million and \$0.9 million in legal fees paid to third parties, the proceeds of which were used to fund the cash consideration for the Ambry Acquisition and to pay related fees. The Third Amendment Agreement was accounted for as a debt modification. The Additional Term Loan Facility and the Revolving Credit Facility mature on February 3, 2030.

On June 30, 2025, in conjunction with the Offering, we entered into a Fourth Amendment to the Credit Agreement, or the Fourth Amendment Agreement. The Fourth Amendment Agreement amended the terms of the Credit Agreement to (i) permit the Offering and the related derivative transactions and (ii) provide that the Offering satisfies the junior capital raise requirement set forth in the Credit Agreement. Except as noted above, the material terms of the Credit Agreement were not amended. The Fourth Amendment Agreement was accounted for as a debt modification.

The Term Loans and Revolving Credit Facility, or together with the Term Loan Facility, the Credit Facilities, are subject to quarterly interest payments for Base Rate loans and at the end of the applicable interest rate period for Term Secured Overnight Financing Rate, or SOFR, loans.

The Term Loans are subject to quarterly interest payments, which bears interest based on Term SOFR. Additionally, we may make either a paid-in-kind, or PIK, election or a Cash election. Pursuant to the Original Credit Agreement, as amended by the Fourth Amendment Agreement, or the Credit Agreement, interest on the Term Loans accrues at a per annum rate as follows: (i) for any interest period for which we elect to pay interest in cash, the cash interest rate for Term SOFR borrowings will be Term SOFR plus a margin ranging from 6.75% to 7.75%, respectively, and (ii) for any interest period for which we elect to pay interest in kind, the cash interest rate for Term SOFR borrowings will be Term SOFR plus a margin of 5%, respectively, and the PIK interest rate will be 3.25%.

Interest on the Revolving Loans accrues interest at a per annum rate equal to Term SOFR plus 3.75%.

In July 2025, the Company repaid in full the principal amount of the Term Loan Facility for \$276.9 million. In May 2026, the Company repaid in full the principal amount for \$307.7 million of the Additional Term Loan Facility and Revolving Credit Facility. In connection with this repayment, the Credit Agreement, as amended, and all guarantee and security documents executed in connection therewith, were terminated. No amounts under the Credit Facilities remain outstanding as of June 30, 2026.

Convertible Promissory Note

On February 22, 2025, we amended our convertible promissory note, or the Second Amended Note, with Google LLC, or Google, originally entered into on June 22, 2020, or the Initial Note, and subsequently amended on November 19, 2020, or the Amended Note. The amendment extended the maturity date of the Second Amended Note from March 22, 2026 to December 31, 2030. In addition, the amendment provides us the option upon maturity to repay up to 50% of the outstanding principal and accrued interest balance, or the Outstanding Amount, in shares of our Class A common stock equal to the quotient obtained by dividing (1) the Outstanding Amount on the maturity date, by (2) the average of the last trading price on each trading day during the twenty day period ending immediately prior to the maturity date.

The principal balance of the Second Amended Note was reset to \$238.8 million, which is the total of the then-outstanding principal and accrued interest. Consistent with the terms of the Amended Note, the Second Amended Note bears interest at a rate of 6.0% per annum, compounded annually. The principal amount is automatically reduced each year based on a formula taking into account the aggregate value of the Google Cloud Platform services used by us. We account for the principal reductions as an offset to its cloud and compute spend within selling, general and administrative in its condensed consolidated statements of operations and comprehensive loss. The Outstanding Amount under the Second Amended Note is due and payable on the earlier of (1) December 31, 2030, which is the maturity date of the Amended Note, (2) upon the occurrence and during the continuance of an event of default, and (3) upon the occurrence of an acceleration event, which includes any termination by us of the Google Cloud Platform agreement. We generally may not prepay the Outstanding Amount, except that we may, at our option, prepay the Outstanding Amount in an amount such that the principal amount remaining outstanding after such repayment is \$150.0 million.

At the Market Sales Agreement

On August 8, 2025, we entered into a Controlled Equity OfferingSM Sales Agreement, or the Sales Agreement, with Morgan Stanley & Co., LLC, Cantor Fitzgerald & Co., TD Securities (USA), LLC and Allen & Company LLC, as sales agents, or collectively, the Sales Agents, pursuant to which we may offer and sell from time to time, at our option, shares of Class A common stock through the Sales Agents, or the ATM. The issuance and sale, if any, of shares of Class A Common Stock under the Sales Agreement will be made pursuant to an automatically effective registration statement on Form S-3 and the related prospectus included therein, or the ATM Prospectus, which was filed with the SEC on August 8, 2025. In accordance with the terms of the Sales Agreement, under the ATM Prospectus, we may offer and sell shares of Class A common stock having an aggregate offering price of up to \$500.0 million from time to time through the Sales Agents.

We did not sell any shares under the ATM during the three and six months ended June 30, 2026. In connection with the entry of the Sales Agreement and filing of the ATM Prospectus, we incurred \$1.1 million of deferred offering costs to date, of which \$0.8 million was reclassified as a reduction of paid-in-capital upon completion of the sales that occurred in 2025. The remaining deferred offering costs, which were incurred in anticipation of future ATM sales, are recorded in Prepaid and other assets on the consolidated balance sheet. As of June 30, 2026, approximately \$300.0 million remained available for sale pursuant to the Sales Agreement and ATM Prospectus.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Six Months Ended June 30,	
	2026	2025
	(unaudited) (in thousands)	
Net cash used in operating activities	\$ (80,802)	\$ (61,460)
Net cash used in investing activities	\$ (21,159)	\$ (385,329)
Net cash provided by financing activities	\$ 96,850	\$ 293,042

Operating Activities

Cash used in operating activities during the six months ended June 30, 2026 was \$80.8 million, which resulted from a net loss of \$120.3 million and a net change in our operating assets and liabilities of \$84.5 million, offset by non-cash charges of \$123.9 million. Non-cash charges primarily consisted of \$106.8 million of stock-based compensation, \$52.2 million of depreciation and amortization, \$11.6 million loss on debt extinguishment, \$6.9 million of non-cash operating lease costs, and \$6.0 million of losses from equity method investments, offset by \$66.2 million of gain on marketable equity securities. The net change in our operating assets and liabilities was primarily the result of a increase of \$50.6 million in accounts receivable due to increased sales and the timing of customer payments and a decrease of \$30.2 million in accounts payable and due to timing of payments.

Cash used in operating activities during the six months ended June 30, 2025 was \$61.5 million, which resulted from a net loss of \$110.9 million and a net change in our operating assets and liabilities of \$10.4 million, offset by non-cash charges of \$59.9 million. Non-cash charges primarily consisted of \$48.4 million of depreciation and amortization, \$45.4 million of stock-based compensation, \$7.2 million of PIK interest added to principal, and \$4.6 million of non-cash operating lease costs, offset by deferred income taxes of \$46.2 million, and \$6.0 million of gain on marketable equity securities. The net change in our operating assets and liabilities was primarily the result of a \$49.2 million increase in accounts receivable due to increased sales and the timing of customer payments, offset by a \$36.8 million increase in deferred revenue, which is primarily due to the Pathos Foundation Model agreement.

Investing Activities

Cash used in investing activities during the six months ended June 30, 2026 was \$21.2 million, which was the result of purchases of property and equipment of \$14.3 million and purchases of capitalized software of \$6.8 million.

Cash used in investing activities during the six months ended June 30, 2025 was \$385.3 million, which was the result of \$380.8 million cash paid related to the Ambry and Deep 6 acquisitions, purchases of property and equipment of \$9.6 million, and \$3.3 million of purchases of capitalized software from the Ambry Acquisition, offset by proceeds from the sale of marketable equity securities of \$8.3 million.

Financing Activities

Cash provided by financing activities during the six months ended June 30, 2026 was \$96.9 million, which was primarily due to the proceeds from convertible senior notes of \$443.1 million, offset by \$207.7 million of principal payments on long-term debt, \$100.0 million principal payments on revolving credit facility, \$31.2 million of purchases of capped call, and \$6.4 million of prepayment premium on long-term debt.

Cash provided by financing activities during the six months ended June 30, 2025 was \$293.0 million, which was the result of net proceeds from the Additional Term Loan Facility of \$196.0 million, and net proceeds from the Revolving Credit Facility of \$98.0 million, offset by \$1.0 million of payment of deferred financing fees.

Off-Balance Sheet Arrangements

We did not have during the period presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

We have prepared our condensed consolidated financial statements in accordance with generally accepted accounting principles in the United States, or GAAP. Our preparation of these condensed consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, expenses and related disclosures at the date of the condensed consolidated financial statements, as well as revenue and expenses recorded during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting policies and estimates during the six months ended June 30, 2026 as described in the Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

See the section titled “Summary of Significant Accounting Policies” in Note 2 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

We are exposed to market risk for changes in interest rates related primarily to our cash, cash equivalents and restricted cash, and our indebtedness. As of June 30, 2026, we had cash, cash equivalents and restricted cash of \$604.3 million held primarily in cash deposits and money market funds. We hold fixed rate debt which reduces exposure to interest rate risk. Our primary exposure to interest rate risk is interest income, which is affected by changes in the general level of the interest rates in the United States. A hypothetical 100 basis point increase or decrease in interest rates would not be material to our financial condition or results of operations.

Foreign Currency Risk

The majority of our revenue is generated in the United States. Through June 30, 2026, we have generated an insignificant amount of revenues denominated in foreign currencies. As we expand our presence in the international market, our results of operations and cash flows are expected to increasingly be subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to these related changes. As of June 30, 2026 the effect of a hypothetical 10% change in foreign currency exchange rates would not be material to our financial condition or results of operations. To date, we have not entered into any hedging arrangements with respect to foreign currency risk. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

Inflation Risk

We are also exposed to inflation risk and inflationary factors, such as increases in raw material and overhead costs, which could impair our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and operating expenses as a percentage of revenue.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective at a reasonable assurance level as of June 30, 2026.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, the effectiveness of any internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Part II – Other Information

Item 1. Legal Proceedings

From time to time, we may be involved in various legal proceedings, including commercial claims from customers and vendors, potential lawsuits seeking damages and/or injunctive relief, employment disputes, subpoenas, government investigations, regulatory or administrative proceedings, and other types of matters arising from the normal course of business activities. We may also initiate such proceedings against various third parties. Defending against and pursuing such proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. Except as described below, we believe there are currently no pending legal proceedings to which we or our property are subject that could have a material adverse effect on our financial position, results of operations or cash flows.

On June 11, 2024, Guardant Health Inc., or Guardant, filed a complaint against us in the U.S. District Court for the District of Delaware. The complaint alleges that the Tempus xF, Tempus xF+, Tempus xM Monitor and Tempus xM MRD products use liquid biopsy technology that infringes five Guardant U.S. patents. The complaint seeks injunctive relief, unspecified monetary damages (including enhanced damages), a future mandatory royalty, costs and attorneys fees. On January 17, 2025, Guardant separately sought a Declaratory Judgment against Tempus in the U.S. District Court for the District of Delaware regarding the veracity of certain advertisements Guardant has published regarding the companies' respective products. On March 14, 2025, Tempus filed multiple counterclaims against Guardant under the Lanham Act and related states statutes alleging, among other things, that Guardant's advertisements were false and misleading. Tempus filed a separate patent infringement complaint against Guardant in the U.S. District Court for the Southern District of California alleging that certain Guardant products infringe U.S. Patent Nos. 12,112,839, 11,640,859, 10,957,041, and 10,991,097, which was subsequently dismissed with prejudice following transfer to the U.S. District Court for the Northern District of California. On August 12, 2025, Guardant filed a complaint against us in the U.S. District Court for the District of Delaware alleging that Tempus's xM tests infringe three Guardant U.S. patents. The xM complaint, which has been consolidated with Guardant's pending patent infringement case in the District of Delaware, seeks injunctive relief, unspecified monetary damages (including enhanced damages), a future mandatory royalty, costs and attorneys fees.

On February 12, 2026, a lawsuit was filed against us in the United States District Court for the Northern District of Illinois. Three companion cases were filed thereafter in the same court. The lawsuits allege violations of the Illinois Genetic Information Privacy Act, other state privacy laws, and certain common law claims, and seek class action status. We believe the lawsuits to be without merit and intend to vigorously defend ourselves.

In other instances, although no formal legal proceeding has been instituted, from time to time, we receive requests from governmental agencies, or third parties working on their behalf, for documents and information related to our products and services. For example, on May 19, 2022, we received a subpoena from the Office of the Ohio Attorney General. The subpoena required production of certain billing and patient records associated with nine Ohio Medicaid patients who received our clinical diagnostic tests between 2019 and 2022. We provided responsive documents in June 2022 and have not received additional inquiry from the Ohio Attorney General's office since that time.

Similarly, on March 4, 2024, we received a Civil Investigative Demand, or CID, from the U.S. Attorney's Office for the Eastern District of New York. The CID requested documents and other information related to our compliance with the False Claims Act, the Anti-Kickback statute, and in particular 42 C.F.R. § 414.510(b), which is commonly referred to as the Medicare 14-Day or Date of Service Rule. We provided an initial production on April 4, 2024, and have produced additional responsive documents on a rolling basis since that time.

While we believe we have complied with all applicable legal rules and regulations, no assurance can be given as to the timing or outcome of the government's investigations, or that they will not result in a material adverse effect on our business. In addition, we have received requests for medical records and billing information from certain Unified Program Integrity Coordinators or other third parties working on the government's behalf regarding clinical diagnostic services provided by us to patients enrolled in the Medicare and Medicaid programs. We have responded to all such requests for information.

We assess legal contingencies to determine the degree of probability and range of possible loss for potential accrual in our financial statements. When evaluating legal contingencies, we may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed may be unsupported, exaggerated or unrelated to possible outcomes, and as such are not meaningful indicators of potential liability. Loss contingencies,

including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

Item 1A. Risk Factors

Our business, financial condition and operating results are affected by a number of factors, whether currently known or unknown, including risks specific to us or the healthcare industry as well as risks that affect businesses in general. In addition to the information set forth in this Quarterly Report on Form 10-Q, you should consider carefully the factors discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on February 24, 2026. The risks and uncertainties disclosed in such Annual Report could materially adversely affect our business, financial condition, cash flows or results of operations and thus our stock price. Except as set forth below, during the second quarter of fiscal 2026, there were no material changes to our previously disclosed risk factors.

These risk factors may be important to understanding other statements in this Quarterly Report and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes in Part I, Item 1, “Financial Statements” and Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Quarterly Report. Because of such risk factors, as well as other factors affecting our financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Risks Related to the Proposed Acquisition of Personalis

The proposed acquisition may not be completed, and the merger agreement may be terminated in accordance with its terms.

The proposed acquisition is subject to a number of conditions that must be satisfied or waived prior to the completion of the proposed acquisition, including, among others, the approval by Personalis stockholders of the proposal to adopt the merger agreement, the receipt of requisite regulatory approvals and the approval for listing on Nasdaq of the shares of our Class A common stock issuable to Personalis stockholders pursuant to the merger agreement.

These conditions to the completion of the proposed acquisition may not be satisfied or waived in a timely manner or at all, and, accordingly, the proposed acquisition may be delayed or may not be completed. In addition, if the proposed acquisition is not completed by April 20, 2027, which date may be extended to October 20, 2027 (and potentially to April 20, 2028) in certain circumstances, either we or Personalis may choose not to proceed with the proposed acquisition by terminating the merger agreement, and the parties can mutually decide to terminate the merger agreement at any time, before or after stockholder approval. Personalis may also terminate the merger agreement if, immediately prior to the closing, the volume-weighted average trading price of our Class A common stock is finally determined to be less than \$46.00 per share based on the 15 consecutive trading days prior to but not including the last trading day prior to the closing. In addition, we and Personalis may elect to terminate the proposed acquisition in certain other circumstances as set forth in the merger agreement. If the merger agreement is terminated under specified circumstances, Personalis would be required to pay us a termination fee of approximately \$76.8 million, and in certain circumstances, we would be required to pay Personalis a termination fee of the same amount.

Failure to complete the proposed acquisition could negatively impact the price of shares of our Class A common stock, as well as our business and results of operations.

If the proposed acquisition is not completed for any reason, our business and results of operations may be adversely affected and, without realizing any of the benefits of having completed the proposed acquisition, we would be subject to a number of risks, including:

- we may experience negative reactions from the financial markets, including negative impacts on the market price of our Class A common stock;
- we may experience negative reactions from clients, vendors, and other third parties with whom we do business, which in turn could affect our business operations;
- we may experience negative reactions from employees; and
- we will have expended time and resources that could otherwise have been spent on our existing business and the pursuit of other opportunities that could have been beneficial to us, and our ongoing business and results of operations may be adversely affected.

Uncertainties associated with the proposed acquisition may cause a loss of our and Personalis' management personnel and other key employees, which could adversely affect the business and operations of the combined company following the proposed acquisition.

Each of us and Personalis depends on the experience and industry knowledge of its officers and other key employees to execute its business plans. The success of the combined company after the proposed acquisition will depend, in part, on its ability to retain key management personnel and other key employees. Our and Personalis' current and prospective employees may experience uncertainty about their roles within the combined company following the proposed acquisition or other concerns regarding the timing and completion of the proposed acquisition or the operations of the combined company following the proposed acquisition, any of which may have an adverse effect on our and Personalis' ability to retain or attract key management and other key personnel. If we or Personalis are unable to retain personnel, including our or Personalis' key management, who are critical to the future operations of the companies, we and Personalis could face disruptions in our respective operations, loss of existing clients, loss of key information, expertise or know-how and unanticipated additional recruitment and training costs. In addition, the loss of our and Personalis' key personnel could diminish the anticipated benefits of the proposed acquisition.

We are expected to incur significant costs in connection with the proposed acquisition and integration of the two companies, which may be in excess of those anticipated by us.

We have incurred and expect to continue to incur costs associated with negotiating and completing the proposed acquisition and combining the operations of the two companies. These costs have been, and will continue to be, substantial. The substantial majority of costs will consist of transaction costs related to the proposed acquisition and include, among others, fees paid to financial, legal and accounting advisors, filing fees, employee retention costs and other employment-related costs. Many of these costs will be borne by us even if the proposed acquisition is not completed.

We will also incur transaction costs related to formulating and implementing integration plans, including facilities, systems and service contract consolidation costs and employment-related costs. We will continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred in connection with the proposed acquisition and the integration of the two companies' businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other synergies related to the integration of the businesses, should allow the combined company to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all. The costs described above, as well as other unanticipated costs and expenses, could adversely affect the results of operations, financial condition and cash flows of the combined company following the completion of the proposed acquisition.

Litigation relating to the proposed acquisition, if any, could result in an injunction preventing the completion of the proposed acquisition and/or substantial costs to us.

Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into acquisition, merger or other business combination agreements like the merger agreement. Even if such a lawsuit is without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. Lawsuits that may be brought against us, Personalis, or our or Personalis' respective directors could also seek, among other things, injunctive relief or other equitable relief, including a request to rescind parts of the merger agreement already implemented and to otherwise enjoin the parties from consummating the proposed acquisition. If a plaintiff is successful in obtaining an injunction prohibiting completion of the proposed acquisition, that injunction may delay or prevent the proposed acquisition from being completed within the expected timeframe or at all, which may adversely affect our businesses, results of operations, financial condition and cash flows.

The failure to integrate our and Personalis' businesses and operations successfully in the expected time frame may adversely affect the combined company's business and results of operations.

We and Personalis have operated and, until the completion of the proposed acquisition, will continue to operate independently. Following the completion of the proposed acquisition, our and Personalis' businesses may not be integrated successfully. It is possible that the integration process could result in the loss of our or Personalis' key employees, the loss of clients, service providers, vendors or other business counterparties, the disruption of either company's or both companies' ongoing businesses, inconsistencies in standards, controls, procedures and policies, potential unknown liabilities and unforeseen expenses, delays, or regulatory conditions associated with and following completion of the proposed acquisition; or higher-than-expected integration costs and an overall post-completion integration process that takes longer than originally anticipated.

In addition, at times the attention of certain members of either company's or both companies' management and resources may be focused on completion of the proposed acquisition and the integration of the businesses of the two companies and may reduce their availability for day-to-day business operations or other opportunities that may be beneficial, which may disrupt each company's ongoing operations and the operations of the combined company.

The combined company may fail to realize all of the anticipated benefits of the proposed acquisition.

The success of the proposed acquisition will depend, in part, on our ability to realize the operating synergies and other benefits from combining our and Personalis' businesses. The anticipated operating synergies and other benefits of the proposed acquisition may not be realized fully or at all, may take longer to realize than expected, or may result in other adverse effects that we do not currently foresee, in which case, among other things, the proposed acquisition may not generate the expected growth or value for our stockholders. The integration process may, for each of us and Personalis, result in the loss of key employees, the disruption of ongoing businesses or inconsistencies in standards, controls, procedures and policies. In addition, there could be potential unknown liabilities and unforeseen expenses associated with the proposed acquisition that could adversely impact the combined company.

The future results of the combined company following the proposed acquisition will suffer if the combined company does not effectively manage its expanded operations.

Following the proposed acquisition, the size and complexity of the combined company will increase significantly compared to the separate businesses of each of us and Personalis. The combined company's future success will depend, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management of a larger number of operations and geographies and associated increased costs and complexity. The combined company may also face increased scrutiny from, and/or additional regulatory requirements of, governmental authorities as a result of the significant increase in the size and complexity of the business. There can be no assurances that the combined company will be successful or that it will realize the expected operating synergies or other benefits currently anticipated from the proposed acquisition.

Our stockholders may not realize a benefit from the proposed acquisition commensurate with the ownership dilution they will experience in connection with the proposed acquisition.

If the combined company is unable to realize the full strategic and financial benefits currently anticipated from the proposed acquisition, our stockholders will have experienced substantial dilution of their ownership interests in us without receiving any commensurate benefit, or only receiving part of the commensurate benefit to the extent the combined company is able to realize only part of the strategic and financial benefits currently anticipated from the proposed acquisition.

Risks Related to Our Convertible Notes

Our 0.75% Convertible Senior Notes due 2030, or the 2030 Notes, and our 0.00% Convertible Senior Notes due 2032, or the 2032 Notes and, together with the 2030 Notes, the Notes, and the issuance of shares of our Class A common stock upon conversion of the Notes, if any, may impact our financial results, result in dilution to our stockholders, create downward pressure on the price of our Class A common stock, and restrict our ability to raise additional capital or to engage in a beneficial takeover.

We issued \$750.0 million in aggregate principal amount of 2030 Notes in July 2025 and \$460.0 million in aggregate principal amount of 2032 Notes in May 2026. We are subject to a variety of risks related to the Notes, such as:

- servicing our debt requires a certain level of cash flow or financing from other sources, and our ability to make scheduled payments of the principal of, and interest or special interest, if any, on, our Notes, or to refinance or repurchase our Notes depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control;
- our ability to refinance or repurchase our indebtedness will depend on the capital markets and our financial condition at such time, and if we are unable to engage in any of these activities or engage in these activities on desirable terms, we may be unable to meet the obligations of our Notes;
- if we deliver cash to noteholders upon conversion of their Notes, the payment of cash could adversely affect our liquidity;
- if shares of our Class A common stock are issued to the holders of the Notes upon conversion, there will be dilution to our stockholders' equity and the market price of our Class A common stock may decrease due to the additional selling pressure in the market;

- certain provisions in the indentures governing the Notes may delay or prevent an otherwise beneficial takeover attempt of us; and
- we may from time to time seek to retire or purchase our outstanding debt, including the Notes, through cash purchases and/or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved in any such transactions, individually or in the aggregate, may be material. Further, any such purchases or exchanges may result in us acquiring and retiring a substantial amount of such indebtedness, which could impact the trading liquidity of such indebtedness.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of the Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or any portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The Capped Call Transactions may affect the value of the Notes and our Class A common stock.

In connection with the issuance of the 2030 Notes and the 2032 Notes, we entered into capped call transactions, or the 2030 Capped Call and the 2032 Capped Call, respectively, and together the Capped Call Transactions, with one of the initial purchasers and certain other financial institutions, or the option counterparties. The Capped Call Transactions cover, subject to customary adjustments, the number of shares of our Class A common stock initially underlying the Notes. The Capped Call Transactions are expected generally to reduce the potential dilution to our Class A common stock upon any conversion of Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap.

In connection with establishing their initial hedges of the Capped Call Transactions the option counterparties or their respective affiliates likely entered into various derivative transactions with respect to our Class A common stock and/or purchased shares of our Class A common stock concurrently with or shortly after the pricing of the Notes, including with, or from, as the case may be, certain investors in the Notes. In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock or other securities of ours in secondary market transactions following the issuance of the Notes and prior to the maturity of the Notes (and are likely to do so during the 20 trading day period beginning on the 21st scheduled trading day prior to the maturity date of the Notes, or, to the extent we exercise the relevant election under the Capped Call Transactions, following any repurchase, redemption, or conversion of the Notes). The potential effect, if any, of these transactions and activities on the market price of our Class A common stock or the Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our Class A common stock and the value of the Notes.

We are subject to counterparty risk with respect to the Capped Call Transactions.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Call Transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral.

Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions and could adversely affect the option counterparties' performance under the Capped Call Transactions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Call Transactions with such option counterparty. In addition, upon a default by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our Class A common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

In addition, the terms of the Capped Call Transactions may be subject to adjustment in the event of certain corporate and other transactions or events. The Capped Call Transactions may not operate as we anticipate in the event that terms of such instruments are adjusted as a result of transactions in the future or in the event of other unanticipated developments that may adversely affect the value of the Capped Call Transactions to us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information***Disclosure of Trading Arrangements***

During the fiscal quarter ended June 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K, except as set forth in the table below.

Name and Position	Action	Date	Type of Trading Arrangement		Total Shares of Class A common stock to be Sold	Expiration Date
			Rule 10b5-1*	Non-Rule 10b5-1**		
Nadja West, Director	Adoption ⁽¹⁾	May 15, 2026	X		6,000	May 31, 2027
Ryan Bartolucci, Chief Accounting Officer	Adoption ⁽¹⁾	June 5, 2026	X		To be determined ⁽²⁾	June 15, 2027

* Contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

** “Non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K under the Exchange Act.

- (1) Trading under this Rule 10b5-1 trading plan will not commence until completion of the required cooling off period under Rule 10b5-1.
- (2) This Rule 10b5-1 trading plan provides for sales of (i) 13,412 shares of Class A common stock and (ii) up to 100% of the net number of shares received upon vesting of an aggregate of 12,749 RSUs, after giving effect to the withholding or sale of a portion of such shares to satisfy tax withholding obligations. Accordingly, the aggregate maximum number of shares that may be sold pursuant to this trading arrangement is dependent on the amount of tax withholding required upon the vesting of RSUs, and, therefore, is indeterminable at this time.

Equity Award

On July 29, 2026, the Compensation Committee of the Board of Directors of the Company approved the award of 40,000 restricted stock units to both James Rogers, Chief Financial Officer, and Andrew Polovin, EVP, General Counsel and Secretary, each of which vests in eight equal quarterly installments.

Item 6. Exhibits

Exhibit Number	Description of Exhibit	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	Plan of Conversion.	10-Q	001-42130	2.1	August 8, 2025
2.2#	Agreement and Plan of Merger, dated as of July 20, 2026 by and among Tempus AI, Inc., Personalis, Inc., Aviary Development, Inc. and Toucan Development, LLC.	8-K	001-42130	2.1	July 20, 2026
3.1	Amended and Restated Articles of Incorporation of the Registrant.	10-Q	001-42130	3.2	November 4, 2025
3.2	Amended and Restated Bylaws of the Registrant.	10-Q	001-42130	3.2	August 8, 2025
4.1	Indenture, dated as of May 12, 2026, by and between Tempus AI, Inc. and U.S. Bank Trust Company, National Association, as Trustee.	8-K	001-42130	4.1	May 13, 2026
4.2	Form of Global Note, representing Tempus AI, Inc.'s 0.00% Convertible Senior Notes due 2032 (included as Exhibit A to the Indenture filed as Exhibit 4.1).	8-K	001-42130	4.2	May 13, 2026
10.1	Form of Confirmation for Capped Call Transactions.	8-K	001-42130	10.1	May 13, 2026
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1*+	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.				
101.SCH*	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Document.				
104*	Cover Page formatted as inline XBRL and contained in Exhibit 101.				

* Filed herewith

Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Tempus hereby undertakes to furnish supplemental copies of any of the omitted schedules and exhibits upon request by the SEC.

+ Furnished herewith and not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEMPUS AI, INC.

Date: July 30, 2026

By: /s/ Eric Lefkofsky

Eric Lefkofsky

Chief Executive Officer, Founder and Chairman

(Principal Executive Officer)

Date: July 30, 2026

By: /s/ James Rogers

James Rogers

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATIONS

I, Eric Lefkofsky, certify that:

1. I have reviewed this Form 10-Q of Tempus AI, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in exchange act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2026

/s/ Eric Lefkofsky

Eric Lefkofsky

Chief Executive Officer, Founder and Chairman
(Principal Executive Officer)

CERTIFICATIONS

I, James Rogers, certify that:

1. I have reviewed this Form 10-Q of Tempus AI, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in exchange act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2026

/s/ James Rogers

James Rogers

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Eric Lefkofsky, Chief Executive Officer of Tempus AI, Inc. (the “Company”), and James Rogers, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2026, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 30, 2026

/s/ Eric Lefkofsky

Eric Lefkofsky

Chief Executive Officer

(Principal Executive Officer)

/s/ James Rogers

James Rogers

Chief Financial Officer

(Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Tempus AI, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.
