

Dear Shareholders,

This is our second shareholder letter as a public company. The first outlined how we expected to behave as a public company and what you as shareholders could expect from us in return.

I struggled writing this second letter. We provide detailed overviews of the business each quarter, which go into depth on how we are performing, including key operational and financial metrics.

So, given that we discuss the business every quarter, what's the purpose of writing a shareholder letter?

Then it hit me. To discuss the stock.

So that's what I'm going to do. This letter will have virtually nothing to do with the business and how it is performing and everything to do with the stock and how it is performing. To the extent my thoughts on that topic are interesting, keep reading. If not, this is a good time to flip the page.

TEM's stock closed at \$59.05 per share on December 31, 2025, and was up approximately 75% for the year, which implied a market cap of ~\$10.3 billion at year end.

Given that we went public in June of 2024 at \$37.00 per share and closed 2024 at \$33.76 per share, the appreciation was meaningful, especially on a percentage basis. This might lead one to think we feel good about the stock performance last year, which is only semi accurate.

It's nice that the stock was up approximately 75% in 2025. Those types of gains are always meaningful, especially when the NASDAQ Composite was up approximately 20% and the S&P 500 climbed approximately 16% in 2025.

But context is important, and when we put Tempus into context, I feel less good about how the stock performed in 2025 and how it's performing as of late.

The Challenge of Categorization

While diagnostics are foundational to our mission, they are the starting point, not the destination. Tempus operates at the unique intersection of two distinct investment universes: Healthcare (Next-Generation Sequencing) and Technology (AI-driven data platforms).

We have observed a persistent "knowledge gap" in the marketplace. Healthcare investors often view our data business with skepticism, while technology investors are frequently deterred by the complexities of the diagnostic regulatory landscape. This creates a form of analytical paralysis.

We're not the first company to deal with this. Historically, the market struggled to value Amazon's cloud infrastructure through a retail lens or Tesla's software and energy investments through an automotive lens. Innovation that spans multiple business models is often mispriced as "complexity risk" rather than valued as a strategic advantage. That is, until the businesses reach a certain scale at which point it often flips and investor enthusiasm can turn euphoric.

Addressing the Valuation Disconnect

As a result of this misunderstanding, Tempus trades at a significant discount to its peers in both categories:

- In Diagnostics: At year-end 2025, Tempus traded at ~7x 2026 revenue, compared to ~9x and ~10x 2026 revenue for Guardant and Natera, respectively. This discount persists despite the fact that our analysts' projected five-year revenue growth rate surpasses the peer average.
- In Data and AI: Pure-play AI and proprietary data companies frequently command multiples of 10x to 20x forward revenue. If we apply even the midpoint of that range to our Data & Applications business alone, the implied valuation would exceed \$10 billion, a figure nearly matching the market capitalization of our entire company at year end.

So I think it's fair to say we trade at a discount to the best NGS diagnostic companies and a discount to comparable AI data companies. From my perspective, I think that discount is not small. If diagnostic investors could invest in only our sequencing business and technology investors could invest in only our data business, it's quite possible our market cap could more than double.

Ok. So we think our stock is significantly undervalued. What do we do about it?

Unfortunately, there's no magic bullet, but here's our approach:

1. Keep executing. As Benjamin Graham famously said, "In the short run, the market is a voting machine, but in the long run, it's a weighing machine."
2. Keep telling our story to investors. We have to bear responsibility for the fact that our story, and the strength of our business, is misunderstood.

3. Take action to advance the long term advantages of each business. When you have two great businesses, as we do, you have to make sure both are nurtured.

To the extent #3 requires us to be bold, expect that we will be.

As Shareholders you should expect nothing less.

Eric Lefkofsky

CEO, Tempus