TEMPUS

Q1 2026 Overview

A word from our CEO

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

We had another great quarter - our revenue in Q1 2026 was $348.1 million versus $255.7 million in Q1 2025, an increase of 36.1% year-over-year. Our Diagnostics business demonstrated robust growth in the first quarter delivering $261.1 million of revenue versus $193.8 million in Q1 2025, an increase of 34.7% year-over-year. Our Data and Applications business accelerated its momentum delivering $87.0 million of revenue in Q1 2026 versus $61.9 million in Q1 2025, an increase of 40.5% year-over-year, with our data licensing and modeling business (Insights) growing at 44.1% year-over-year.

On a Non-GAAP basis, we delivered gross profit of $226.2 million in Q1 2026 versus $156.9 million in Q1 2025, an increase of 44.2% year-over-year. On a Non-GAAP basis, we delivered gross margin of 65.0% in Q1 2026 versus 61.4% in Q1 2025, reflecting a 360 basis point improvement. On a Non-GAAP basis, our Diagnostics business had 62.3% gross margin and our Data and Applications business had 73.1% gross margin in Q1 2026.

On a Non-GAAP basis, our operating expenses were $237.8 million in Q1 2026 versus $182.7 million in Q1 2025, an increase of $55.1 million year-over-year, largely driven by expenses associated with our growth.

Our Adjusted EBITDA was ($2.8) million in Q1 2026 versus ($16.2) million in Q1 2025, an improvement of $13.3 million year-over-year. Our 2026 annual guidance of positive $65 million in Adjusted EBITDA reflects our expectation of compounding strength and further operating leverage.

Our Diagnostics business continued to deliver exceptional growth, especially our Oncology business, with our Data and Applications business growing even faster. As a result, Tempus is well positioned to deliver significant long-term growth along with continued Adjusted EBITDA improvement.

And with our investments in AI starting to permeate every aspect of our business, we find ourselves at an inflection point. We believe that if these investments prove successful, the current growth rates we're seeing could pale in comparison to what the future may have in store.

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Diagnostics

As a reminder, our Diagnostics business has two main components: Oncology and Hereditary. Oncology covers therapy selection (CGP) and minimal residual disease (MRD) detection and monitoring. Hereditary covers our germline and inherited risk assays. As such, we are now reporting xG (hereditary tests sold to oncologists) volumes and associated revenues within Hereditary, as that assay has been fully consolidated within Ambry and is part of our hereditary cancer testing portfolio.

In Oncology, we continued to see solid volume growth in Q1 2026, validating the investments we have made in our technology platform which we believe is the smartest, most tightly integrated, and most comprehensive platform available. In Q1 2026, we ran ~ 85,500 clinical Oncology tests versus ~ 67,000 tests in Q1 2025, representing ~ 28% growth. Our Oncology revenue was $147.3 million in Q1 2026, representing 27% year-over-year growth, as MRD weighed slightly on our average ASP which Jim will discuss below. Given our size and scale, the fact that we are seeing such robust growth is pretty extraordinary.

Every segment of our oncology portfolio is performing well, from solid tumor profiling and liquid biopsies for therapy selection (CGP) to minimal residual disease (MRD) monitoring.

In CGP, our growth accelerated in Q1 with volumes relatively consistent across both solid tumor profiling and liquid biopsy. Our blended growth rate across both was ~20%. In addition, we announced large strategic collaborations with both NYU and Northwestern in the quarter, two of the top 10 highest ranked hospitals in the United States. As more and more large health care systems are looking for comprehensive partners that can serve their personalized medicine needs, as well as their growing technology needs, we're increasingly their partner of choice.

In MRD, with our phased roll out still in effect, we ran ~6,500 tests, up ~500% year-over-year and ~38% quarter-over-quarter. Our ASP in MRD is still quite low (~$470), as we get paid a fixed sales & marketing fee from Personalis as their exclusive distributor for our tumor informed test, which makes up ~97% of our volume. The good news is that while our ASP is currently low relative to the market, we aren't absorbing the losses associated with running these tests, which allows us to invest in expanding our MRD offering during a period where we and Personalis are obtaining more favorable reimbursement rates. Our strategy is to seed the $20 billion market without absorbing major losses and then focus on building a durable business in this large and growing category. We're on track with growth rates that have exceeded our expectations and we like our market position.

Our Oncology ASP was ~$1,720 in Q1 2026, down slightly from ~$1,740 in Q4 2025, largely due to the downward impact of MRD (as discussed above). The impact of presenting xG within Hereditary increased Oncology ASP by ~$100. The tailwinds from reimbursement that we discussed earlier this year are still in front of us. Most notably, we have an amendment under review by the FDA to expand xT CDx to include tumor-only orders, which will allow us to convert the remaining portion of xT to the ADLT version of the assay more quickly. This amendment was submitted in late 2025, and we expect an approval decision imminently. As previously disclosed, we also submitted xF to the FDA earlier this year and are currently working on a PMA submission for xR. Executing on each of these initiatives could yield ~$500 of incremental ASP over the next several years, resulting in CGP reimbursement parity with others.

Our Hereditary revenue was $100.0 million, versus $66.7 million in Q1 2025, with year-over-year volume growth of ~54% as a result of us only owning Ambry for two months in Q1 2025. Adjusting for the February closing date, pro-forma volumes (including Ambry's January 2025 volumes) increased 7%, as we ran ~132,500 tests in Q1 2026 versus ~123,500 tests in Q1 2025. Tempus xG tests were ~12,000 in Q1 2026, ~11,000 in Q4 2025, ~10,500 in Q3 2025 and Q2 2025, and ~8,000 in Q1 2025.

We had expected Hereditary growth rates to decelerate, given our commentary in Q1 2025 when Ambry's growth rates were in the 30-40% range, and we called out that those rates were not sustainable and we expected to grow in the mid-to-high teens. As we lap periods of excessively high growth, our growth rates face tougher comps. In the back half of 2026, we expect Hereditary growth rates to return to the mid-teens.

Our Rare offering has also been a bit slower to gain traction than we expected largely due to two factors - we needed to invest to scale Ambry's reporting pipeline, and we needed to migrate Ambry's rare platform to whole genome sequencing, as the market has largely moved off whole exome. Both took more time than we expected, leading to a more gradual ramp of Rare than initially anticipated. Both are now in a better spot, so we expect volumes to pick up materially in the second half of 2026. Despite all of the puts and takes and volatility around growth rates, we believe our Hereditary business is in a good spot to deliver long-term growth.

The scale of our diagnostic business and the breadth of our portfolio have allowed us to build a significant moat. By compounding a decade of investment in our AI-enabled technology platform, we are able to deliver highly differentiated solutions that grow more powerful with every patient touchpoint, cementing our position as an indispensable data-driven engine for precision medicine.

Our main focus over the past decade has been building the technology infrastructure to unlock precision medicine through AI-enabled diagnostics. If you look at the lines of code we have written, the number of software engineers we employ, or the amount of money we invest in cloud and compute, there is no comparable in diagnostics.

Our investments have allowed us to deploy an agentic infrastructure designed to seamlessly deliver the power of AI to the more than 9,000 providers that are now connected to Tempus. Beyond amassing over 500 petabytes of multimodal data, these investments serve as the foundation of our long-term strategy to redefine diagnostics through AI, providing essential context to physicians making data-driven decisions in real time. Our AI tools are interwoven throughout our diagnostic platform, virtually invisible to physicians and yet assisting them in their care of patients - from our agentic platform that produces matched clinical and molecular data insights, to algorithms that run across our tests predicting response to therapy, to the agents that physicians and care teams use to get real time insights - technology is our differentiator.

And with the first version of our foundation model complete, we are now seeing the earliest signs of multimodal, computational diagnostic insight. In the near future, our ability to refine biomarker predictions based upon these models has the potential to be transformational.

Data and Applications

Our Data and Applications business had continued strong growth in the quarter, up 40.5% year-over-year, delivering $87.0 million in revenue in Q1 2026 versus $61.9 million in Q1 2025. This growth was largely driven by our Insights business (data licensing and modeling), which grew 44.1% in the quarter. Overall Data and Applications Non-GAAP gross margin was 73.1% which Jim will go into more detail about below.

Beyond the financial metrics, we measure the strength of our data business by looking at two metrics - Total Contract Value (TCV) and Net Revenue Retention (NRR). As of year end, our TCV was greater than $1.1 billion, up from over $940 million at the end of 2024. Bookings once again grew faster than our revenues in Q1, so TCV continues to climb.

Our Data business, which we historically have referred to as Insights, is made up of data licensing (as in people who want our data or want access to our analytic tools) and AI modeling (as in people who want to leverage our data to build their own proprietary models). The latter is increasingly becoming an important part of our business as more and more of our clients want to use our data to build their own AI models.

Our Data business is gaining momentum, signing significant new data and services agreements over several quarters, along with a strong pipeline of future deals. Already this year, we significantly deepened our work with two of the world's leading innovators—Merck and Gilead.

We established a multi-year collaboration with Merck, adding them to our growing list of strategic partners who have committed to long-term licensing agreements with us. This list includes AstraZeneca, GlaxoSmithKline, and Bristol Myers Squibb, among others. In our space, it's rare for a company to get to this level with even one global pharmaceutical company, so to get there with many is a testament to the strength of our Insights product.

We also signed a large multi-year data licensing agreement with Gilead to provide enterprise-wide access to our Lens platform, empowering their teams to leverage our multimodal datasets and real-world evidence to fuel oncology R&D. This was a major expansion of our relationship and another proof point that our data is increasingly adding value across the entire discovery and development ecosystem.

Over the last several years, we've made significant investments in bringing the benefits of AI to our Data business. This obviously relates to our foundation model efforts, but our tools extend far beyond. Not only have we infused AI into our analytic tools such as Lens, but we are now leveraging AI across our data ingestion and structuring efforts. For example, in Q1 alone, we used AI to abstract over 200,000 patient cases for a provider of ours. Having developed over 1,000 proprietary agents that allow us to turn messy healthcare data into actionable insights and products, we believe we are uniquely positioned as agentic AI comes of age.

Our Insights business is humming. We continue to post strong growth rates, as this quarter grew 44.1%. We are seeing record high interest in our products, as we have now had two consecutive quarters of $100 million+ bookings and TCV growth. We also have better visibility than ever into the business with the vast majority of our 2026 planned growth already under contract. At our scale, that's pretty amazing and I couldn't be prouder of our team who continues to pioneer this space.

As for Applications, we made progress across our main products, including Next - closing care gaps in real-time, TIME - matching patients to trials in real-time, and Algos - deploying purely algorithmic diagnostics in real-time. A few quick highlights:

TIME - we're experimenting with a new model where instead of focusing on smaller studies that require just-in-time activation, we work on a more enterprise-wide basis with our strategic clients to help them broadly increase U.S. enrollment. For example, one of our customers now

has ~17 studies enrolled in TIME. We believe this model will deliver more value for both our provider and pharma partners.

Next - with the success of our NSCLC care gap algo, where we are already helping close EGFR and ALK care gaps, we signed an agreement to expand the project in breast cancer, focused on HR+/HER2- and ESR1-mutated patients.

Algos - In Oncology, our Algos now have an attachment rate of ~40% across our solid tissue assays (meaning ~40% of the time the doctor wants an algo delivered alongside the traditional NGS test). With algos that predict Homologous Recombination Deficiency (HRD) status, Tumor Origin status, likelihood of immunotherapy response, and tumor classification algorithms such as Purist, our portfolio is differentiated among our peers and an increasing component of why so many oncologists chose Tempus over others.

Underpinning the strength of our Data and Applications business is a data moat that we believe is second to none in Oncology and other disease areas. We now have >500 petabytes of data across ~45 million patients. The size and breadth of our data business is extraordinary: it's now ~100 times the size of the cancer genome atlas that fueled decades of cancer research in the United States, with over 3 million samples sequenced, more than 1.5 million matched clinical and molecular records of which ~400,000 have full transcriptomic profiling, ~9 million whole slide images digitized in cancer, 40+ million TCRs and other immune data points collected, among others. Not only is the data set rich in molecular and digital content, it's connected to clinical data with longitudinal outcomes and response, allowing us to interrogate the data in ways others can't.

I'm amazed at the sheer size of our data and at the network effects which have driven its growth and utility over the last 10 years. In this respect, we stand alone, and our data advantage is only compounding. The more patients we sequence, the more data we collect, which allows us to provide additional insights that further enhance our genomics business and compound the value of our Data and Applications business.

Summary

The business continues to excel. We are growing rapidly, with our core Diagnostics business growing fast and our Data and Applications business growing even faster. The two largest components of those businesses are particularly strong - with Oncology testing year-over-year revenue growth at 27% and Insights at 44%. And with our costs in line, the business is poised to generate meaningful EBITDA and free cash flow over time.

As I said last quarter, we believe the impact AI will have on healthcare will be profound and that we are in the best position to capitalize on that as we have the two most essential ingredients: (1) vast amounts of proprietary data needed to train models and (2) vast distribution to deliver the insights generated from those models into the hands of clinicians and patients. In 2026, we intend to leverage both to bring the power and promise of AI to physicians and patients at scale.

A word from our CFO

Overall, we are pleased with the financial results of the first quarter. We once again experienced significant year-over-year growth in both of our Diagnostics and Data and Applications product lines.

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

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First Quarter 2026 Financial Results

	Three months ended March 31,		
	2026	2025	Change
	(in thousands, except percentages) (unaudited)		
GAAP Results			
Revenue	$ 348,116	$ 255,737	36.1%
Diagnostics gross margin	61.3%	56.3%	500 bps
Data and Applications gross margin	71.1%	74.6%	(350 bps)
Operating expenses	$ 306,752	$ 223,892	37.0%
Net loss	$ (125,919)	$ (68,037)	85.1%
Non-GAAP Results			
Non-GAAP Diagnostics gross margin	62.3%	56.8%	550 bps
Non-GAAP Data and Applications gross margin	73.1%	75.6%	(250 bps)
Non-GAAP Operating Expenses	$ 237,814	$ 182,717	30.2%
Non-GAAP Loss from Operations	$ (11,580)	$ (25,777)	(55.1)%
Adjusted EBITDA	$ (2,833)	$ (16,174)	82.5%

Revenue

Our Q1 2026 revenues were $348.1 million, representing 36.1% year-over-year growth.

Our Q1 2026 Diagnostics revenues were $261.1 million, representing 34.7% year-over-year growth, largely driven by re-acceleration of growth in our Oncology business and the addition of Ambry. Beginning this quarter, we are presenting xG volumes and revenues within Hereditary instead of Oncology, as we focus our commentary at an assay level instead of focusing on call points. Oncology experienced 27% year-over-year revenue growth on ~28%

volume growth. Oncology average reimbursement, after removing xG, was approximately $1,720 in the quarter, down slightly from approximately $1,740 in Q4 2025. The decrease was largely the result of increased MRD volumes.

As Eric noted above and we previously disclosed, we have a clear roadmap for continued expansion of average reimbursement through various initiatives. Most near-term will be the expected amendment of our FDA approved solid tumor assay to include cases where we do not receive a normal sample. The amendment was initially submitted in 2025 and, if approved, we believe this, along with continued physician migration, will allow us to convert the remaining xT LDT volume to the FDA-approved version of the assay by the end of the year.

Hereditary contributed $100.0 million of revenue on ~132,500 tests delivered in Q1 2026, compared to $66.7 million of revenue in Q1 2025. Year-over-year volume growth was 7% (as a reminder, we acquired Ambry in February 2025, and this growth number takes into account Ambry's pre-acquisition volume in January 2025). From a volume perspective, Hereditary growth rates have moderated, consistent with our expectations, as share gains from competitors have decelerated and we're lapping prior periods of excessive growth. Average reimbursement was ~$750 in Q1 2026, down slightly from Q4 2025 due to mix. We remain excited about the opportunity in hereditary profiling and anticipate increased growth rates in the back half of the year after lapping difficult comps in early 2026.

Our Q1 Data and Applications revenues were $87.0 million, representing 40.5% year-over-year growth. The increase was largely driven by strong growth in our Insights (data licensing and modeling) business - which grew 44.1% year-over-year. Insights growth was largely the result of delivering upon previously signed deals, as well as signing new deals that have begun contributing. We continue to see increased engagement across our pharma and biotech partners as we've talked about over the past several quarters and the pipeline for additional deals remains robust. Applications, while still small, also had a strong quarter from a revenue perspective.

The strong performance in Insights and Applications was offset by softness in our Trials offerings. As we have previously shared, the Trials offerings are largely complimentary to our Insights business so we will continue to operate these to meet our partners' needs, but we are not investing in them heavily such that we would expect a return to significant growth.

Gross Profit

We generated $222.0 million of gross profit in the quarter. Non-GAAP gross profit was $226.2 million in Q1 2026, representing an aggregate Non-GAAP gross margin of 65.0%. This was a

360 basis point improvement year-over-year, largely the result of increased margins in our Diagnostics business through ASP improvements, efficiencies in our labs, and the addition of Ambry, along with growth in our Data and Applications product line, which operates at a higher margin.

Our Non-GAAP gross margin for our Diagnostics business was 62.3% in Q1 2026 compared to 56.8% in Q1 2025 as a result of increases in average reimbursement per test and the addition of Ambry. Our Non-GAAP gross margin for the Data and applications business was 73.1% in Q1 2026, compared to 75.6% in Q1 2025, largely the result of costs associated with the foundation model. Similar to previous years, while there will be fluctuations in the Data and Applications margin throughout the year, we would expect margin expansion throughout the year as revenues continue to increase.

Operating Expenses

Operating expenses for the quarter were $306.8 million compared to $223.9 million in Q1 2025. Non-GAAP operating expenses were $237.8 million in Q1 2026 compared to $182.7 million in Q1 2025. The primary difference between GAAP and Non-GAAP relates to stock based compensation and related employer payroll tax, amortization of intangibles associated with the Ambry transaction, and acquisition-related costs.

The year-over-year increase is mostly attributable to the addition of Ambry's operating expenses, along with modest investments in the business commensurate with our growth, and increased professional services fees in the quarter. Our expenses are broken down into three categories: Non-GAAP technology expense was $35.6 million, Non-GAAP research and development expense was $43.2 million, and Non-GAAP selling, general and administrative expense was $ 159.0 million.

Adjusted EBITDA and Net Loss

Adjusted EBITDA for the quarter was ($2.8) million, compared to ($16.2) million in Q1 2025, an improvement of $13.3 million year-over-year and slightly ahead of our expectations.

Net loss for the quarter was ($125.9) million, including stock-based compensation and related employer payroll tax of $56.3 million and unrealized losses of $32.3 million related to our marketable securities.

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Adjusting for stock-based compensation, and related employer payroll taxes and other non-operating items, Non-GAAP net loss for the quarter was ($22.6) million compared to ($41.6) million for Q1 2025.

Cash and Other Items

We finished the quarter with $643.8 million of cash, cash equivalents, and marketable securities, compared to $759.7 million last quarter. Similar to previous years, cash used by operating activities in Q1 is elevated due to the timing of certain payables, payments of annual bonuses, and the burndown of prepayments associated with several of our large Insights' partnerships. We expect a significant improvement in cash used by operating activities in Q2 and beyond as our payables normalize and our upfront payments are replaced with quarterly payments.

Additionally, we experienced an unrealized loss on marketable securities of $32.3 million associated with our ownership stakes in Personalis and Recursion given the broader market pull-back.

Guidance

We now anticipate $1.59 - $1.60 billion in 2026 revenue. We expect 2026 Adjusted EBITDA to be approximately $65 million. As always, given the unique nature of our business, it's difficult to predict these numbers with complete accuracy; as such, the word approximately implies a modest range.

Thanks for your support and for joining on this journey,

Eric & Jim

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Forward Looking Statements

This letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about Tempus AI, Inc. ("Tempus") and its industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this letter are forward-looking statements, including, but not limited to, Tempus' expected financial results for 2026, (including periods therein) and for future periods; expectations concerning the growth of Tempus' business; expectations concerning the timing of FDA submissions and approvals; and reimbursement and coverage decisions; Tempus' strategy; the impact of pricing and reimbursement actions on Tempus' financial results; plans to expand Tempus' offerings;the impact of the new TIME model; and the impact of the foundation model on Tempus' business; the potential application and impact of AI and technology in healthcare; Tempus' expectations regarding near-or long-term growth rates for various aspects of Tempus' business; Tempus' market position; and the use of Tempus' products and services to advance clinical care for patients. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "going to," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. Tempus cautions you that the foregoing may not include all of the forward-looking statements made in this letter.

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

Exchange Commission ("SEC) on February 24, 2026, as well as in other filings Tempus may make with the SEC from time to time, In addition, any forward-looking statements contained in this letter are based on assumptions that Tempus believes to be reasonable as of this date. Tempus undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of this letter or to reflect new information or the occurrence of unanticipated events, except as required by law.

Non-GAAP Financial Measures

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