UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 September 30, 2024

OR

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

For the transition period from to

Commission File Number: 001-38683

GUARDANT HEALTH, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**45-4139254**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

3100 Hanover Street
Palo Alto, California, 94304
Registrant's telephone number, including area code: (855) 698-8887

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.00001 par value per share	**GH**	**The Nasdaq Global Select Market**

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 November 1, 2024, the registrant had 123,554,612 shares of common stock, $0.00001 par value per share, outstanding.

GUARDANT HEALTH, INC.
FORM 10-Q

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," contains forward-looking statements regarding future events and our future results that are based on our current expectations, estimates, forecasts and projections as well as the current beliefs and assumptions of our management, including about our business, our financial condition, our results of operations, our cash flows, and the industry and environment in which we operate. Statements that include words such as "believe," "may," "will," "estimate," "continue," "anticipate," "would," "could," "should," "intend" and "expect," variations of these words, and similar expressions, are intended to identify forward-looking statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in Part I, Item 1A,"*Risk Factors*" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2023, in Part II, Item 1A, "*Risk Factors*" and elsewhere in this Quarterly Report on Form 10-Q, and in other reports we file with the U.S. Securities and Exchange Commission, or the SEC. While forward-looking statements are based on the reasonable expectations of our management at the time that they are made, you should not rely on them. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, whether as a result of new information, future events or otherwise, except as may be required by law.

Each of the terms the "Company," "we," "our," "us" and similar terms used herein refer collectively to Guardant Health, Inc., a Delaware corporation, and its consolidated subsidiaries, unless otherwise stated.

PART I—FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

Guardant Health, Inc.

Condensed Consolidated Balance Sheets (unaudited)
(in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	$ 688,368	$ 1,133,537
Short-term marketable debt securities	310,701	35,097
Accounts receivable, net	88,465	88,783
Inventory, net	72,298	61,948
Prepaid expenses and other current assets, net	66,883	27,741
Total current assets	1,226,715	1,347,106
Property and equipment, net	125,169	145,096
Right-of-use assets, net	144,964	157,616
Intangible assets, net	7,251	8,979
Goodwill	3,290	3,290
Other assets, net	31,338	124,334
Total Assets	$ 1,538,727	$ 1,786,421
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 15,473	$ 51,741
Accrued compensation	80,647	72,736
Accrued expenses	71,671	63,475
Deferred revenue	29,554	17,965
Total current liabilities	197,345	205,917
Convertible senior notes, net	1,141,901	1,139,966
Long-term operating lease liabilities	170,131	185,848
Other long-term liabilities	89,446	96,006
Total Liabilities	1,598,823	1,627,737
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, par value of $0.00001 per share; 10,000,000 shares authorized, no shares issued and outstanding as of September 30, 2024 and December 31, 2023	—	—
Common stock, par value of $0.00001 per share; 350,000,000 shares authorized as of September 30, 2024, and December 31, 2023; 123,158,418 and 121,629,861 shares issued and outstanding as of September 30, 2024, and December 31, 2023, respectively	1	1
Additional paid-in capital	2,410,416	2,304,220
Accumulated other comprehensive loss	(3,284)	(3,675)
Accumulated deficit	(2,467,229)	(2,141,862)
Total Stockholders' (Deficit) Equity	(60,096)	158,684
Total Liabilities and Stockholders' (Deficit) Equity	$ 1,538,727	$ 1,786,421

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

Guardant Health, Inc.

Condensed Consolidated Statements of Operations (unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue:				
Precision oncology testing	$ 180,604	$ 133,423	$ 503,351	$ 372,060
Development services and other	10,872	9,607	33,851	36,834
Total revenue	191,476	143,030	537,202	408,894
Costs and operating expenses:				
Cost of precision oncology testing	66,095	53,648	191,116	148,111
Cost of development services and other	8,394	3,966	21,090	16,424
Research and development expense	87,306	93,851	254,210	277,338
Sales and marketing expense	97,880	68,934	260,172	216,100
General and administrative expense	49,129	36,174	128,243	118,135
Total costs and operating expenses	308,804	256,573	854,831	776,108
Loss from operations	(117,328)	(113,543)	(317,629)	(367,214)
Interest income	13,257	11,690	42,038	21,477
Interest expense	(646)	(644)	(1,936)	(1,933)
Other income (expense), net	(3,007)	16,885	(47,272)	56,490
Loss before provision for income taxes	(107,724)	(85,612)	(324,799)	(291,180)
Provision for income taxes	30	490	568	1,226
Net loss	$ (107,754)	$ (86,102)	$ (325,367)	$ (292,406)
Net loss per share, basic and diluted	$ (0.88)	$ (0.73)	$ (2.66)	$ (2.66)
Weighted-average shares used in computing net loss per share, basic and diluted	123,051	117,736	122,406	109,791

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

Guardant Health, Inc.

Condensed Consolidated Statements of Comprehensive Loss (unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	$ (107,754)	$ (86,102)	$ (325,367)	$ (292,406)
Other comprehensive income:				
Unrealized gains on available-for-sale securities	456	3,315	466	15,783
Foreign currency translation adjustments	1,900	(526)	(75)	(1,941)
Other comprehensive income	2,356	2,789	391	13,842
Comprehensive loss	$ (105,398)	$ (83,313)	$ (324,976)	$ (278,564)

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

Guardant Health, Inc.

Condensed Consolidated Statements of Stockholders' (Deficit) Equity (unaudited)
(in thousands, except share data)

	Three Months Ended September 30, 2024					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balance as of July 1, 2024	122,969,580	$ 1	$ 2,363,501	$ (5,640)	$ (2,359,475)	$ (1,613)
Issuance of common stock upon exercise of stock options	4,143	—	20	—	—	20
Vesting of restricted stock units	184,695	—	—	—	—	—
Taxes paid related to net share settlement of restricted stock units	—	—	(2,874)	—	—	(2,874)
Stock-based compensation	—	—	49,769	—	—	49,769
Other comprehensive income	—	—	—	2,356	—	2,356
Net loss	—	—	—	—	(107,754)	(107,754)
Balance as of September 30, 2024	123,158,418	$ 1	$ 2,410,416	$ (3,284)	$ (2,467,229)	$ (60,096)

	Three Months Ended September 30, 2023					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of July 1, 2023	117,662,134	$ 1	$ 2,169,911	$ (8,469)	$ (1,868,717)	$ 292,726
Issuance of common stock upon exercise of stock options	8,989	—	70	—	—	70
Vesting of restricted stock units	178,032	—	—	—	—	—
Taxes paid related to net share settlement of restricted stock units	—	—	(3,003)	—	—	(3,003)
Stock-based compensation	—	—	21,819	—	—	21,819
Other comprehensive income	—	—	—	2,789	—	2,789
Net loss	—	—	—	—	(86,102)	(86,102)
Balance as of September 30, 2023	117,849,155	$ 1	$ 2,188,797	$ (5,680)	$ (1,954,819)	$ 228,299

	Nine Months Ended September 30, 2024					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance as of January 1, 2024	121,629,861	$ 1	$ 2,304,220	$ (3,675)	$ (2,141,862)	$ 158,684
Issuance of common stock upon exercise of stock options	581,495	—	2,597	—	—	2,597
Vesting of restricted stock units	575,236	—	—	—	—	—
Common stock issued under employee stock purchase plan	371,826	—	7,212	—	—	7,212
Taxes paid related to net share settlement of restricted stock units	—	—	(7,658)	—	—	(7,658)
Stock-based compensation	—	—	104,045	—	—	104,045
Other comprehensive income	—	—	—	391	—	391
Net loss	—	—	—	—	(325,367)	(325,367)
Balance as of September 30, 2024	123,158,418	$ 1	$ 2,410,416	$ (3,284)	$ (2,467,229)	$ (60,096)

	Nine Months Ended September 30, 2023					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of January 1, 2023	102,619,383	$ 1	$ 1,742,114	$ (19,522)	$ (1,662,413)	$ 60,180
Issuance of common stock in public offering, net of offering costs of $21,131	14,375,000	—	381,369	—	—	381,369
Issuance of common stock upon exercise of stock options	40,868	—	290	—	—	290
Vesting of restricted stock units	515,123	—	—	—	—	—
Common stock issued under employee stock purchase plan	298,781	—	6,697	—	—	6,697
Taxes paid related to net share settlement of restricted stock units	—	—	(8,112)	—	—	(8,112)
Stock-based compensation	—	—	66,439	—	—	66,439
Other comprehensive income	—	—	—	13,842	—	13,842
Net loss	—	—	—	—	(292,406)	(292,406)
Balance as of September 30, 2023	117,849,155	$ 1	$ 2,188,797	$ (5,680)	$ (1,954,819)	$ 228,299

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

Guardant Health, Inc.

Condensed Consolidated Statements of Cash Flows (unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2024	**2023**
OPERATING ACTIVITIES:		
Net loss	$ (325,367)	$ (292,406)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	31,933	32,013
Operating lease costs	23,357	22,146
Stock-based compensation	104,045	66,439
Amortization of debt issuance costs	1,935	1,931
Amortization of discount on marketable debt securities	(2,815)	(10,913)
Unrealized and realized losses (gains) on marketable equity securities	47,225	(84,513)
Impairment of non-marketable equity securities and other related assets	—	29,054
Other	2,372	334
Cash effect of changes in operating assets and liabilities:		
Accounts receivable, net	316	8,360
Inventory, net	(10,349)	(25,435)
Prepaid expenses and other current assets, net	(9,192)	(2,558)
Other assets, net	(1,561)	2,280
Accounts payable and accrued liabilities	(19,813)	26,577
Operating lease liabilities	(27,029)	(22,724)
Deferred revenue	9,598	3,168
Net cash used in operating activities	(175,345)	(246,247)
INVESTING ACTIVITIES:		
Purchases of marketable debt securities	(307,323)	(629,902)
Maturities of marketable debt securities	35,000	828,700
Sales of marketable equity securities	19,195	—
Purchases of non-marketable equity securities and other related assets	(2,500)	(5,593)
Purchases of property and equipment	(16,210)	(16,409)
Net cash (used in) provided by investing activities	(271,838)	176,796
FINANCING ACTIVITIES:		
Proceeds from issuance of common stock upon exercise of stock options	2,597	290
Proceeds from issuances of common stock under employee stock purchase plan	7,212	6,697
Taxes paid related to net share settlement of restricted stock units	(7,658)	(8,112)
Proceeds from follow-on public offering	—	402,500
Payment of offering costs related to follow-on public offering	—	(20,478)
Other	(212)	5,910
Net cash provided by financing activities	1,939	386,807
Net effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(75)	(1,941)
Net (decrease) increase in cash, cash equivalents and restricted cash	(445,319)	315,415
Cash, cash equivalents and restricted cash—Beginning of period	1,133,687	141,948
Cash, cash equivalents and restricted cash—End of period	$ 688,368	$ 457,363
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 585,022	$ 457,339
Restricted cash – included in cash, cash equivalents and restricted cash	103,346	24
Total cash, cash equivalents and restricted cash	$ 688,368	$ 457,363

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

Guardant Health, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Description of Business

Guardant Health, Inc., or the Company, is a leading precision oncology company focused on guarding wellness and giving every person more time free from cancer. The Company is transforming patient care by providing critical insights into what drives disease through its advanced blood and tissue tests, and real-world data. The Company's tests help improve outcomes across all stages of care, including screening to find cancer early, monitoring for recurrence in early-stage cancer, and helping doctors select the best treatment for patients with advanced cancer. For patients with advanced stage cancer, the Company has commercially launched Guardant360 LDT and Guardant360 CDx, the first comprehensive liquid biopsy test approved by the U.S. Food and Drug Administration, or the FDA, to provide tumor mutation profiling with solid tumors and to be used as a companion diagnostic in connection with non-small cell lung cancer, or NSCLC, and breast cancer. The Company has also launched the Guardant360 TissueNext tissue test for advanced-stage cancer, Guardant Reveal blood test to detect residual and recurring disease in early-stage colorectal, breast and lung cancer patients, and Guardant360 Response blood test to predict patient response to immunotherapy or targeted therapy eight weeks earlier than current standard-of-care imaging.

The Company also collaborates with biopharmaceutical companies in clinical studies by providing the above-mentioned tests, as well as the GuardantOMNI blood test for advanced-stage cancer, and the GuardantINFINITY blood test, a next-generation smart liquid biopsy that provides new, multi-dimensional insights into the complexities of tumor molecular profiles and immune response to advance cancer research and therapy development. Using data collected from its tests, the Company has also developed its GuardantINFORM platform to help biopharmaceutical companies accelerate precision oncology drug development through the use of this in-silico research platform to unlock further insights into tumor evolution and treatment resistance across various biomarker-driven cancers.

For early cancer detection, in May 2022, the Company launched the Shield LDT test to address the needs of individuals eligible for colorectal cancer screening. From a simple blood draw, Shield uses a novel multimodal approach to detect colorectal cancer signals in the bloodstream, including DNA that is shed by tumors. In December 2022, the Company announced that the ECLIPSE study, a registrational study evaluating the performance of its Shield blood test for detecting colorectal cancer in average-risk adults, met co-primary endpoints. In addition, in March 2023, the Company submitted a premarket approval application, or PMA, for its Shield blood test to the FDA. In July 2024, the Company received FDA approval of its Shield blood test for colorectal cancer screening in adults age 45 and older who are at average risk for the disease, and in August 2024, the Company's Shield blood test became commercially available in the U.S. as the first blood test approved by the FDA for primary colorectal cancer screening, meaning healthcare providers can offer Shield in a manner similar to all other non-invasive methods recommended in screening guidelines. Shield is also the first blood test for colorectal cancer screening that meets coverage requirements by Medicare.

The Company was incorporated in Delaware in December 2011 and is headquartered in Palo Alto, California.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The Company’s condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, or GAAP, and in conjunction with the rules and regulations of the Securities and Exchange Commission, or the SEC. The accompanying condensed consolidated financial statements include the accounts of Guardant Health, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The Company adjusted the accompanying condensed consolidated balance sheet as of December 31, 2023 to separately present accounts payable and accrued expenses, inclusive of accrued compensation. In addition, certain other reclassifications of prior period amounts were made to conform with the current period presentation. The Company determined the adjustment is immaterial based on consideration of quantitative and qualitative factors.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the related disclosures at the date of the condensed consolidated financial statements, as well as the reported amounts of revenues and expenses during the periods presented. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Estimates are used in several areas including, but not limited to, estimation of variable consideration, estimation of credit losses, standalone selling price allocation included in contracts with multiple performance obligations, goodwill and identifiable intangible assets, stock-based compensation, incremental borrowing rate for operating leases, contingencies, certain inputs into the provision for income taxes, including related reserves, valuation of non-marketable securities, among others. These estimates generally involve complex issues and require judgments, involve the analysis of historical results and prediction of future trends, can require extended periods of time to resolve and are subject to change from period to period. Actual results may differ materially from management's estimates.

Unaudited Interim Condensed Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the Securities Act of 1933, as amended, or the Securities Act. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring accruals that the Company believes are necessary to fairly state the financial position and the results of the Company's operations and cash flows for interim periods in accordance with GAAP. Interim-period results are not necessarily indicative of results of operations or cash flows for a full year or any subsequent interim period.

The accompanying condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Restricted Cash

As of September 30, 2024, the Company had restricted cash balance of $103.3 million, included in cash, cash equivalents and restricted cash on the Company's condensed consolidated balance sheets, of which substantially all was related to cash held as collateral under surety bond requirements related to the intellectual property dispute with TwinStrand Biosciences, Inc. and the University of Washington, as described in Note 8 Commitments and Contingencies - Legal Proceedings to the Company's condensed consolidated financial statements.

Non-Marketable Securities

The Company acquires certain equity investments in private companies to promote business and strategic objectives. The Company's investments in non-marketable equity securities do not give the Company the ability to control or exercise significant influence over the investees. One of the investees is concluded to be a variable interest entity, or VIE, but the Company is deemed not to be the primary beneficiary as the Company does not have the power to direct the activities that most significantly impact the VIE's economic performance. The Company's non-marketable equity and other related investments totaled $11.1 million and $8.6 million as of September 30, 2024, and December 31, 2023, respectively, and are included in other assets, net on the accompanying condensed consolidated balance sheets.

Non-marketable securities are recorded at cost, subject to periodic impairment reviews and adjustments for observable price changes from orderly transactions. The Company's evaluation of impairment of such non-marketable securities is based on adverse changes in market conditions and the regulatory or economic environment; qualitative and quantitative analysis of the operating performance and financial condition of the investee; changes in operating structure or management of the investee; and additional funding requirements of the investee. As a result of the evaluation, for one of its non-marketable equity security investments, the Company recorded an impairment of $22.1 million for the nine months ended September 30, 2023, included in other income (expense), net on the Company's condensed consolidated statements of operations. In addition, in connection with the investment in non-marketable securities purchased by the Company, the Company acquired rights to purchase the investee at a pre-determined price subject to additional adjustments based on the performance of the investee, on or before December 31, 2022. In September 2022, the Company decided not to exercise such rights to purchase the investee and recorded an impairment of $5.3 million for the year ended December 31, 2022, included in other income (expense), net on the Company's condensed consolidated statements of operations.

Pursuant to another investment in non-marketable securities purchased by the Company, the Company acquired rights to purchase the investee at a pre-determined price subject to additional adjustments based on the performance of the Company, on or before October 1, 2023, and acquired rights to obtain the exclusive license of the investee's certain technologies. In June 2023, the Company decided not to exercise such rights and recorded an impairment of $7.0 million for the nine months ended September 30, 2023, included in other income (expense), net on the Company's condensed consolidated statements of operations.

No other impairment or downward adjustments to the carrying value of the Company's non-marketable securities have been otherwise recorded.

Concentration of Risk

The Company is subject to credit risk from its portfolio of cash equivalents held at one commercial bank and investments in marketable debt securities. The Company limits its exposure to credit losses by investing in money market funds through a U.S. bank with high credit ratings. The Company's cash may consist of deposits held with banks that may at times exceed federally insured limits, however, its exposure to credit risk in the event of default by the financial institution is limited to the extent of amounts recorded on the condensed consolidated balance sheets. The Company performs evaluations of the relative credit standing of these financial institutions to limit the amount of credit exposure.

The Company also invests in investment-grade debt instruments and has policy limits for the amount it can invest in any one type of security, except for securities issued or guaranteed by the U.S. government. The goals of the Company's investment policy, in order of priority, are as follows: safety and preservation of principal and diversification of risk; liquidity of investments sufficient to meet cash flow requirements; and a competitive after-tax rate of return. Under its investment policy, the Company limits amounts invested in such securities by credit rating, maturity, investment type and issuer, as a result, the Company is not exposed to any significant concentrations of credit risk from these financial instruments.

The Company is subject to credit risk from its accounts receivable. The majority of the Company's accounts receivable arises from the provision of precision oncology services, and development services and other, primarily with biopharmaceutical companies and international laboratory partners, all of which have high credit ratings. The Company has not experienced any material losses related to receivables from individual customers, or groups of customers. The Company does not require collateral. Accounts receivable are recorded net of allowance for credit losses, if any.

A significant customer is any biopharmaceutical customer, clinical testing payer, or international laboratory partner that represents 10% or more of the Company's total revenue or accounts receivable balance. Revenue attributable to each significant customer, including its affiliated entities, as a percentage of the Company's total revenue, for the respective period, and accounts receivable balance attributable to each significant customers, including its affiliated entities, as a percentage of the Company's total accounts receivable balance, at the respective condensed consolidated balance sheet date, are as follows:

	Total Revenue				Accounts Receivable, Net	
	Three Months Ended September 30,		Nine Months Ended September 30,			
	2024	2023	2024	2023	September 30, 2024	December 31, 2023
	(unaudited)				(unaudited)	
Customer A	*	*	*	*	14 %	12 %
Customer B	28 %	33 %	29 %	32 %	11 %	12 %
Customer C	*	*	*	*	*	10 %

* less than 10%

Accounts Receivable, Net

Accounts receivable represent valid claims against commercial and governmental payers, biopharmaceutical companies, research institutes, international laboratory partners and distributors, including unbilled receivables, and royalty payments due from third parties for licensing the Company's technologies. Unbilled receivables include balances due from biopharmaceutical customers related to development services and other revenues that are recognized upon the achievement of performance-based milestones but prior to the achievement of contractual billing rights. As of September 30, 2024, and December 31, 2023, the Company had unbilled receivables of $4.6 million and $4.9 million, respectively.

The Company evaluates the collectability of its accounts receivable based on historical collection trends, the financial condition of payment partners, and external market factors and provides for an allowance for potential credit losses based on management's best estimate of the amount of probable credit losses. The Company recorded immaterial credit losses related to its accounts receivable for the three and nine months ended September 30, 2024, and 2023.

Goodwill and Intangible Assets, net

Goodwill represents the excess of the purchase price over the fair value of net identifiable assets and liabilities. Goodwill is not amortized but is tested for impairment at least annually during the fourth fiscal quarter, or if circumstances indicate its value may no longer be recoverable. The Company continues to operate in one segment, which is considered to be the sole reporting unit and, therefore, goodwill is tested for impairment at the enterprise level. As of September 30, 2024, there has been no impairment of goodwill.

Intangible assets with finite useful lives are carried at cost, net of accumulated amortization. The Company does not have intangible assets with indefinite useful lives other than goodwill. Amortization is recorded on a straight-line basis over the intangible asset's useful life, which is approximately 6—12 years.

Leases

The Company determines if an arrangement contains a lease at inception. Operating lease right-of-use, or ROU, assets and operating leases liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received or receivable. The Company uses its incremental borrowing rate based on the information available at the commencement date in determining the lease liabilities, as the Company's leases generally do not provide an implicit rate. Lease terms may include options to extend or terminate when the Company is reasonably certain the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term. The Company also has lease arrangements with lease and non-lease components. The Company elected the practical expedient not to separate non-lease components from lease components for the Company's facility leases. The Company also elected to apply the short-term lease measurement and recognition exemption in which ROU assets and lease liabilities are not recognized for leases with terms of 12 months or less.

Convertible Senior Notes

Convertible senior notes are accounted for as a liability and measured at their amortized cost. Transaction costs related to the issuance of the notes are netted with the liability and are amortized to interest expense over the term of the notes, using an effective interest rate method.

Revenue Recognition

The Company derives revenue from the provision of precision oncology testing services, as well as from development services and other. Precision oncology testing revenue includes amounts derived from the delivery of the Company's precision oncology tests, including those tests delivered by labs operated by our strategic partners. Development services include companion diagnostic development and regulatory approval, clinical study setup, monitoring and maintenance, testing development and support, GuardantConnect and GuardantINFORM. Other revenue includes amounts derived from licensing the Company's technologies, kit fulfillment, and delivery of the Company's Shield screening tests. The Company currently receives payments from third-party commercial and governmental payers, certain hospitals and oncology centers and individual patients, as well as biopharmaceutical companies, research institutes, international laboratory partners and distributors.

Revenues are recognized when control of services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. FASB ASC Topic 606, *Revenue from Contracts with Customers,* provides for a five-step model that includes identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when, or as, an entity satisfies a performance obligation.

Precision oncology testing

The Company recognizes revenue from the sale of its precision oncology tests for clinical customers, including certain hospitals, cancer centers, other institutions and patients, at the time results of the test are reported to physicians. Most precision oncology tests requested by clinical customers are sold without a written agreement; however, the Company determines an implied contract exists with its clinical customers. The Company identifies each sale of its test to a clinical customer as a single performance obligation. With the exception of certain limited contracted arrangements with insurance carriers and other institutions where the transaction price is fixed, a stated contract price does not exist and the transaction price for each implied contract with clinical customers represents variable consideration. The Company estimates the variable consideration under the portfolio approach and considers the historical reimbursement data from third-party commercial and governmental payers and patients, as well as known or anticipated reimbursement trends not reflected in the historical data. The Company monitors the estimated amount to be collected in the portfolio at each reporting period based on actual cash collections in order to assess whether a revision to the estimate is required. Both the estimate and any subsequent revision contain uncertainty and require the use of significant judgment in the estimation of the variable consideration and application of the constraint for such variable consideration. The Company analyzes its actual cash collections over the expected reimbursement period and compares it with the estimated variable consideration for each portfolio and any difference is recognized as an adjustment to estimated revenue after the expected reimbursement period, subject to assessment of the risk of future revenue reversal.

Revenue from sales of precision oncology tests to biopharmaceutical customers are based on a negotiated price per test or on the basis of an agreement to provide certain testing volume over a defined period. The Company identifies its promise to transfer a series of distinct tests to biopharmaceutical customers as a single performance obligation. Precision oncology tests to biopharmaceutical customers are generally billed at a fixed price for each test performed. For agreements involving testing volume to be satisfied over a defined period, revenue is recognized over time based on the number of tests performed as the performance obligation is satisfied over time. Results of the Company's precision oncology services are delivered electronically, and as such there are no shipping or handling fees incurred by the Company or billed to customers.

Development services and other

The Company performs development services for its biopharmaceutical customers utilizing its precision oncology information platform. Development services typically represent a single performance obligation as the Company performs a significant integration service, such as analytical validation and regulatory submissions. The individual promises are not separately identifiable from other promises in the contracts and, therefore, are not distinct. However, under certain contracts, a biopharmaceutical customer may engage the Company for multiple distinct development services which are both capable of being distinct and separately identifiable from other promises in the contracts and, therefore, distinct performance obligations.

The Company collaborates with biopharmaceutical companies in the development of new drugs. As part of these collaborations, the Company provides services related to regulatory filings to support companion diagnostic device submissions for the Company's testing panels. Under these collaborations, the Company generates revenue from achievement of milestones, as well as provision of on-going support. For the companion diagnostic development and regulatory approval services performed, the Company is compensated through a combination of an upfront fee and performance-based, non-refundable regulatory and other developmental milestone payments. The transaction price of these contracts typically represents variable consideration. Application of the constraint for variable consideration to milestone payments is an area that requires significant judgment. The Company evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be managed to achieve the respective milestone and the level of effort and investment required to achieve the respective milestone. In making this assessment, the Company considers its historical experience with similar milestones, the degree of complexity and uncertainty associated with each milestone, and whether achievement of the milestone is dependent on parties other than the Company. The constraint for variable consideration is applied such that it is probable a significant reversal of revenue will not occur when the uncertainty associated with the contingency is resolved. Application of the constraint for variable consideration is assessed and updated at each reporting period as a revision to the estimated transaction price.

The Company recognizes companion diagnostic development and regulatory approval services revenue over the period in which biopharmaceutical research and development services are provided. Specifically, the Company recognizes revenue using an input method to measure progress, utilizing costs incurred to-date relative to total expected costs as its measure of progress. The Company assesses the changes to the total expected cost estimates as well as any incremental fees negotiated resulting from changes to the scope of the original contract in determining the revenue recognition at each reporting period. For development of new products or services under these arrangements, costs incurred before technological feasibility is reached are included as research and development expenses in the Company's condensed consolidated statements of operations, while costs incurred thereafter are recorded as cost of development services and other.

The Company also recognizes revenue from other development services, in addition to companion diagnostic development and regulatory approval services noted above, such as clinical study setup, monitoring and maintenance, testing development and support, GuardantConnect and GuardantINFORM. These revenues are generally recognized over time based on an input method to measure progress in the period when the associated services have been performed.

In addition, the Company licenses its digital sequencing technologies to its domestic customers and international laboratory partners. For the licensed technology, the Company is compensated through royalty-based payments, non-refundable upfront payments, guaranteed minimum payments, and/or sample milestone payments. Depending on the nature of the technology licensing arrangements, and considering factors including but not limited to enforceable right to payment and payment terms, and if an asset with alternative use is created, these revenues are recognized in the period when royalty-bearing sales occur, when the technology transfer is complete, or over the technology transfer period. Other revenue also includes kit fulfillment, which is recognized when such products are delivered. In addition, other revenue includes amounts derived from delivery of the Company's Shield screening tests.

For the three and nine months ended September 30, 2024, the Company recorded $18.2 million and $31.9 million, respectively, as revenue related to performance obligations satisfied in prior periods. For the three and nine months ended September 30, 2023, the Company recorded $7.4 million and $12.2 million, respectively, as revenue related to performance obligations satisfied in prior periods.

Contracts with multiple performance obligations

Contracts with biopharmaceutical customers and international laboratory partners may include multiple distinct performance obligations, such as provision of precision oncology testing, the above-mentioned development services, and digital sequencing technology licensing, among others. The Company evaluates the terms and conditions included within its contracts with biopharmaceutical customers and international laboratory partners to ensure appropriate revenue recognition, including whether services are considered distinct performance obligations that should be accounted for separately versus together. The Company first identifies material promises, in contrast to immaterial promises or administrative tasks, under the contract, and then evaluates whether these promises are both capable of being distinct and distinct within the context of the contract. In assessing whether a promised service is capable of being distinct, the Company considers whether the customer could benefit from the service either on its own or together with other resources that are readily available to the customer, including factors such as the research, development, and commercialization capabilities of a third party as well as the availability of the associated expertise in the general marketplace. In assessing whether a promised service is distinct within the context of the contract, the Company considers whether it provides a significant integration of the services, whether the services significantly modify or customize one another, or whether the services are highly interdependent or interrelated.

For contracts with multiple performance obligations, the transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company determines standalone selling price by considering the historical selling price of these performance obligations in similar transactions as well as other factors, including, but not limited to, the price that customers in the market would be willing to pay, competitive pricing of other vendors, industry publications and current pricing practices, and expected costs of satisfying each performance obligation plus appropriate margin; or by using the residual approach if standalone selling price is not observable, by reference to the total transaction price less the sum of the observable standalone selling prices of other performance obligations promised in the contract.

Deferred revenue

Deferred revenue, which is a contract liability, consists primarily of payments received in advance of revenue recognition from contracts with customers. For example, development services and other contracts with biopharmaceutical customers often contain upfront payments which results in the recording of deferred revenue to the extent cash is received prior to the Company's performance of the related services. Contract liabilities are relieved as the Company performs its obligations under the contract and revenue is consequently recognized. As of September 30, 2024 and December 31, 2023, the deferred revenue balance was $32.5 million and $22.9 million, respectively, of which $3.0 million and $5.0 million was considered long-term and recorded within other long-term liabilities on the accompanying condensed consolidated balance sheets. Revenue recognized in the nine months ended September 30, 2024 that was included in the deferred revenue balance as of December 31, 2023 was $12.6 million, and revenue recognized in the nine months ended September 30, 2023 that was included in the deferred revenue balance as of December 31, 2022 was $12.7 million, respectively.

Transaction price allocated to the remaining performance obligations

Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenues in future periods. The Company expects to recognize substantially all of the remaining transaction price in the next 1-2 years.

Costs of Precision Oncology Testing

Cost of precision oncology testing generally consists of cost of materials, cost of labor, including bonus, benefit and stock-based compensation, equipment and infrastructure expenses associated with processing test samples (including sample accessioning, library preparation, sequencing, and quality control analyses), freight, curation of test results for physicians, phlebotomy, and license fees due to third parties. Infrastructure expenses include depreciation of laboratory equipment, lease costs, amortization of leasehold improvements, and information technology costs. Costs associated with performing the Company’s tests are recorded as the tests are performed regardless of whether revenue was recognized with respect to that test.

Cost of Development Services and Other

Cost of development services and other primarily includes costs incurred for the performance of development services requested by the Company’s biopharmaceutical customers, and costs associated with the Company's partnership agreements and delivery of Shield screening tests. For development of new products, costs incurred before technological feasibility has been achieved are reported as research and development expenses, while costs incurred thereafter are reported as cost of development services and other.

Research and Development Expenses

Research and development expenses consist of costs incurred to develop technology and include salaries and benefits including stock-based compensation, reagents and supplies used in research and development laboratory work, infrastructure expenses, including facility occupancy and information technology costs, contract services, other outside costs and costs to develop the Company's technology capabilities. Research and development expenses also include costs related to activities performed under contracts with biopharmaceutical companies before technological feasibility has been achieved. Research and development costs are expensed as incurred. Payments made prior to the receipt of goods or services to be used in research and development are deferred and recognized as expense in the period in which the related goods are received or services are rendered. Costs to develop technology capabilities are recorded as research and development expenses unless they meet the criteria to be capitalized as internal-use software costs.

Stock-Based Compensation

Stock-based compensation related to stock options granted to the Company’s employees, directors and nonemployees is measured at the grant date based on the fair value of the award. The fair value is recognized as expense over the requisite service period, which is generally the vesting period of the respective awards. Compensation expense for stock options with performance metrics is calculated based upon expected achievement of the metrics specified in the grant.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options granted under the 2012 Stock Plan (as amended and restated), or the 2012 Plan, the 2018 Incentive Award Plan, or the 2018 Plan, the 2023 Employment Inducement Incentive Award Plan, or the 2023 Plan, and stock purchase rights granted under the 2018 Employee Stock Purchase Plan. The Black-Scholes option-pricing model requires assumptions to be made related to the expected term of an award, expected volatility, risk-free rate and expected dividend yield.

The Company measures the grant date fair value of its service-based and performance-based restricted stock units issued to employees and non-employees based on the closing market price of the common stock on the date of grant. For restricted stock units with only service-based vesting conditions, compensation expense is recognized in the Company's condensed consolidated statement of operations on a straight-line basis over the requisite service period. Compensation expense for restricted stock units with performance metrics, or PSUs, is calculated based upon expected achievement of the metrics specified in the grant, and is recognized in the Company's condensed consolidated statement of operations using an accelerated attribution model over the requisite service period for each separately vesting portion of the award. No stock-based compensation expense is recorded for PSUs, unless it is determined to be probable that the related performance metrics will be met. In addition, a cumulative adjustment will be recorded in the period when the probability of achieving the related performance metrics is adjusted. Any PSUs that remain unvested at the end of the performance period will be forfeited. Forfeitures are accounted for as they occur.

Net Loss Per Share

The Company calculates basic net loss per share by dividing the net loss by the weighted-average number of shares of common stock outstanding for the period. The diluted net loss per share is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period determined using the treasury stock method or the as-if converted method, as appropriate. For purposes of this calculation, stock options, restricted stock units, shares issuable pursuant to the employee stock purchase plan, and contingently issuable shares under the convertible senior notes are considered common stock equivalents but have been excluded from the calculation of diluted net loss per share as their effect is anti-dilutive.

New Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board, or FASB, issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires an enhanced disclosure of significant segment expenses on an annual and interim basis. This guidance will be effective for the annual reporting periods beginning the year ended December 31, 2024, and for interim reporting periods beginning January 1, 2025, with early adoption permitted, and should be applied retrospectively. The Company expects to provide required disclosures upon the effective date.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which amended existing income tax disclosure guidance, primarily requiring more detailed disclosures on the effective tax rate reconciliation and income taxes paid. This guidance will be effective for annual reporting periods beginning the year ended December 31, 2025, with early adoption permitted and can be applied on either a prospective or retroactive basis. The Company expects to provide required disclosures upon the effective date.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement-Reporting Comprehensive Income (Topic 220): Expense Disaggregation Disclosures*, which requires additional disclosures of specified information about certain costs and expenses in the notes to financial statements. This guidance will be effective for annual reporting periods beginning the year ended December 31, 2027, and for interim reporting periods beginning January 1, 2028, with early adoption permitted and can be applied on either a prospective or retroactive basis. The Company is currently assessing the impact of adopting this accounting pronouncement on its consolidated financial statements.

3. Condensed Consolidated Balance Sheet Components

Property and Equipment, Net

Property and equipment, net consist of the following:

	September 30, 2024	December 31, 2023
	(unaudited)	
	(in thousands)	
Machinery and equipment	$ 125,296	$ 118,117
Leasehold improvements	103,419	102,298
Computer hardware	36,068	34,417
Construction in progress	7,250	7,508
Furniture and fixtures	7,993	7,999
Computer software	2,063	2,065
Property and equipment, gross	$ 282,089	$ 272,404
Less: accumulated depreciation	(156,920)	(127,308)
Property and equipment, net	$ 125,169	$ 145,096

Depreciation expense related to property and equipment was $10.1 million and $10.3 million for the three months ended September 30, 2024, and 2023, respectively, and $30.2 million and $29.9 million for the nine months ended September 30, 2024, and 2023, respectively.

Accrued Expenses

Accrued expenses consist of the following:

	September 30, 2024	December 31, 2023
	(unaudited)	
	(in thousands)	
Operating lease liabilities	$ 27,383	$ 27,950
Contingent consideration arrangements	12,500	6,500
Other	31,788	29,025
Total accrued expenses	$ 71,671	$ 63,475

4. Fair Value Measurements, Cash Equivalents and Marketable Securities

Financial instruments consist of cash equivalents, marketable securities, accounts receivable, net, prepaid expenses and other current assets, net, and accounts payable and accrued liabilities. Cash equivalents and marketable securities are stated at fair value. Prepaid expenses and other current assets, net, and accounts payable and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date.

Fair value is defined as the exchange price that would be received from sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The identification of market participant assumptions provides a basis for determining what inputs are to be used for pricing each asset or liability. A financial instrument’s classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

A fair value hierarchy has been established which gives precedence to fair value measurements calculated using observable inputs over those using unobservable inputs. This hierarchy prioritized the inputs into three broad levels as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial assets and liabilities subject to fair value measurements on a recurring basis and the level of inputs used in such measurements were as follows:

	September 30, 2024			
	Fair Value	Level 1	Level 2	Level 3
		(unaudited) (in thousands)		
Financial Assets:				
Money market funds	$ 112,142	$ 112,142	$ —	$ —
Income deposit funds	102,412	—	102,412	—
U.S. government debt securities	398,485	—	398,485	—
Total cash equivalents and restricted cash	$ 613,039	$ 112,142	$ 500,897	$ —
U.S. government debt securities	$ 310,701	$ —	$ 310,701	$ —
Total short-term marketable debt securities	$ 310,701	$ —	$ 310,701	$ —
Short-term marketable equity securities	$ 31,280	$ 31,280	$ —	$ —
Total	$ 955,020	$ 143,422	$ 811,598	$ —
Financial Liabilities:				
Contingent consideration	$ 7,300	$ —	$ —	$ 7,300
Total	$ 7,300	$ —	$ —	$ 7,300

	December 31, 2023			
	Fair Value	Level 1	Level 2	Level 3
		(in thousands)		
Financial Assets:				
Money market funds	$ 1,032,500	$ 1,032,500	$ —	$ —
Total cash equivalents	$ 1,032,500	$ 1,032,500	$ —	$ —
U.S. government debt securities	$ 35,097	$ —	$ 35,097	$ —
Total short-term marketable debt securities	$ 35,097	$ —	$ 35,097	$ —
Long-term marketable equity securities	$ 98,002	$ 98,002	$ —	$ —
Total	$ 1,165,599	$ 1,130,502	$ 35,097	$ —
Financial Liabilities:				
Contingent consideration	$ 6,540	$ —	$ —	$ 6,540
Total	$ 6,540	$ —	$ —	$ 6,540

The Company measures the fair value of money market funds based on quoted prices in active markets for identical securities. Income deposit funds and U.S. government debt securities are valued taking into consideration valuations obtained from third-party pricing services. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities, issuer credit spreads; benchmark securities; prepayment/default projections based on historical data and other observable inputs.

In July 2022, one of the Company's equity investees, Lunit Inc., or Lunit, completed its initial public offering, or IPO, subsequent to which, the Company started to account for the investment in Lunit at fair value on a recurring basis, and classified the investment as marketable equity securities within Level 1 of the fair value hierarchy as the investment is valued using the quoted market price. The Company was subject to a 2-year lock-up period from Lunit's IPO date, during which the Company shall not transfer Lunit's shares between accounts, establish or cancel pledges, sell, or withdraw such shares, without approval from the Korea Exchange. In November 2023, Lunit issued bonus shares to its existing shareholders by allocating one new share for each existing share, and the Company was subject to the same lock-up period with the same restrictions for these bonus shares which expired in July 2024. In the third quarter of 2024, the Company sold a portion of its investment in Lunit. As of September 30, 2024 and December 31, 2023, the balance of the investment in Lunit was $31.3 million and $98.0 million, included in prepaid expenses and other current assets, net, and other assets, net, respectively, on the Company's condensed consolidated balance sheets. In addition, the Company recorded $1.2 million and $29.3 million unrealized losses during the three and nine months ended September 30, 2024, respectively, on the investment in Lunit held as of September 30, 2024, and recorded $16.6 million and $84.5 million unrealized gains during the three and nine months ended September 30, 2023, respectively, on the investment in Lunit held as of September 30, 2023, included in other income (expense), net on the Company's condensed consolidated statement of operations.

There were no transfers between Level 1, Level 2 and Level 3 during the periods presented.

Acquisition-related contingent consideration is measured at fair value on a quarterly basis and changes in estimated contingent consideration to be paid are included in general and administrative expense in the condensed consolidated statements of operations. The fair value of acquisition-related contingent consideration is estimated using a multiple-outcome discounted cash flow valuation technique. Contingent consideration is classified within Level 3 of the fair value hierarchy, as it is based on a probability that includes significant unobservable inputs. The significant unobservable inputs include a probability-weighted estimate of achievement of certain commercialization milestones, and discount rate to present value the expected payments. A significant change in any of these input factors in isolation could have a material impact to fair value measurement. As of September 30, 2024 and December 31, 2023, the Company's acquisition-related contingent consideration liability was $7.3 million and $6.5 million, respectively, of which $1.8 million and $5.0 million was considered long-term and recorded within other long-term liabilities on the Company's condensed consolidated balance sheets.

The following table summarizes the activities for the Level 3 financial instruments:

	Contingent Consideration			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited) (in thousands)			
Fair value — beginning of period	$ 6,960	$ 6,440	$ 6,540	$ 6,430
Increase in fair value	340	220	760	230
Fair value — end of period	$ 7,300	$ 6,660	$ 7,300	$ 6,660

The Company considers the fair value of the Convertible Notes as of September 30, 2024, and December 31, 2023, to be a Level 2 measurement. The fair value of the Convertible Notes is primarily affected by the trading price of the Company's common stock and market interest rates. As such, the carrying value of the Convertible Notes does not reflect the market rate. See Note 6, *Debt*, for additional information related to the fair value of the Convertible Notes.

The following tables summarize the Company's cash equivalents, restricted cash and marketable debt securities' amortized costs, gross unrealized gains, gross unrealized losses and estimated fair values by significant investment category:

	September 30, 2024			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
	(unaudited) (in thousands)			
Money market funds	$ 112,142	$ —	$ —	$ 112,142
Income deposit funds	102,412	—	—	102,412
U.S. government debt securities	708,731	480	(25)	709,186
Total	$ 923,285	$ 480	$ (25)	$ 923,740

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
	(in thousands)			
Money market funds	$ 1,032,500	$ —	$ —	$ 1,032,500
U.S. government debt securities	35,108	—	(11)	35,097
Total	$ 1,067,608	$ —	$ (11)	$ 1,067,597

None of the Company's marketable debt securities had been in a continuous unrealized loss position for more than one year as of September 30, 2024 and December 31, 2023, respectively.

There have been no material realized gains or losses on marketable debt securities for the periods presented. In addition, there has been no recognition of credit losses on marketable debt securities for the periods presented.

5. Intangible Assets, Net and Goodwill

The following table presents details of purchased intangible assets as of September 30, 2024, and December 31, 2023:

	September 30, 2024			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted-Average Useful Life
	(unaudited) (in thousands)			(in years)
Intangible assets subject to amortization:				
Acquired license	$ 11,886	$ (5,516)	$ 6,370	6.0
Non-compete agreements and other covenant rights	5,100	(4,219)	881	1.3
Acquired technology	1,600	(1,600)	—	0.0
Total intangible assets subject to amortization	$ 18,586	$ (11,335)	$ 7,251	
Intangible assets not subject to amortization:				
Goodwill	3,290	—	3,290	
Total purchased intangible assets	$ 21,876	$ (11,335)	$ 10,541	

	December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted-Average Useful Life
		(in thousands)		(in years)
Intangible assets subject to amortization:				
Acquired license	$ 11,886	$ (4,686)	$ 7,200	6.8
Non-compete agreements and other covenant rights	5,100	(3,588)	1,512	1.9
Acquired technology	1,600	(1,333)	267	0.3
Total intangible assets subject to amortization	$ 18,586	$ (9,607)	$ 8,979	
Intangible assets not subject to amortization:				
Goodwill	3,290	—	3,290	
Total purchased intangible assets	$ 21,876	$ (9,607)	$ 12,269	

Amortization of finite-lived intangible assets was $0.5 million and $0.7 million for the three months ended September 30, 2024, and 2023, respectively, and $1.7 million and $2.1 million for the nine months ended September 30, 2024, and 2023, respectively.

The following table summarizes estimated future amortization expense of finite-lived intangible assets, net:

Year Ending December 31,	(unaudited) (in thousands)
Remainder of 2024	$ 491
2025	1,670
2026	1,212
2027	1,107
2028	1,109
2029 and thereafter	1,662
Total	$ 7,251

6. Debt

Convertible Senior Notes

In November 2020, the Company issued $1.15 billion principal amount of its 0% Convertible Senior Notes due 2027, or the 2027 Notes. The 2027 Notes do not bear interest, and the principal amount of the Notes will not accrete. However, special interest and additional interest may accrue on the 2027 Notes at a rate per annum not exceeding 0.50% (subject to certain exceptions) upon the occurrence of certain events such as the failure to file certain reports to the Securities and Exchange Commission, or to remove certain restrictive legends from the Notes. The Notes will mature on November 15, 2027, unless repurchased, redeemed or converted earlier.

Before August 15, 2027, holders of the 2027 Notes will have the right to convert their 2027 Notes only under the following circumstances:

- during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on March 31, 2021, if the last reported sale price of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter, or the sale price condition;
- during the five consecutive business days immediately after any ten consecutive trading day period, or the measurement period, if the trading price per $1,000 principal amount of the Notes for each trading day of the measurement period is less than 98% of the product of the last reported sale price of the Company's common stock on such trading day and the conversion rate on such trading day; or
- upon the occurrence of specified corporate events

From and after August 15, 2027, holders of the 2027 Notes may convert their 2027 Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date.

The Company will settle conversions by paying or delivering, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company’s election.

The initial conversion rate is 7.1523 shares of common stock per $1,000 principal amount of 2027 Notes, which represents an initial conversion price of approximately $139.82 per share of common stock. The conversion rate and conversion price will be subject to customary adjustments upon the occurrence of certain events. In addition, if certain corporate events that constitute a “Make-Whole Fundamental Change” occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

The Company may not redeem the 2027 Notes at its option at any time before November 20, 2024. The Notes will be redeemable, in whole or in part, at the Company’s option at any time, and from time to time, on or after November 20, 2024 and on or before the 25th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the Notes to be redeemed, plus accrued and unpaid special interest and additional interest, if any, to, but excluding, the redemption date, but only if the last reported sale price per share of the Company’s common stock exceeds 130% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date the Company sends such notice. In addition, calling any Note for redemption will constitute a Make-Whole Fundamental Change with respect to that Note, in which case the conversion rate applicable to the conversion of that Note will be increased in certain circumstances if it is converted after it is called for redemption.

If certain corporate events that constitute a “Fundamental Change” occur, then, subject to a limited exception for certain cash mergers, holders of Notes may require the Company to repurchase their 2027 Notes at a cash repurchase price equal to the principal amount of the 2027 Notes to be repurchased, plus accrued and unpaid special interest and additional interest, if any, to, but excluding, the fundamental change repurchase date. The definition of Fundamental Change includes certain business combination transactions involving the Company and certain de-listing events with respect to the Company’s common stock.

Since the 2027 Notes were not convertible as of September 30, 2024 and December 31, 2023, the net carrying amount of the 2027 Notes was classified as a long-term liability.

The following table sets forth the net carrying amounts of the 2027 Notes as of September 30, 2024, and December 31, 2023:

	September 30, 2024	December 31, 2023
	(unaudited)	
	(in thousands)	
Principal	$ 1,150,000	$ 1,150,000
Less: debt issuance costs, net of amortization	(8,099)	(10,034)
Net carrying amount	$ 1,141,901	$ 1,139,966

The total estimated fair value of the 2027 Notes was $897.0 million and $809.3 million as of September 30, 2024, and December 31, 2023, respectively. The fair value was determined based on the closing trading price per $100 of the 2027 Notes as of the last day of trading for the period.

The interest expense recognized in relation to amortization of debt issuance costs was $0.6 million and $1.9 million for the three and nine months ended September 30, 2024 and 2023, respectively, which represented an effective interest rate of 0.2% and 0.2% for the three and nine months ended September 30, 2024, and 2023, respectively.

Note Hedges

To minimize the impact of potential economic dilution upon conversion of the 2027 Notes, the Company entered into convertible note hedge transactions, or the 2027 Note Hedges, with respect to its common stock concurrent with the issuance of the Notes. The 2027 Note Hedges cover, subject to customary adjustments, the number of shares of common stock initially underlying the Notes. The strike price of the 2027 Note Hedges will initially be approximately $182.60 per share, which represents a premium of 75% over the last reported sale price of the Company's common stock of $104.34 per share on November 16, 2020, and is subject to certain adjustments under the terms of the 2027 Note Hedges.

The 2027 Note Hedges will expire upon maturity of the 2027 Notes. The 2027 Note Hedges are separate transactions and are not part of the terms of the 2027 Notes. Holders of the 2027 Notes will not have any rights with respect to the 2027 Note Hedges. The shares receivable related to the 2027 Note Hedges are excluded from the calculation of diluted earnings per share as they are anti-dilutive.

As these transactions meet certain accounting criteria, the 2027 Note Hedges are recorded in stockholders' equity and are not accounted for as derivatives. The Company paid an aggregate amount of $90.0 million for the 2027 Note Hedges, which has been recorded as a reduction to additional paid-in capital and will not be remeasured.

7. Leases

The Company has entered into various operating lease agreements for office space, data center, lab and warehouse use, with remaining terms ranging from 0.2 to 8.8 years, some of which include one or more options to renew. As leases approach maturity, the Company considers various factors such as market conditions and the terms of any renewal options that may exist to determine whether it will renew the lease, as such, the Company does not include renewal options in its lease terms for calculating its lease liability, as the renewal options allow it to maintain operational flexibility and the Company is not reasonably certain it will exercise these renewal options at the time of the lease commencement.

Operating lease expense was $8.1 million and $7.4 million for the three months ended September 30, 2024, and 2023, respectively, and $23.4 million and $22.1 million for the nine months ended September 30, 2024, and 2023, respectively, which includes both lease and non-lease components (primarily common area maintenance charges and property taxes).

	September 30, 2024	December 31, 2023
	(unaudited)	
Weighted-average remaining lease term (in years)	7.7	8.3
Weighted-average discount rate	3.82 %	3.87 %

The following table summarizes the Company's future principal contractual obligations for operating lease commitments as of September 30, 2024:

Year Ending December 31,		(unaudited) (in thousands)
Remainder of 2024	$	8,924
2025		33,733
2026		29,369
2027		25,717
2028		24,238
2029 and thereafter		103,780
Total operating lease payments	$	225,761
Less: imputed interest		(28,247)
Total operating lease liabilities	$	197,514

Finance leases are not material to the Company's condensed consolidated financial statements.

8. Commitments and Contingencies

Legal Proceedings

In addition to commitments and obligations incurred in the ordinary course of business, from time to time the Company may be subject to a variety of claims and legal proceedings, including claims from customers and vendors, pending and potential legal actions for damages, governmental investigations and other matters. For example, the Company has received, and may in the future continue to receive letters, claims or complaints from others alleging false advertising, patent infringement, violation of employment practices and trademark infringement. The Company has also instituted, and may in the future institute, additional legal proceedings to enforce its rights and seek remedies, such as monetary damages, injunctive relief and declaratory relief. The Company cannot predict the results of any such disputes, and despite the potential outcomes, the existence thereof may have an adverse material impact on the Company because of diversion of management time and attention as well as the financial costs related to resolving such disputes.

The Company and its affiliates are parties to the legal claims and proceedings described below. The Company is vigorously defending itself against those claims and in those proceedings. Significant developments in those matters are described below. If the Company is unsuccessful in defending, or if it determines to settle, any of these matters, it may be required to pay substantial sums, be subject to injunction and/or be forced to change how it operates its business, which could have a material adverse impact on its financial position or results of operations.

Unless otherwise stated, the Company is unable to reasonably estimate the loss or a range of possible loss for the matters described below. Often, it is not reasonably possible for the Company to determine that a loss is probable for a claim, or to reasonably estimate the amount of loss or a range of loss, because of the limited information available and the potential effects of future events and decisions by third parties, such as courts and regulators, that will determine the ultimate resolution of the claim. Many of the matters described are at preliminary stages, raise novel theories of liability or seek an indeterminate amount of damages. It is not uncommon for claims to be resolved over a number of years. The Company reviews loss contingencies at least quarterly to determine whether the loss probability has changed and whether it can make a reasonable estimate of the possible loss or range of loss. When the Company determines that a loss from a claim is probable and reasonably estimable, it records a liability in the amount of its estimate for the ultimate loss. The Company also provides disclosure when it is reasonably possible that a loss may be incurred or when it is reasonably possible that the amount of a loss will exceed its recorded liability.

Intellectual Property Disputes

In August 2021, TwinStrand Biosciences, Inc., or TwinStrand Biosciences, and the University of Washington filed a patent infringement suit in the United States District Court for the District of Delaware alleging that the Company infringes U.S. Patent Nos. 10,287,631; 10,689,699; 10,752,951; and 10,760,127. The Company answered the complaint in October 2021, denying TwinStrand Biosciences' allegations and asserted counterclaims of invalidity, unenforceability due to inequitable conduct and infringement of four of the Company's patents. Discovery in the case has concluded. In October 2023, the District Court dismissed with prejudice TwinStrand's infringement claims related to U.S. Patent Nos. 10,689,699 and 10,752,951.

On November 14, 2023, a jury verdict was entered in favor of TwinStrand Biosciences and the University of Washington and against the Company. The jury found that the Company willfully infringed U.S. Patent Nos. 10,287,631 and 10,760,127, and awarded TwinStrand Biosciences and the University of Washington $83.4 million in damages, representing a 6% royalty on past sales. As a result, the Company recorded a liability of $83.4 million in the fourth quarter of 2023, which was reflected as a charge to other operating expense on its consolidated statements of operations, and as a component of other long-term liabilities on its consolidated balance sheets. Post-trial motions were filed on March 4, 2024, where the Company moved to overturn the jury's verdict, seek a new trial, and/or amend the judgment, and TwinStrand Biosciences moved for enhanced damages based on the jury's finding of willful infringement, pre- and post-judgment interest, and a go-forward running royalty. A hearing date has not yet been set on the post-trial motions. The Company strongly disagrees with the jury verdict and will vigorously contest the verdict and judgment through post-trial motions in the District Court, and if needed, through appeal to the U.S. Court of Appeals for the Federal Circuit.

On August 1, 2023, the Company publicly announced that it entered into a Collaboration and Settlement Agreement, or the Collaboration Agreement, with Illumina, Inc., or Illumina. Under the terms of the Collaboration Agreement, the parties have agreed to extend their long-standing commercial relationship by agreeing to collaborate on the sharing of specimen samples in order to advance cancer research, and by entering into a new long-term purchase and supply commitment. Furthermore, the parties agreed to dismiss with prejudice the March 2022 lawsuit filed by Illumina in the U.S. District Court for the District of Delaware, *Illumina, Inc. v. Guardant Health, Inc. et al*, Case No. 1:22-cv-00334-GBW-CJB, including any allegations related to the subject intellectual property.

On June 11, 2024, the Company filed a patent infringement suit against Tempus AI, Inc., or Tempus, in the United States District Court for the District of Delaware alleging that Tempus infringes U.S. Patent Nos. 11,149,306; 9,902,992; 10,501,810; 10,793,916; and 11,643,693. The Company is seeking an injunction to stop Tempus' infringement and compensatory damages. The case *Guardant Health, Inc. v. Tempus AI, Inc.*, Case No. 1:24-cv-00687, has been assigned to Judge Richard Andrews and does not yet have a scheduling order. On October 21, 2024, Tempus moved to dismiss the Company's suit alleging that some of the asserted patents were invalid. The Company disagrees and will be responding accordingly.

False Advertising Dispute

In May 2021, the Company also filed a lawsuit against Natera, Inc., or Natera, in the United States District Court for the Northern District of California, wherein the Company alleged that Natera is misleading healthcare providers about the performance of the Company's new oncology test, Guardant Reveal, by suggesting the test is inaccurate and/or insensitive, and inferior to Natera's Signatera assay. The Company is seeking an injunction to prevent Natera from continuing to make false and misleading statements and to require Natera to take corrective actions. Natera has asserted counterclaims of false and misleading statements, false advertising, unlawful trade practices and unfair competition. The Company moved to dismiss Natera's counterclaims, and in January 2022, the court granted in part and denied in part the Company's motion to dismiss. The Company and Natera have both moved for summary judgment on various claims, with the court granting in part non-dispositive motions brought by each party. Trial is scheduled to commence in November 2024.

Civil Investigative Demand

In January 2022, the Company received a Civil Investigative Demand, or CID, from the United States Attorney for the Northern District of California in connection with an investigation under the False Claims Act. The CID requests information and documents regarding billing of government-funded programs for the Company's panel of genetic tests known as Guardant360. The Company is fully cooperating with the investigation. At this time, the Company is unable to predict the outcome of this investigation.

9. Common Stock

The Company's common stockholders are entitled to dividends if and when declared by the Company's Board of Directors, or the Board of Directors. As of September 30, 2024, and December 31, 2023, no dividends on the Company's common stock had been declared by the Board of Directors.

The Company's common stock has been reserved for the following potential future issuances:

	September 30, 2024 (unaudited)	December 31, 2023
Shares underlying outstanding stock options	3,742,881	4,012,903
Shares underlying unvested restricted stock units	4,965,567	4,346,785
Shares underlying unvested market-based restricted stock units	—	2,260,764
Shares underlying unvested performance-based restricted stock units	1,291,889	412,490
Shares available for issuance under the 2018 Incentive Award Plan	11,441,400	7,053,406
Shares available for issuance under the 2018 Employee Stock Purchase Plan	2,414,509	1,679,635
Shares available for issuance under the 2023 Employment Inducement Incentive Award Plan	4,126,868	4,949,988
Total	27,983,114	24,715,971

Equity Offering

In May 2023, the Company completed a follow-on underwritten public offering, in which it issued and sold 14,375,000 shares of its common stock at a price of $28.00 per share, and received net proceeds of $381.4 million after deducting underwriting discounts and commissions and other offering costs of $21.1 million. In December 2023, the Company completed a registered direct offering with an investment management firm, in which it issued and sold 3,387,446 shares of its common stock at a price of $26.77 per share, and received net proceeds of $90.6 million.

At-The-Market Offering Program

In August 2024, the Company entered into an Open Market Sales Agreement, or the Sales Agreement, with Jefferies LLC, or the Agent, with respect to an at-the-market offering program under which the Company may offer and sell, from time to time at its sole discretion, shares of its common stock, having aggregate gross proceeds of up to $400.0 million through the Agent, subject to the terms and conditions of the Sales Agreement. During the three months ended September 30, 2024, no shares of the Company's common stock were sold under the Sales Agreement.

10. Stock-Based Compensation

2023 Employment Inducement Incentive Award Plan

In August 2023, the Company's Board of Directors adopted the 2023 Employment Inducement Incentive Award Plan, or the 2023 Plan, under which the Company may exclusively grant awards to its new employees as an inducement material to the employee's entry into employment with the Company. The 2023 Plan was approved by the Company's Board of Directors without stockholder approval in accordance with Rule 5635(c)(4) of the Nasdaq Listing Rules.

Stock Option Activity

A summary of the Company's stock option activity under the 2012 Plan, the 2018 Plan and the 2023 Plan, and related information is as follows:

		Options Outstanding			
	Shares Available for Grant	Shares Subject to Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
			(unaudited)		(in thousands)
Balance as of January 1, 2024	12,003,394	4,012,903	$ 31.76	6.6	$ 39,115
2018 Plan annual increase[1]	3,689,000	—			
Granted	(478,263)	478,263	23.96		
Exercised	—	(581,495)	4.47		
Canceled	166,790	(166,790)	50.77		
Restricted stock units granted	(1,874,273)	—	—		
Restricted stock units canceled	682,506	—	—		
Market-based restricted stock units canceled	2,260,764	—	—		
Performance-based restricted stock units granted	(870,268)	—	—		
Performance-based restricted stock units adjusted for performance achievement	(48,234)	—	—		
Performance-based restricted stock units canceled	36,852	—	—		
Balance as of September 30, 2024	15,568,268	3,742,881	$ 34.15	6.7	$ 21,302
Vested and Exercisable as of September 30, 2024		2,178,301	$ 33.96	5.1	$ 20,696

(1) Effective as of January 1, 2024, an additional 3,689,000 shares of common stock became available for issuance under the 2018 Plan, as a result of the operation of an automatic annual increase provision therein.

Aggregate intrinsic value represents the difference between the estimated fair value of the underlying common stock and the exercise price of outstanding, in-the-money options. The total intrinsic value of the options exercised was $0.1 million and $0.2 million for the three months ended September 30, 2024, and 2023, respectively, and $9.1 million and $0.9 million for the nine months ended September 30, 2024, and 2023, respectively.

The weighted-average grant date fair value of options granted was $19.42 and $24.42 per share for the three months ended September 30, 2024, and 2023, respectively, and $15.35 and $22.39 per share for the nine months ended September 30, 2024, and 2023, respectively.

Future stock-based compensation for unvested options as of September 30, 2024 was $29.3 million, which is expected to be recognized over a weighted-average period of 1.9 years.

Restricted Stock Units

A summary of the Company's restricted stock unit activity excluding the performance-based and market-based restricted stock units under the 2018 Plan and the 2023 Plan, and related information is as follows:

	Restricted Stock Units Outstanding	Weighted-Average Grant Date Fair Value
	(unaudited)	
Balance as of January 1, 2024	4,346,785	$ 42.63
Granted	1,874,273	21.31
Vested and released	(572,985)	53.74
Canceled	(682,506)	46.73
Balance as of September 30, 2024	4,965,567	$ 32.74

Future stock-based compensation for unvested restricted stock units as of September 30, 2024 was $119.1 million, which is expected to be recognized over a weighted-average period of 2.0 years.

Performance-based Restricted Stock Units

Since November 2020, the Compensation Committee of the Board of Directors started to approve, and the Company started to grant performance-based restricted stock units, or PSUs, to its employees and non-employees. The PSUs granted consist of financial and/or operational metrics to be met over a performance period of approximately 0.6 to 4 years and an additional service period requirement of up to 2 years after the performance metrics are met. In addition, granted units might be adjusted when certain performance metrics are met. The PSUs are expected to be expensed over a period of approximately 0.6 to 4.5 years subject to meeting the respective performance metrics and service requirements.

In November 2020 and May 2021, and as part of these PSU programs, the Company granted PSUs consisting of a performance period of 4 years combined with an additional service period requirement of six months should the vesting criteria be met, with a grant date fair value of $113.40 per share and $148.19 per share, respectively. Before the third quarter of 2024, no compensation expense for these PSUs had been recorded since the achievement of the performance metrics did not meet the criteria for accrual. In the third quarter of 2024, the performance metrics of these PSUs were considered to be achieved; as such the Company recorded a cumulative charge of $23.5 million in stock-based compensation expense related to these PSUs, based on 221,347 shares granted with fair values of $113.40 per share and $148.19 per share.

A summary of the Company's PSU activity under the 2018 Plan and related information is as follows:

	Performance-based Restricted Stock Units Outstanding	Weighted-Average Grant Date Fair Value
	(unaudited)	
Balance as of January 1, 2024	412,490	$ 91.25
Granted	870,268	18.09
Vested and released	(2,251)	32.86
Adjusted for performance achievement	48,234	32.84
Canceled	(36,852)	76.65
Balance as of September 30, 2024	1,291,889	$ 40.30

Stock-based compensation recorded for the PSUs was $22.7 million and $0.8 million for the three months ended September 30, 2024, and 2023, respectively, and $26.3 million and $1.3 million for the nine months ended September 30, 2024, and 2023, respectively. Future stock-based compensation for unvested PSUs that are probable to vest as of September 30, 2024 was $13.9 million, which is expected to be recognized over a weighted-average period of 1.9 years.

Market-based Restricted Stock Units

In May 2020, the Board of Directors approved and granted 1,695,574 market-based restricted stock units, or MSUs, under the 2018 Plan to each of the Company's Co-Chief Executive Officers, which is subject to the achievement of market-based share price goals established by the Board of Directors. The MSUs consist of three separate tranches and the vesting of each tranche is subject to the Company's common stock closing price being maintained at or above a predetermined share price goal for a period of 30 consecutive calendar days. The grant date fair values of the MSUs were determined using a Monte Carlo valuation model for each tranche. The related stock-based compensation expense for each tranche was recognized based on an accelerated attribution method over the estimated derived service period, which was the median duration of the successful stock price paths to meet the price goal for each tranche as simulated in the Monte Carlo valuation model.

On January 1, 2021, Tranche 1 of the MSUs became vested because it had met both service requirement and market-based performance metrics. All three tranches of the MSUs were fully expensed as of June 30, 2022. As of December 31, 2023, 2,260,764 shares of the MSUs, with a weighted-average grant date fair value of $65.20 per share, were outstanding under the 2018 Plan. In March 2024, the Board of Directors approved to cancel the unvested MSUs and concurrently approved to grant new awards to the Co-Chief Executive Officers, which was accounted for as a modification, however no stock-based compensation expense was reversed as the Company's Co-Chief Executive Officers had fulfilled the service requirement.

Stock-Based Compensation Expense

The following table presents the effect of employee and non-employee related stock-based compensation expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited) (in thousands)			
Cost of precision oncology testing	$ 1,484	$ 1,092	$ 4,020	$ 3,470
Cost of development services and other	2,410	436	3,400	1,387
Research and development expense	18,643	8,491	38,413	25,390
Sales and marketing expense	13,215	5,061	27,633	18,387
General and administrative expense	14,017	6,739	30,579	17,805
Total stock-based compensation expense	$ 49,769	$ 21,819	$ 104,045	$ 66,439

Valuation of Stock Options

The grant date fair value of stock options was estimated using a Black-Scholes option-pricing model with the following weighted-average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited)			
Expected term (in years)	5.81 - 6.09	5.97	5.50 - 6.09	5.50 – 6.10
Expected volatility	68.7% - 69.2%	69.4%	67.8% - 69.4%	69.4% –70.5%
Risk-free interest rate	3.8% - 4.1%	4.2%	3.8% - 4.5%	3.4% – 4.2%
Expected dividend yield	—%	—%	—%	—%

The determination of the fair value of stock options on the date of grant using a Black-Scholes option-pricing model is affected by the estimated fair value of common stock of the Company, as well as assumptions regarding a number of variables that are complex, subjective and generally require significant judgment to determine. The valuation assumptions were determined as follows:

Fair Value of Common Stock

The fair value of the Company’s common stock is determined by the closing price, on the date of grant, of its common stock, which is traded on the Nasdaq Global Select Market.

Expected Term

The expected term represents the period that the options granted are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term) as the Company has concluded that its stock option exercise history does not provide a reasonable basis upon which to estimate expected term.

Expected Volatility

Prior to the commencement of trading of the Company's common stock on the Nasdaq Global Select Market on October 4, 2018 in connection with its IPO, there was no active trading market for the Company's common stock. Due to limited historical data for the trading of the Company's common stock, expected volatility is estimated based on the average volatility for comparable publicly traded peer group companies in the same industry plus the Company's expected volatility for the available periods. The comparable companies are chosen based on their similar size, stage in the life cycle or area of specialty.

Risk-Free Interest Rate

The risk-free interest rate is based on the U.S. Treasury rate, with maturities similar to the expected term of the stock options.

Expected Dividend Yield

The Company does not anticipate paying any dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero.

2018 Employee Stock Purchase Plan

In September 2018, the Company's Board of Directors adopted and its stockholders approved the 2018 Employee Stock Purchase Plan, or the ESPP. A total of 922,250 shares of common stock were initially reserved for issuance under the ESPP. Effective as of January 1, 2020, March 2, 2023 and February 23, 2024, an additional 942,614, 1,026,194 and 1,106,700 shares of common stock became available for issuance under the ESPP.

Subject to any plan limitations, the ESPP allows eligible employees to contribute, normally through payroll deductions, up to 10% of their earnings for the purchase of the Company's common stock at a discounted price per share. The price at which common stock is purchased under the ESPP is equal to 85% of the fair market value of the Company's common stock on the first or last day of the offering period, whichever is lower. The ESPP provides for separate six-month offering periods beginning on May 15 and November 15 of each year.

Shares of common stock purchased under the ESPP were nil for the three months ended September 30, 2024, and 2023, respectively, and 371,826 and 298,781 for the nine months ended September 30, 2024, and 2023, respectively.

The grant date fair value of the stock purchase right granted under the ESPP was estimated on the first day of each offering period using the Black-Scholes option pricing model. The valuation assumptions used were substantially consistent with the assumption used to value stock options with the exception of the expected term which was based on the term of each purchase period.

No stock purchase rights were granted under the ESPP for the three months ended September 30, 2024, and 2023. The grant date fair value of the stock purchase rights granted under the ESPP for the nine months ended September 30, 2024, and 2023 was estimated using a Black-Scholes option-pricing model with the following assumptions:

	Nine Months Ended September 30,	
	2024	2023
	(unaudited)	
Expected term (in years)	0.50	0.50
Expected volatility	64.2%	76.6%
Risk-free interest rate	5.4%	5.2%
Expected dividend yield	—%	—%

The total compensation expense related to the ESPP was $0.9 million and $0.8 million for the three months ended September 30, 2024, and 2023, respectively, and $3.4 million and $3.8 million for the nine months ended September 30, 2024, and 2023, respectively. As of September 30, 2024, the unrecognized stock-based compensation expense related to the ESPP was $0.5 million, which is expected to be recognized over the remaining term of the offering period of 0.1 years.

11. Net Loss Per Share

The following table sets forth the computation of the basic and diluted net loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited) (in thousands, except per share data)			
Net loss, basic and diluted	$ (107,754)	$ (86,102)	$ (325,367)	$ (292,406)
Net loss per share, basic and diluted	$ (0.88)	$ (0.73)	$ (2.66)	$ (2.66)
Weighted-average shares used in computing net loss per share, basic and diluted	123,051	117,736	122,406	109,791

Since the Company was in a loss position for all periods presented, basic net loss per share is the same as diluted net loss per share, as the inclusion of all potential shares of common stock outstanding would have been anti-dilutive. The following weighted-average common stock equivalents were excluded from the calculation of diluted net loss per share for the periods presented as they had an anti-dilutive effect:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited) (in thousands)			
Stock options	3,753	3,662	3,892	3,485
Restricted stock units	5,104	3,219	4,938	3,382
MSUs	—	2,261	646	2,261
PSUs	1,292	438	1,071	379
ESPP obligation	197	132	228	191
Convertible senior notes	8,225	8,225	8,225	8,225
Total	18,571	17,937	19,000	17,923

12. Income Taxes

The income tax expense for the three and nine months ended September 30, 2024 was determined based upon estimates of the Company’s effective income tax rates in various jurisdictions. The difference between the Company’s effective income tax rate and the U.S. federal statutory rate is primarily attributable to state income taxes, foreign income taxes, the effect of certain permanent differences, and full valuation allowance against domestic net deferred tax assets.

The income tax expense for the three and nine months ended September 30, 2024, and 2023, relates primarily to state minimum income tax and income tax on the Company’s earnings in foreign jurisdictions.

13. Segment and Geographic Information

The Company operates as one operating segment. The Company's chief operating decision makers are its Co-Chief Executive Officers, who review financial information presented on a consolidated basis for the purposes of making operating decisions, assessing financial performance and allocating resources.

The following table sets forth the Company's revenue by geographic areas based on the customers' locations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited) (in thousands)			
United States	$ 180,105	$ 135,735	$ 505,568	$ 383,908
International	11,371	7,295	31,634	24,986
Total revenue	$ 191,476	$ 143,030	$ 537,202	$ 408,894

As of September 30, 2024, and December 31, 2023, 99% and 98%, respectively, of the Company's long-lived assets and right-of-use assets are located in the United States.

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

You should read the following discussion and analysis of our financial condition and results of operations together with the unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. This discussion and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements that involve risk and uncertainties, such as statements of our plans, objectives, beliefs, expectations and intentions. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2023 and in Part II, Item 1A, "Risk Factors" of this Quarterly Report on Form 10-Q.

Overview

We are a leading precision oncology company focused on guarding wellness and giving every person more time free from cancer. We are transforming patient care by providing critical insights into what drives disease through our advanced blood and tissue tests, and real-world data. Our tests help improve outcomes across all stages of care, including screening to find cancer early, monitoring for recurrence in early-stage cancer, and helping doctors select the best treatment for patients with advanced cancer. For patients with advanced-stage cancer, we have commercially launched Guardant360 laboratory developed test, or LDT, and Guardant360 CDx, the first comprehensive liquid biopsy test approved by the U.S. Food and Drug Administration, or the FDA, to provide tumor mutation profiling with solid tumors and to be used as a companion diagnostic in connection with non-small cell lung cancer, or NSCLC, and breast cancer. We have also launched the Guardant360 TissueNext tissue test for advanced-stage cancer, Guardant Reveal blood test to detect residual and recurring disease in early-stage colorectal, breast and lung cancer patients, and Guardant360 Response blood test to predict patient response to immunotherapy or targeted therapy eight weeks earlier than current standard-of-care imaging.

We also collaborate with biopharmaceutical companies in clinical studies by providing the above-mentioned tests, as well as the GuardantOMNI blood test for advanced-stage cancer, and the GuardantINFINITY blood test, a next-generation smart liquid biopsy that provides new, multi-dimensional insights into the complexities of tumor molecular profiles and immune response to advance cancer research and therapy development. Using data collected from our tests, we have also developed our GuardantINFORM platform to help biopharmaceutical companies accelerate precision oncology drug development through the use of this in-silico research platform to unlock further insights into tumor evolution and treatment resistance across various biomarker-driven cancers.

For early cancer detection, in May 2022, we launched the Shield LDT test to address the needs of individuals eligible for colorectal cancer screening. From a simple blood draw, Shield uses a novel multimodal approach to detect colorectal cancer signals in the bloodstream, including DNA that is shed by tumors. In December 2022, we announced that the ECLIPSE study, a registrational study evaluating the performance of our Shield blood test for detecting colorectal cancer in average-risk adults, met co-primary endpoints. In addition, in March 2023, we submitted a premarket approval application, or PMA, for our Shield blood test to the FDA. In July 2024, we received FDA approval of our Shield blood test for colorectal cancer screening in adults age 45 and older who are at average risk for the disease, and in August 2024, our Shield blood test became commercially available in the U.S. as the first blood test approved by the FDA for primary colorectal cancer screening, meaning healthcare providers can offer Shield in a manner similar to all other non-invasive methods recommended in screening guidelines. Shield is also the first blood test for colorectal cancer screening that meets coverage requirements by Medicare. We also expect to expand into lung and multi-cancer screening with our investigational, next-generation Shield assay.

We currently perform clinical, research use only, and investigation use only tests in our laboratory located in Redwood City, California. Our Redwood City laboratory is certified pursuant to the Clinical Laboratory Improvement Amendments of 1988, or CLIA, accredited by the College of American Pathologists, or CAP, permitted by the New York State Department of Health, or NYSDOH, and licensed in California and four other states. We also perform research use only tests in our laboratory located in San Diego, California. In addition, our Redwood City, San Diego and Palo Alto, California laboratories are currently operated as centers for our research and technology development.

We generated total revenue of $191.5 million and $143.0 million for the three months ended September 30, 2024, and 2023, respectively, and $537.2 million and $408.9 million for the nine months ended September 30, 2024, and 2023, respectively. We also incurred net losses of $107.8 million and $86.1 million for the three months ended September 30, 2024, and 2023, respectively, and $325.4 million and $292.4 million for the nine months ended September 30, 2024, and 2023, respectively. We have funded our operations to date principally from the sale of our stock, convertible senior notes, and revenue from our precision oncology testing and development services and other. In May 2023, we completed a follow-on underwritten public offering, in which we issued and sold 14,375,000 shares of our common stock at a price of $28.00 per share and received net proceeds of $381.4 million after deducting underwriting discounts and commissions and other offering costs of $21.1 million. In December 2023, we completed a registered direct offering with an investment management firm, in which we issued and sold 3,387,446 shares of our common stock at a price of $26.77 per share, and received net proceeds of $90.6 million. As of September 30, 2024, we had cash, cash equivalents, restricted cash and marketable debt securities of approximately $1.0 billion.

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, including:

- ***Testing volume, pricing and customer mix.*** Our revenue and costs are affected by the volume of testing and mix of customers from period to period. We evaluate both the volume of tests that we perform for patients on behalf of clinicians and the number of tests we perform for biopharmaceutical companies. Our performance depends on our ability to retain and broaden adoption with existing customers, as well as attract new customers. We believe that the test volume we receive from clinicians and biopharmaceutical companies are indicators of growth in each of these customer verticals. Customer mix for our tests has the potential to significantly affect our results of operations, as the average selling price for biopharmaceutical sample testing is currently higher than our average reimbursement for clinical tests because we are not a contracted provider for, or our tests are not covered by clinical patients' insurance for, the majority of the tests that we perform for patients on behalf of clinicians. Precision oncology revenue from clinical tests for patients covered by Medicare represented approximately 38% and 45% of our precision oncology revenue from clinical customers for the three months ended September 30, 2024, and 2023, respectively, and approximately 40% and 44% of our precision oncology revenue from clinical customers for the nine months ended September 30, 2024, and 2023, respectively.

- ***Payer coverage and reimbursement.*** Our revenue depends on achieving broad coverage and reimbursement for our tests from third-party payers, including both commercial and government payers. Precision oncology revenue from tests for clinical customers is calculated based on our expected cash collections, using the estimated variable consideration. The variable consideration is estimated based on historical collection patterns as well as the potential for changes in future reimbursement behavior by one or more payers. Estimation of the impact of the potential for changes in reimbursement requires significant judgment and considers payers' past patterns of changes in reimbursement as well as any stated plans to implement changes. Any cash collections over the expected reimbursement period exceeding the estimated variable consideration are recorded in future periods based on actual cash received. Payment from commercial payers can vary depending on whether we have entered into a contract with the payers as a "participating provider" or do not have a contract and are considered a "non-participating provider". Payers often reimburse non-participating providers, if at all, at a lower amount than participating providers. Because we are not contracted with these payers, they determine the amount that they are willing to reimburse us for any of our tests and they can prospectively and retrospectively adjust the amount of reimbursement, adding to the complexity in estimating the variable consideration. When we contract with a payer to serve as a participating provider, reimbursements by the payer are generally made pursuant to a negotiated fee schedule and are limited to only covered indications or where prior approval has been obtained. Becoming a participating provider can result in higher reimbursement amounts for covered uses of our tests and, potentially, no reimbursement for non-covered uses identified under the payer's policies or the contract. As a result, the potential for more favorable reimbursement associated with becoming a participating provider may be offset by a potential loss of reimbursement for non-covered uses of our tests. Current Procedural Terminology, or CPT, coding plays a significant role in how our tests are reimbursed both from commercial and governmental payers. In addition, Z-Code Identifiers are used by certain payers, including under Medicare's Molecular Diagnostic Services Program, or MolDx, to supplement CPT codes for our molecular diagnostics tests. Changes to the codes used to report to payers may result in significant changes in its reimbursement. If their policies were to change in the future to cover additional cancer indications, we anticipate that our total reimbursement would increase. In January 2021, a proprietary laboratory analyses, or PLA code was issued for our Guardant360 CDx with an effective date in April 2021. Additionally, based on this new PLA code, we applied to the Centers for Medicare and Medicaid Services, or CMS, for our Guardant360

CDx test to become an advanced diagnostic laboratory test, or ADLT. In March 2021, CMS approved ADLT status to the Guardant360 CDx test, based on which Medicare paid us at the lowest available commercial rate per test, from April 1, 2021 to December 31, 2021. Effective January 1, 2022, Medicare started to reimburse Guardant360 CDx services at the median rate of claims paid by commercial payers. In March 2022, Palmetto GBA, the Medicare administrative contractor for MolDX, conveyed coverage for our Guardant360 TissueNext test under the existing local coverage determination. The policy covers our Guardant360 TissueNext test for Medicare fee-for-service patients with advanced solid tumor cancers. In July 2022, Palmetto GBA conveyed coverage for our Guardant Reveal test for fee-for-service Medicare patients in the United States with stage II or III colorectal cancer whose testing is initiated within three months following curative intent therapy, with an effective date of December 2021. In April 2023, Palmetto GBA conveyed coverage for our Guardant360 Response test for fee-for-service Medicare patients in the U.S. with metastatic or inoperable solid tumors who are on an immune checkpoint inhibitor therapy, tested four to ten weeks from therapy initiation. Effective January 1, 2024, Medicare has increased the reimbursement rate for our Guardant360 LDT test to the same rate as our Guardant360 CDx test.

In August 2024, following the FDA approval, our Shield blood test met the coverage requirements by Medicare based on the criteria established in its National Coverage Determination for blood-based colorectal cancer screening tests. The test is covered once every three years for eligible Medicare beneficiaries.

Due to the inherent variability and unpredictability of the reimbursement landscape, including related to the amount that payers reimburse us for any of our tests, we estimate the amount of revenue to be recognized at the time a test is provided and record revenue adjustments if and when the cash subsequently received differs from the revenue recorded. Due to this variability and unpredictability, previously recorded revenue adjustments are not indicative of future revenue adjustments from actual cash collections, which may fluctuate significantly. Additionally, if coding changes were to occur, payments for certain uses of our tests could be reduced, put on hold, or eliminated. This variability and unpredictability could increase the risk of future revenue reversal and result in our failing to meet any previously publicly stated guidance we may provide.

- ***Biopharmaceutical customers.*** Our revenue also depends on our ability to attract, maintain and expand relationships with biopharmaceutical customers. As we continue to develop these relationships, we expect to support a growing number of clinical studies globally and continue to have opportunities to offer our platform to such customers for development services, including companion diagnostic development, novel target discovery and validation, as well as clinical study enrollment. For example, our tests are being developed as companion diagnostics under collaborations with biopharmaceutical companies.

- ***Research and development.*** A significant aspect of our business is our investment in research and development, including the development of new products. In particular, we have invested heavily in clinical studies as we believe these studies are critical to gaining physician adoption and driving favorable coverage decisions by payers. With respect to Guardant Reveal, in October 2021, we initiated a 1,000-patient prospective, observational, multi-center study, which we refer to as the ORACLE study, designed to evaluate the performance of our Guardant Reveal liquid biopsy test to predict cancer recurrence after curative intent treatment, across 11 solid tumor types. In addition, with respect to Guardant Reveal, in December 2022, we entered into a partnership with Susan G. Komen®, the world's leading breast cancer organization, to bring the patient perspective to the development of clinical studies that help identify early-stage breast cancer patients who are at high risk of disease recurrence and may benefit from additional monitoring or therapy. With respect to Shield, in December 2022, we announced that the ECLIPSE study, a registrational study evaluating the performance of our Shield blood test for detecting colorectal cancer in average-risk adults, met co-primary endpoints. The test demonstrated 83% sensitivity in detecting individuals with colorectal cancer. Specificity was 90% in both individuals without advanced neoplasia and in those who had a negative colonoscopy result. These results exceed the performance criteria set forth by the CMS for reimbursement. This test also demonstrated 13% sensitivity in detecting advanced adenomas. Based on these study results, in March 2023, we submitted a PMA to the FDA for our Shield blood test. In July 2024, we received FDA approval of our Shield blood test for colorectal cancer screening in adults age 45 and older who are at average risk for the disease, and in August 2024, our Shield blood test became commercially available in the U.S. as the first blood test approved by the FDA for primary colorectal cancer screening, meaning healthcare providers can offer Shield in a manner similar to all other non-invasive methods recommended in screening guidelines. Shield is also the first blood test for colorectal cancer screening that meets coverage requirements by Medicare. In addition, to evaluate the performance of our investigational, next-generation Shield assay in detecting lung cancer in high-risk individuals ages 50-80, in January 2022, we initiated a nearly 10,000-patient prospective, registrational study, which we refer to as the SHIELD LUNG study. We have expended considerable resources, and expect to increase such expenditures over the next few years, to support our research and development programs with the goal of fueling further innovation.

- ***International expansion.*** A component of our long-term growth strategy is to expand our commercial footprint internationally, and we expect to increase our sales and marketing expense to execute on this strategy. We currently offer our tests in countries outside the United States primarily through distributor relationships, direct contracts with hospitals, and partnerships with local research organizations and laboratory companies.

  In May 2018, we formed and capitalized Guardant Health AMEA, Inc., with SoftBank, relating to the sale, marketing and distribution of our tests generally outside the Americas and Europe, and to accelerate commercialization of our products in Asia, the Middle East and Africa. In June 2022, we purchased all of the shares held by SoftBank and its affiliates, and upon completion of the transaction, we obtained full control over operations of Guardant Health AMEA, Inc. In July 2023, Japan's Ministry of Health, Labour and Welfare granted national reimbursement approval for our Guardant360 CDx test for patients with advanced or metastatic solid tumor cancers in Japan.

  In December 2020, we signed our first public private partnership agreement with Vall D'Hebron Institute of Oncology, or VHIO, one of Europe's leading cancer research institutions, and in May 2022, the first blood-based cancer testing services in Europe based on our digital sequencing platform became available at the VHIO testing facility in Spain. In October 2021, we signed a partnership agreement with The Royal Marsden NHS Foundation Trust, or Royal Marsden, a premier cancer center within the United Kingdom, or the UK, for patient care, research and teaching of all types of cancer, and in April 2023, the blood-based cancer testing services based on our digital sequencing platform became available at Royal Marsden testing facility in the UK. In September 2024, we signed a partnership agreement with the Agostino Gemelli University Polyclinic Foundation IRCCS, one of Italy's largest and most renowned hospitals known for its advanced oncology services, including diagnostics, treatment, and research, to establish an in-house liquid biopsy testing service within its hospital system.

  In June 2022, we signed a strategic partnership agreement with Adicon Holdings Limited, or Adicon, a leading independent clinical laboratory company based in China, and in December 2023, the blood-based cancer testing services based on our digital sequencing platform became available at Adicon's testing facility, which offers our industry-leading comprehensive genomic profiling tests to biopharmaceutical companies to advance clinical research and the development of new cancer therapies in China.

The success of our international expansion strategy depends on a number of factors, including the internal and external constraints placed on our international laboratory partners and biopharmaceutical companies in the context of broader global, regional and U.S. economic and geopolitical conditions. For example, deterioration in the bilateral relationship between the United States and China may impact international trade, government spending, regional stability and macroeconomic conditions. The impact of these potential developments, including any resulting sanctions, export controls or other restrictive actions that may be imposed against governmental or other entities in, for example, China, may contribute to disruption of our international partnerships and instability and volatility in the global markets, which in turn could adversely impact our operations and weaken our financial results.

- ***Sales and marketing expense.*** Our financial results have historically, and will likely continue to, fluctuate significantly based upon the impact of our sales and marketing expense, increase in headcount, and in particular, our various marketing programs around existing and new product introductions.
- ***General and administrative expense***. Our financial results have historically, and will likely continue to, fluctuate significantly based upon the impact of our general and administrative expense, and in particular, our stock-based compensation expense. Our equity awards, including performance-based restricted stock units, are intended to retain and incentivize employees to lead us to sustained, long-term superior financial and operational performance.

While each of these areas presents significant opportunities for us, they also pose significant risks and challenges that we must address. See Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023, and Part II, Item 1A, "Risk Factors" of this Quarterly Report on Form 10-Q, for more information.

Components of results of operations

Revenue

We derive our revenue from two sources: (i) precision oncology testing, and (ii) development services and other.

Precision oncology testing. Precision oncology testing revenue is generated from sales of our tests to clinical and biopharmaceutical customers, including those tests delivered by labs operated by our strategic partners. In the United States, through September 30, 2024, we generally performed tests as an out-of-network service provider without contracts with health insurance companies. We submit claims for payment for tests performed for patients covered by U.S. private payers. We also submit claims to Medicare for reimbursement for our Guardant360 CDx, Guardant360 LDT, Guardant360 TissueNext, Guardant Reveal and Guardant360 Response clinical testing performed for qualifying patients. Precision oncology revenue from clinical tests for patients covered by Medicare represented approximately 38% and 45% of our precision oncology revenue from clinical customers during the three months ended September 30, 2024, and 2023, respectively, and 40% and 44% of our precision oncology revenue from clinical customers during the nine months ended September 30, 2024, and 2023, respectively.

Development services and other. Development services revenue primarily represents services that we provide to biopharmaceutical companies, large medical institutions and international laboratory partners. We collaborate with biopharmaceutical companies in the development and clinical studies of new drugs. As part of these collaborations, we provide services related to regulatory filings to support companion diagnostic device submissions for our test panels. Under these arrangements, we generate revenue from progression of our collaboration efforts, as well as from provision of on-going support. In addition to companion diagnostic development and regulatory approval services, we also provide other development services, including clinical study setup, monitoring and maintenance, testing development and support, GuardantConnect and GuardantINFORM. Other revenue includes amounts derived from licensing our technologies, kit fulfillment, and delivery of our Shield screening tests.

Costs and operating expenses

Cost of precision oncology testing. Cost of precision oncology testing generally consists of cost of materials, including inventory write-downs; cost of labor, including employee benefits, bonus, and stock-based compensation; equipment and infrastructure expenses associated with processing test samples, such as sample accessioning, library preparation, sequencing, and quality control analyses; freight; curation of test results for physicians; phlebotomy; and license fees due to third parties. Infrastructure expenses include depreciation of laboratory equipment, rent costs, depreciation of leasehold improvements and information technology costs. Costs associated with performing our tests are recorded as the tests are performed regardless of whether revenue was recognized with respect to the tests. While we do not believe the technologies underlying the third-party licenses are necessary to permit us to provide our tests, we do believe these technologies are potentially valuable and of possible strategic importance to us or our competitors.

We expect the cost of precision oncology testing to generally increase in line with the increase in the number of tests we perform, but we expect the cost per test to decrease modestly over time due to the efficiencies we may gain as test volume increases, and from automation and other cost reductions.

Cost of development services and other. Cost of development services and other primarily includes costs incurred for the performance of development services requested by our biopharmaceutical customers, and costs associated with our partnership agreements and delivery of Shield screening tests, which comprise of labor and material costs including any inventory write-downs. For development of new products, costs incurred before technological feasibility has been achieved are reported as research and development expenses, while costs incurred thereafter are reported as cost of revenue. Cost of development services and other will vary depending on the nature, timing and scope of customer projects.

Research and development expense. Research and development expenses consist of costs incurred to develop technology and include salaries and benefits including stock-based compensation, reagents and supplies used in research and development laboratory work, infrastructure expenses, including facility occupancy and information technology costs, contract services, other outside costs and costs to develop our technology capabilities. Research and development expenses also include costs related to activities performed under contracts with biopharmaceutical companies before technological feasibility has been achieved. Research and development costs are expensed as incurred. Payments made prior to the receipt of goods or services to be used in research and development are deferred and recognized as expense in the period in which the related goods are received or services are rendered. Costs to develop our technology capabilities are recorded as research and development unless they meet the criteria to be capitalized as internal-use software costs. We expect that our research and development expenses will continue to increase in absolute dollars as we continue to innovate and develop additional products, expand our genomic and medical data management resources and conduct our ongoing and new clinical studies.

Sales and marketing expense. Our sales and marketing expenses are expensed as incurred and include costs associated with our sales organization, including our direct sales force and sales management, client services, marketing and reimbursement, medical affairs, as well as business development personnel who are focused on our biopharmaceutical customers. These expenses consist primarily of salaries, commissions, bonuses, employee benefits, travel expenses and stock-based compensation, as well as marketing, sales incentives, and educational activities and overhead expenses. We expect our sales and marketing expenses to increase in absolute dollars as we expand our sales force, increase our presence within and outside of the United States, and increase our marketing activities to drive further awareness and adoption of our tests.

General and administrative expense. Our general and administrative expenses include costs for our executive, accounting and finance, information technology, legal and human resources functions. These expenses consist principally of salaries, bonuses, employee benefits, travel expenses and stock-based compensation, as well as professional services fees such as consulting, audit, tax and legal fees, and general corporate costs and overhead expenses. In addition, our general and administrative expenses also include severance costs related to workforce reduction. We expect that our general and administrative expenses will continue to increase as we incur additional costs to support the growth of our business. These expenses, though expected to increase in absolute dollars, are expected to decrease modestly as a percentage of revenue in the long term, though they may fluctuate as a percentage of revenue from period to period due to the timing and extent of these expenses being incurred.

Interest income

Interest income consists of interest earned on our cash, cash equivalents, restricted cash and marketable debt securities.

Interest expense

Interest expense consists primarily of charges relating to amortization of debt issuance costs.

Other income (expense), net

Other income (expense), net consists of foreign currency exchange gains and losses, unrealized and realized gains and losses of marketable equity securities, and impairment of non-marketable equity securities and other related assets. We expect our foreign currency gains and losses to continue to fluctuate in the future due to changes in foreign currency exchange rates.

Results of operations

The following tables set forth the significant components of our results of operations for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited) (in thousands)			
Revenue:				
Precision oncology testing	$ 180,604	$ 133,423	$ 503,351	$ 372,060
Development services and other	10,872	9,607	33,851	36,834
Total revenue	191,476	143,030	537,202	408,894
Costs and operating expenses:				
Cost of precision oncology testing[(1)]	66,095	53,648	191,116	148,111
Cost of development services and other[(1)]	8,394	3,966	21,090	16,424
Research and development expense[(1)]	87,306	93,851	254,210	277,338
Sales and marketing expense[(1)]	97,880	68,934	260,172	216,100
General and administrative expense[(1)]	49,129	36,174	128,243	118,135
Total costs and operating expenses	308,804	256,573	854,831	776,108
Loss from operations	(117,328)	(113,543)	(317,629)	(367,214)
Interest income	13,257	11,690	42,038	21,477
Interest expense	(646)	(644)	(1,936)	(1,933)
Other income (expense), net	(3,007)	16,885	(47,272)	56,490
Loss before provision for income taxes	(107,724)	(85,612)	(324,799)	(291,180)
Provision for income taxes	30	490	568	1,226
Net loss	$ (107,754)	$ (86,102)	$ (325,367)	$ (292,406)

(1) Amounts include stock-based compensation expense as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited) (in thousands)			
Cost of precision oncology testing	$ 1,484	$ 1,092	$ 4,020	$ 3,470
Cost of development services and other	2,410	436	3,400	1,387
Research and development expense	18,643	8,491	38,413	25,390
Sales and marketing expense	13,215	5,061	27,633	18,387
General and administrative expense	14,017	6,739	30,579	17,805
Total stock-based compensation expense	$ 49,769	$ 21,819	$ 104,045	$ 66,439

In November 2020 and May 2021, we granted restricted stock units with certain performance metrics, or PSUs, consisting of a performance period of 4 years combined with an additional service period requirement of six months

should the vesting criteria be met, with a grant date fair value of $113.40 per share and $148.19 per share, respectively. Before the third quarter of 2024, no compensation expense for these PSUs had been recorded since the achievement of the performance metrics did not meet the criteria for accrual. In the third quarter of 2024, the performance metrics of these PSUs were considered to be achieved; as such we recorded a cumulative charge of $23.5 million in stock-based compensation expense related to these PSUs, based on 221,347 shares granted with fair values of $113.40 per share and $148.19 per share, of which $2.2 million was recorded to cost of development services and other, and $11.1 million, $6.3 million and $3.9 million was recorded as components of research and development expense, sales and marketing expense, and general and administrative expense, respectively.

Comparison of the Three Months Ended September 30, 2024 and 2023

Revenue

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Precision oncology testing	$ 180,604	$ 133,423	$ 47,181	35 %
Development services and other	10,872	9,607	1,265	13 %
Total revenue	$ 191,476	$ 143,030	$ 48,446	34 %

Total revenue was $191.5 million for the three months ended September 30, 2024, compared to $143.0 million for the three months ended September 30, 2023, an increase of $48.4 million, or 34%.

Precision oncology testing revenue increased to $180.6 million for the three months ended September 30, 2024, from $133.4 million for the three months ended September 30, 2023, an increase of $47.2 million, or 35%.

Precision oncology revenue from tests for clinical customers was $141.2 million for the three months ended September 30, 2024, up 36% from $103.9 million for the three months ended September 30, 2023. This increase in clinical testing revenue was driven primarily by an increase in sample volume and increase in reimbursement for our tests. Total tests for clinical customers increased to approximately 53,100 for the three months ended September 30, 2024, from approximately 43,900 for the three months ended September 30, 2023. The increase in reimbursement for our tests for the three months ended September 30, 2024 was primarily attributable to an increase in Medicare reimbursement for our Guardant360 LDT test to $5,000, effective January 1, 2024; and an increase in both Medicare Advantage and commercial payer reimbursement.

Precision oncology revenue from tests for biopharmaceutical customers was $39.4 million for the three months ended September 30, 2024, up 34% from $29.5 million for the three months ended September 30, 2023. This increase in revenue was driven primarily by an increase in sample volume. Total tests for biopharmaceutical customers increased to approximately 10,500 for the three months ended September 30, 2024, from approximately 7,500 for the three months ended September 30, 2023.

Development services and other revenue increased to $10.9 million for the three months ended September 30, 2024, from $9.6 million for the three months ended September 30, 2023, an increase of $1.3 million. Other revenue includes amounts derived from delivery of our Shield screening tests during the three months ended September 30, 2024.

Cost of Revenue

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Cost of precision oncology testing	$ 66,095	$ 53,648	$ 12,447	23 %
Cost of development services and other	8,394	3,966	4,428	112 %
Total cost of revenue	$ 74,489	$ 57,614	$ 16,875	29 %

Total cost of revenue was $74.5 million for the three months ended September 30, 2024, compared to $57.6 million for the three months ended September 30, 2023, an increase of $16.9 million, or 29%.

Cost of precision oncology testing was $66.1 million for the three months ended September 30, 2024, compared to $53.6 million for the three months ended September 30, 2023, an increase of $12.4 million, or 23%. This increase in cost of precision oncology testing was primarily attributable to an increase in sample volumes, resulting in a $10.3 million increase in material costs, and a $1.5 million increase in production labor and overhead costs.

Cost of development services and other was $8.4 million for the three months ended September 30, 2024, compared to $4.0 million for the three months ended September 30, 2023, an increase of $4.4 million. This increase in cost of development services and other was primarily due to costs associated with providing Shield screening tests, and costs associated with our companion diagnostics collaboration projects and other service agreements with biopharmaceutical customers during the three months ended September 30, 2024.

Operating Expenses

Research and development expense

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Research and development expense	$ 87,306	$ 93,851	$ (6,545)	(7)%

Research and development expenses were $87.3 million for the three months ended September 30, 2024, compared to $93.9 million for the three months ended September 30, 2023, a decrease of $6.5 million, or 7%. This decrease was primarily due to a decrease of $15.4 million in outside services costs primarily driven by a reduction in the ECLIPSE clinical study costs as the study nears completion, and a decrease of $3.9 million in material costs, partially offset by an increase of $11.1 million in stock-based compensation primarily related to the PSUs discussed in the *Results of operations* section above.

Sales and marketing expense

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Sales and marketing expense	$ 97,880	$ 68,934	$ 28,946	42 %

Sales and marketing expenses were $97.9 million for the three months ended September 30, 2024, compared to $68.9 million for the three months ended September 30, 2023, an increase of $28.9 million, or 42%. This increase was related to commercial team buildout and marketing activities to support existing products and the Shield product launch, primarily resulting in an increase of $10.1 million in other personnel costs, an increase of $7.7 million in marketing activity related costs, and an increase of $3.2 million in information technology infrastructure costs. This increase was also attributable to an increase of $8.2 million in stock-based compensation, primarily related to the PSUs of $6.3 million discussed in the *Results of operations* section above.

General and administrative expense

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
General and administrative expense	$ 49,129	$ 36,174	$ 12,955	36 %

General and administrative expenses were $49.1 million for the three months ended September 30, 2024, compared to $36.2 million for the three months ended September 30, 2023, an increase of $13.0 million, or 36%. This increase was primarily due to an increase of $7.3 million in stock-based compensation, including $3.9 million related to the PSUs discussed in the *Results of operations* section above, and an increase of $3.0 million in other personnel costs.

Interest income

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Interest income	$ 13,257	$ 11,690	$ 1,567	13 %

Interest income was $13.3 million for the three months ended September 30, 2024, compared to $11.7 million for the three months ended September 30, 2023, an increase of $1.6 million, or 13%, primarily attributable to higher rates of return on our investments.

Interest expense

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Interest expense	$ (646)	$ (644)	$ (2)	— %

Interest expense was primarily attributable to the amortization of debt issuance costs related to our convertible senior notes issued in November 2020, for the three months ended September 30, 2024, and 2023.

Other income (expense), net

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Other income (expense), net	$ (3,007)	$ 16,885	$ (19,892)	(118)%

Other income (expense), net was a $3.0 million expense for the three months ended September 30, 2024, primarily attributable to $1.7 million of net unrealized and realized losses recorded for our marketable equity security investment in Lunit, Inc. during the period. Other income (expense), net was a $16.9 million income for the three months ended September 30, 2023, primarily attributable to $16.6 million of unrealized gains recorded for our marketable equity security investment in Lunit, Inc. during the period.

Provision for income taxes

	Three Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Provision for income taxes	$ 30	$ 490	$ (460)	(94)%

Provision for income taxes was immaterial for the three months ended September 30, 2024, and 2023.

Comparison of the Nine Months Ended September 30, 2024 and 2023

Revenue

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Precision oncology testing	$ 503,351	$ 372,060	$ 131,291	35 %
Development services and other	33,851	36,834	(2,983)	(8)%
Total revenue	$ 537,202	$ 408,894	$ 128,308	31 %

Total revenue was $537.2 million for the nine months ended September 30, 2024, compared to $408.9 million for the nine months ended September 30, 2023, an increase of $128.3 million, or 31%.

Precision oncology testing revenue increased to $503.4 million for the nine months ended September 30, 2024, from $372.1 million for the nine months ended September 30, 2023, an increase of $131.3 million, or 35%.

Precision oncology revenue from tests for clinical customers was $397.2 million for the nine months ended September 30, 2024, up 34% from $295.7 million for the nine months ended September 30, 2023. This increase in clinical testing revenue was driven primarily by an increase in sample volume and increase in reimbursement for our tests. Total tests for clinical customers increased to approximately 149,400 for the nine months ended September 30, 2024, from approximately 126,500 for the nine months ended September 30, 2023. The increase in reimbursement for our tests for the nine months ended September 30, 2024 was primarily attributable to an increase in Medicare reimbursement for our Guardant360 LDT test to $5,000, effective January 1, 2024; and an increase in both Medicare Advantage and commercial payer reimbursement.

Precision oncology revenue from tests for biopharmaceutical customers was $106.1 million for the nine months ended September 30, 2024, up 39% from $76.4 million for the nine months ended September 30, 2023. This increase in revenue was primarily due to an increase in sample volume. Total tests for biopharmaceutical customers increased to approximately 29,425 for the nine months ended September 30, 2024, from approximately 20,350 for the nine months ended September 30, 2023.

Development services and other revenue decreased to $33.9 million for the nine months ended September 30, 2024, from $36.8 million for the nine months ended September 30, 2023, a decrease of $3.0 million. Other revenue includes amounts derived from delivery of our Shield screening tests during the nine months ended September 30, 2024.

Cost of Revenue

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(dollars in thousands)			
Cost of precision oncology testing	$ 191,116	$ 148,111	$ 43,005	29 %
Cost of development services and other	21,090	16,424	4,666	28 %
Total cost of revenue	$ 212,206	$ 164,535	$ 47,671	29 %

Total cost of revenue was $212.2 million for the nine months ended September 30, 2024, compared to $164.5 million for the nine months ended September 30, 2023, an increase of $47.7 million, or 29%.

Cost of precision oncology testing was $191.1 million for the nine months ended September 30, 2024, compared to $148.1 million for the nine months ended September 30, 2023, an increase of $43.0 million, or 29%. This increase in cost of precision oncology testing was primarily attributable to an increase in sample volumes, and an increase in average cost per sample primarily due to changes in product mix, resulting in a $33.7 million increase in material costs, a $6.4 million increase in production labor and overhead costs, and a $2.4 million increase in other costs, including costs related to collection kits, freight and professional services.

Cost of development services and other was $21.1 million for the nine months ended September 30, 2024, compared to $16.4 million for the nine months ended September 30, 2023, an increase of $4.7 million. This increase in cost of development services and other was primarily due to costs associated with our companion diagnostics collaboration projects and other service agreements with biopharmaceutical customers, and costs associated with providing Shield screening tests during the nine months ended September 30, 2024.

Operating Expenses

Research and development expense

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Research and development	$ 254,210	$ 277,338	$ (23,128)	(8)%

Research and development expenses were $254.2 million for the nine months ended September 30, 2024, compared to $277.3 million for the nine months ended September 30, 2023, a decrease of $23.1 million, or 8%. This decrease was primarily due to a decrease of $30.4 million in outside services costs primarily driven by a reduction in the ECLIPSE clinical study costs as the study nears completion, a decrease of $10.5 million in material costs, and a decrease of $3.0 million in information technology infrastructure costs, partially offset by an increase of $13.0 million in stock-based compensation, primarily related to the PSUs of $11.1 million discussed in the *Results of operations* section above, and an increase of $7.7 million in other personnel costs.

Sales and marketing expense

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Sales and marketing	$ 260,172	$ 216,100	$ 44,072	20 %

Sales and marketing expenses were $260.2 million for the nine months ended September 30, 2024, compared to $216.1 million for the nine months ended September 30, 2023, an increase of $44.1 million, or 20%. This increase was related to commercial team buildout and marketing activities to support existing products and the Shield product launch, primarily resulting in an increase of $19.1 million in other personnel costs, an increase of $9.3 million in marketing activity related costs, and an increase of $8.3 million in information technology infrastructure costs. This increase was also attributable to an increase of $9.2 million in stock-based compensation, primarily related to the PSUs of $6.3 million discussed in the *Results of operations* section above.

General and administrative expense

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
General and administrative	$ 128,243	$ 118,135	$ 10,108	9 %

General and administrative expenses were $128.2 million for the nine months ended September 30, 2024, compared to $118.1 million for the nine months ended September 30, 2023, an increase of $10.1 million, or 9%. This increase was primarily due to an increase of $12.8 million in stock-based compensation, including $3.9 million related to the PSUs discussed in the *Results of operations* section above, and an increase of $10.1 million in other personnel costs, partially offset by a decrease of $7.5 million in severance costs related to a workforce reduction incurred in the first quarter of 2023, and a decrease of $7.1 million in legal expenses.

Interest income

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Interest income	$ 42,038	$ 21,477	$ 20,561	96 %

Interest income was $42.0 million for the nine months ended September 30, 2024, compared to $21.5 million for the nine months ended September 30, 2023, an increase of $20.6 million, primarily attributable to higher rates of return on our investments.

Interest expense

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Interest expense	$ (1,936)	$ (1,933)	$ (3)	— %

Interest expense was primarily attributable to the amortization of debt issuance costs related to our convertible senior notes issued in November 2020, for the nine months ended September 30, 2024, and 2023.

Other income (expense), net

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Other income (expense), net	$ (47,272)	$ 56,490	$ (103,762)	(184)%

Other income (expense), net was a $47.3 million expense for the nine months ended September 30, 2024, primarily attributable to $47.2 million of net unrealized and realized losses recorded for our marketable equity security investment in Lunit, Inc. during the period. Other income (expense), net was a $56.5 million income for the nine months ended September 30, 2023, primarily attributable to $84.5 million of unrealized gains recorded for our marketable equity security investment in Lunit, Inc., partially offset by $29.1 million of impairment recorded for our non-marketable equity security investments and other related assets during the period.

Provision for income taxes

	Nine Months Ended September 30,		Change	
	2024	2023	$	%
	(unaudited)			
	(in thousands)			
Provision for income taxes	$ 568	$ 1,226	$ (658)	(54)%

Provision for income taxes was immaterial for the nine months ended September 30, 2024, and 2023.

Liquidity and capital resources

We have incurred losses and negative cash flows from operations since our inception, and as of September 30, 2024, 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 in clinical studies and develop new products, expand our sales organization, and increase our marketing efforts to drive market adoption of our tests. As demand for our tests are expected to continue 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 and through revenue from precision oncology testing and development services and other. As of September 30, 2024, we had cash, cash equivalents, restricted cash and marketable debt securities of $1.0 billion. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to provide liquidity while ensuring capital preservation.

Based on our current business plan, we believe our current cash, cash equivalents and restricted cash and anticipated cash flows from operations, will be sufficient to meet our anticipated cash requirements for more than 12 months from the date of this Quarterly Report on Form 10-Q. We may consider raising additional capital to expand our business, to pursue strategic investments, to take advantage of financing opportunities or for other reasons. As revenue from precision oncology testing and development services and other is expected to grow long-term, we expect our accounts receivable and inventory balances to increase. Any increase in accounts receivable and inventory may not be completely offset by increases in accounts payable and accrued liabilities, which could impact our working capital balances.

If our available cash, cash equivalents and restricted cash 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 in this Quarterly Report on Form 10-Q and in our Form 10-K for the year ended December 31, 2023, 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 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.

At-The-Market Offering Program

In August 2024, we entered into an Open Market Sales Agreement, or the Sales Agreement, with Jefferies LLC, or the Agent, with respect to an at-the-market offering program under which we may offer and sell, from time to time at our sole discretion, shares of our common stock, having aggregate gross proceeds of up to $400.0 million through the Agent, subject to the terms and conditions of the Sales Agreement. During the three months ended September 30, 2024, no shares of our common stock were sold under the Sales Agreement.

Cash flows

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

	Nine Months Ended September 30,	
	2024	2023
	(unaudited)	
	(in thousands)	
Net cash used in operating activities	$ (175,345)	$ (246,247)
Net cash (used in) provided by investing activities	$ (271,838)	$ 176,796
Net cash provided by financing activities	$ 1,939	$ 386,807

Operating activities

Cash used in operating activities during the nine months ended September 30, 2024, was $175.3 million, which resulted from a net loss of $325.4 million, and cash effect of net change in our operating assets and liabilities of $58.0 million, partially offset by non-cash charges of $208.1 million. Non-cash charges primarily consisted of $104.0 million of stock-based compensation, $47.2 million of net unrealized and realized losses on marketable equity security investment in Lunit, Inc., $31.9 million of depreciation and amortization, and $23.4 million of operating lease costs. The cash effect of net change in our operating assets and liabilities was primarily the result of a $27.0 million payment of operating lease liabilities net of receipt of tenant improvement allowance, a $19.8 million decrease in accounts payable and accrued liabilities, a $10.3 million increase in inventory, net, and a $9.2 million increase in prepaid expenses and other current assets, net, partially offset by a $9.6 million increase in deferred revenue.

Cash used in operating activities during the nine months ended September 30, 2023 was $246.2 million, which resulted from a net loss of $292.4 million, and cash effect of net change in our operating assets and liabilities of $10.3 million, partially offset by non-cash charges of $56.5 million. Non-cash charges primarily consisted of $66.4 million of stock-based compensation, $32.0 million of depreciation and amortization, $29.1 million of impairment of non-marketable equity securities and other related assets, and $22.1 million of operating lease costs, partially offset by $84.5 million of unrealized gains on marketable equity security investment in Lunit, Inc, and $10.9 million of amortization of discount on marketable debt securities. The cash effect of net change in our operating assets and liabilities was primarily the result of a $25.4 million increase in inventory, net, due to forecasted higher testing volumes, and a $22.7 million payment of operating lease liabilities net of receipt of tenant improvement allowance, partially offset by a $26.6 million increase in accounts payable and accrued liabilities, primarily due to increased purchases of goods and services, a $8.4 million decrease in accounts receivable, net, and a $3.2 million increase in deferred revenue.

Investing activities

Cash used in investing activities during the nine months ended September 30, 2024, was $271.8 million, which resulted primarily from purchases of marketable debt securities of $307.3 million, purchases of property and equipment of $16.2 million, and purchase of non-marketable equity securities of $2.5 million, partially offset by maturities of marketable debt securities of $35.0 million, and sales of marketable equity security investment in Lunit, Inc. of $19.2 million.

Cash provided by investing activities during the nine months ended September 30, 2023, was $176.8 million, which resulted primarily from maturities of marketable debt securities of $828.7 million, partially offset by purchases of marketable debt securities of $629.9 million, purchases of property and equipment of $16.4 million, and purchases of non-marketable equity securities and other related assets of $5.6 million.

Financing activities

Cash provided by financing activities during the nine months ended September 30, 2024, was $1.9 million, which was primarily attributable to proceeds from issuances of common stock under our employee stock purchase plan of $7.2 million, and proceeds from exercise of stock options of $2.6 million, partially offset by taxes paid related to net share settlement of restricted stock units of $7.7 million.

Cash provided by financing activities during the nine months ended September 30, 2023, was $386.8 million, which was primarily attributable to gross proceeds from the follow-on public offering of $402.5 million, and proceeds from issuances of common stock under our employee stock purchase plan of $6.7 million, partially offset by payment of offering costs related to the follow-on public offering of $20.5 million, and taxes paid related to net share settlement of restricted stock units of $8.1 million.

Critical accounting policies and estimates

We have prepared our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, or GAAP. Our preparation of these 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 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.

Our significant accounting policies are described in more detail in Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q and in Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. During the three and nine months ended September 30, 2024, there were no material changes to our critical accounting policies from those discussed previously.

Recent accounting pronouncements

See Note 2, *Summary of Significant Accounting Policies*, 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.

Interest rate risk

We are exposed to market risk for changes in interest rates related primarily to our cash, cash equivalents, restricted cash, marketable debt securities and our indebtedness. As of September 30, 2024, we had cash, cash equivalents, restricted cash and marketable debt securities of $1.0 billion held primarily in cash deposits, money market funds and U.S. government debt securities. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of the interest rates in the United States. As of September 30, 2024, a hypothetical 100 basis point increase or decrease in interest rates would have resulted in immaterial decline or increase of the fair value of our investments. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur.

Foreign currency risk

The majority of our revenue is generated in the United States. Through September 30, 2024, 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 changes in foreign exchange rates. As of September 30, 2024, 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.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our Co-Chief Executive Officers, or Co-CEOs, and our Chief Financial Officer, or CFO with the participation of other members of our management, have evaluated the effectiveness of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act) as of September 30, 2024, and our Co-CEOs and our CFO have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

Changes in internal control

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 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 and procedures

Our management, including our Co-CEOs and our CFO, 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, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. 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. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon 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 the degree of compliance with policies or procedures may deteriorate. 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

The information under the caption "*Commitments and Contingencies – Legal Proceedings*" in Note 8 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, concerning certain legal proceedings in which we are involved, is hereby incorporated by reference. The resolution of any such legal proceeding is subject to inherent uncertainty and could have a material adverse effect on our financial condition, cash flows or results of operations.

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, 2023, filed with the SEC on February 22, 2024. The risks and uncertainties disclosed in such Annual Report and in this Quarterly Report could materially adversely affect our business, financial condition, cash flows or results of operations and thus our stock price. During the third quarter of fiscal 2024, 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.

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

None.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Insider trading arrangements

During the fiscal quarter ended September 30, 2024, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K, except as described in the table below:

Name and Title of Insider	Adoption, Modification or Termination	Applicable Date	Duration of Trading Arrangement	Rule 10b5-1 Trading Arrangement? (Y / N) [1]	Aggregate Number of Securities Subject to the Trading Arrangement
Meghan Joyce, Director	Adoption	8/13/2024	11/13/2024 – 9/2/2025	Y	6,633
Musa Tariq, Director	Adoption	9/11/2024	12/13/2024 – 12/31/2025	Y	6,809 [2]

(1) Denotes whether the trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) when adopted.

(2) Mr. Tariq's 10b5-1 trading plan provides for the sale of (i) 1,972 shares of our common stock plus (ii) 46.4% of 10,422 shares of our common stock underlying certain restricted stock unit awards that will vest during the duration of the trading arrangement.

Item 6. Exhibits.

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation	8-K	001-38683	3.1	10/9/2018	
3.2	Amended and Restated Bylaws	8-K	001-38683	3.2	10/9/2018	
10.1	Open Market Sale Agreement℠ by and between the Company and Jefferies LLC, dated August 23, 2024	8-K	001-38683	1.1	8/23/2024	
31.1	Certification of the Co-Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of the Co-Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.3	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
32.1	Certification of the Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
32.2	Certification of the Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
32.3	Certification of the Chief 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 because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					*

* Filed herewith.
** Furnished herewith.
# Indicates management contract or compensatory plan.

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 hereunto duly authorized

GUARDANT HEALTH, INC.

Dated:	November 6, 2024	By:	/s/ Helmy Eltoukhy
		Name:	Helmy Eltoukhy
		Title:	Co-Chief Executive Officer (Principal Executive Officer)
Dated:	November 6, 2024	By:	/s/ AmirAli Talasaz
		Name:	AmirAli Talasaz
		Title:	Co-Chief Executive Officer (Principal Executive Officer)
Dated:	November 6, 2024	By:	/s/ Michael Bell
		Name:	Michael Bell
		Title:	Chief Financial Officer (Principal Accounting Officer and Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Helmy Eltoukhy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Guardant Health, 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; and
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: November 6, 2024

/s/ Helmy Eltoukhy
Helmy Eltoukhy
Co-Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, AmirAli Talasaz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Guardant Health, 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; and
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: November 6, 2024

/s/ AmirAli Talasaz
AmirAli Talasaz
Co-Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.3

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Bell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Guardant Health, 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; and
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: November 6, 2024

/s/ Michael Bell

Michael Bell
Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Guardant Health, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 6, 2024

/s/ Helmy Eltoukhy
Helmy Eltoukhy
Co-Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Guardant Health, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 6, 2024

/s/ AmirAli Talasaz
AmirAli Talasaz
Co-Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Guardant Health, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 6, 2024

/s/ Michael Bell
Michael Bell
Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.