

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

Commission File Number: 001-35092

EXACT SCIENCES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

02-0478229

(I.R.S. Employer
Identification Number)

5505 Endeavor Lane, Madison WI

(Address of principal executive offices)

53719

(Zip Code)

(608) 535-8815 (Registrant's telephone number, including area code)

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, \$0.01 par value per share	EXAS	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically, if any, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 4, 2024, the registrant had 185,076,293 shares of common stock outstanding.

EXACT SCIENCES CORPORATION

INDEX

	Page Number	
Part I - Financial Information		
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets (unaudited) as of September 30, 2024 and December 31, 2023	3
	Condensed Consolidated Statements of Operations (unaudited) for the Three and Nine Months Ended September 30, 2024 and 2023	4
	Condensed Consolidated Statements of Comprehensive Loss (unaudited) for the Three and Nine Months Ended September 30, 2024 and 2023	5
	Condensed Consolidated Statements of Stockholders' Equity (unaudited) for the Three and Nine Months Ended September 30, 2024 and 2023	6
	Condensed Consolidated Statements of Cash Flows (unaudited) for the Nine Months Ended September 30, 2024 and 2023	8
	Notes to Condensed Consolidated Financial Statements (unaudited)	10
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	45
Item 4.	Controls and Procedures	46
Part II - Other Information		
Item 1.	Legal Proceedings	47
Item 1A.	Risk Factors	47
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	47
Item 3.	Defaults Upon Senior Securities	47
Item 4.	Mine Safety Disclosures	47
Item 5.	Other Information	47
Item 6.	Exhibits	48
	Signatures	49

EXACT SCIENCES CORPORATION
Condensed Consolidated Balance Sheets
(Amounts in thousands, except share data - unaudited)

Part I — Financial Information

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 588,830	\$ 605,378
Marketable securities	432,301	172,266
Accounts receivable, net	264,819	203,623
Inventory	136,987	127,475
Prepaid expenses and other current assets	110,180	85,627
Total current assets	1,533,117	1,194,369
Long-term Assets:		
Property, plant and equipment, net	690,332	698,354
Operating lease right-of-use assets	122,452	143,708
Goodwill	2,367,450	2,367,120
Intangible assets, net	1,864,399	1,890,396
Other long-term assets, net	170,821	177,387
Total assets	\$ 6,748,571	\$ 6,471,334
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 97,653	\$ 78,816
Accrued liabilities	313,997	341,683
Operating lease liabilities, current portion	27,170	29,379
Convertible notes, net, current portion	249,038	—
Debt, current portion	—	50,000
Other current liabilities	35,804	14,823
Total current liabilities	723,662	514,701
Long-term liabilities:		
Convertible notes, net, less current portion	2,319,490	2,314,276
Other long-term liabilities	332,213	335,982
Operating lease liabilities, less current portion	162,695	161,070
Total liabilities	3,538,060	3,326,029
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.01 par value Authorized—5,000,000; shares issued and outstanding—no shares at September 30, 2024 and December 31, 2023	—	—
Common stock, \$0.01 par value Authorized—400,000,000; shares issued and outstanding—185,054,760 and 181,364,180 shares at September 30, 2024 and December 31, 2023	1,852	1,815
Additional paid-in capital	6,837,476	6,611,237
Accumulated other comprehensive income	4,630	1,428
Accumulated deficit	(3,633,447)	(3,469,175)
Total stockholders' equity	3,210,511	3,145,305
Total liabilities and stockholders' equity	\$ 6,748,571	\$ 6,471,334

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

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Operations
(Amounts in thousands, except per share data - unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 708,655	\$ 628,338	\$ 2,045,443	\$ 1,852,881
Operating expenses				
Cost of sales (exclusive of amortization of acquired intangible assets)	196,070	168,526	556,019	482,383
Research and development	100,101	111,446	331,593	310,960
Sales and marketing	194,653	173,159	572,288	536,613
General and administrative	217,201	217,393	662,174	672,653
Amortization of acquired intangible assets	24,435	22,992	71,057	68,849
Impairment of long-lived assets	18,698	—	31,296	621
Total operating expenses	<u>751,158</u>	<u>693,516</u>	<u>2,224,427</u>	<u>2,072,079</u>
Other operating income	3,100	72,027	6,632	72,027
Income (loss) from operations	<u>(39,403)</u>	<u>6,849</u>	<u>(172,352)</u>	<u>(147,171)</u>
Other income (expense)				
Investment income, net	11,582	2,065	29,596	7,383
Interest expense	(9,607)	(7,871)	(17,439)	(11,582)
Total other income (expense)	<u>1,975</u>	<u>(5,806)</u>	<u>12,157</u>	<u>(4,199)</u>
Net income (loss) before tax	<u>(37,428)</u>	<u>1,043</u>	<u>(160,195)</u>	<u>(151,370)</u>
Income tax expense	(808)	(249)	(4,077)	(3,013)
Net income (loss)	<u>\$ (38,236)</u>	<u>\$ 794</u>	<u>\$ (164,272)</u>	<u>\$ (154,383)</u>
Net income (loss) per share—basic	<u>\$ (0.21)</u>	<u>\$ 0.00</u>	<u>\$ (0.89)</u>	<u>\$ (0.86)</u>
Net income (loss) per share—diluted	<u>\$ (0.21)</u>	<u>\$ 0.00</u>	<u>\$ (0.89)</u>	<u>\$ (0.86)</u>
Weighted average common shares outstanding—basic	<u>184,795</u>	<u>180,649</u>	<u>183,823</u>	<u>179,817</u>
Weighted average common shares outstanding—diluted	<u>184,795</u>	<u>184,075</u>	<u>183,823</u>	<u>179,817</u>

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

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Comprehensive Loss
(Amounts in thousands - unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ (38,236)	\$ 794	\$ (164,272)	\$ (154,383)
Other comprehensive income (loss), net of tax:				
Unrealized gain on available-for-sale investments	3,700	423	2,775	4,327
Foreign currency adjustment	1,873	(1,235)	427	(626)
Comprehensive loss	\$ (32,663)	\$ (18)	\$ (161,070)	\$ (150,682)

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

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Stockholders' Equity
(Amounts in thousands, except share data - unaudited)

	Common Stock			Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	\$0.01 Par Value	Additional Paid-In Capital			
Balance, January 1, 2024	181,364,180	\$ 1,815	\$ 6,611,237	\$ 1,428	\$ (3,469,175)	\$ 3,145,305
Exercise of common stock options, net of shares withheld for taxes	71,537	1	(1,409)	—	—	(1,408)
Issuance of common stock upon settlement of restricted stock awards, net of shares withheld for taxes	1,792,087	17	(61)	—	—	(44)
Issuance of common stock to fund the Company's 2023 401(k) match	617,384	6	40,544	—	—	40,550
Stock-based compensation expense	—	—	60,370	—	—	60,370
Net loss	—	—	—	—	(110,228)	(110,228)
Other comprehensive loss	—	—	—	(1,927)	—	(1,927)
Balance, March 31, 2024	183,845,188	\$ 1,839	\$ 6,710,681	\$ (499)	\$ (3,579,403)	\$ 3,132,618
Exercise of common stock options, net of shares withheld for taxes	8,184	1	42	—	—	43
Issuance of common stock upon settlement of restricted stock awards, net of shares withheld for taxes	210,590	2	(6)	—	—	(4)
Stock-based compensation expense	—	—	56,555	—	—	56,555
Purchase of employee stock purchase plan shares	604,226	6	19,396	—	—	19,402
Net loss	—	—	—	—	(15,808)	(15,808)
Other comprehensive loss	—	—	—	(444)	—	(444)
Balance, June 30, 2024	184,668,188	\$ 1,848	\$ 6,786,668	\$ (943)	\$ (3,595,211)	\$ 3,192,362
Exercise of common stock options, net of shares withheld for taxes	79,871	1	2,131	—	—	2,132
Issuance of common stock upon settlement of restricted stock awards, net of shares withheld for taxes	306,701	3	(80)	—	—	(77)
Stock-based compensation expense	—	—	48,757	—	—	48,757
Net loss	—	—	—	—	(38,236)	(38,236)
Other comprehensive income	—	—	—	5,573	—	5,573
Balance, September 30, 2024	185,054,760	\$ 1,852	\$ 6,837,476	\$ 4,630	\$ (3,633,447)	\$ 3,210,511

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Stockholders' Equity
(Amounts in thousands, except share data - unaudited)

	Common Stock			Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	\$0.01 Par Value	Additional Paid-In Capital			
Balance, January 1, 2023	177,925,631	\$ 1,780	\$ 6,311,644	\$ (5,236)	\$ (3,265,026)	\$ 3,043,162
Exercise of common stock options, net of shares withheld for taxes	88,228	1	963	—	—	964
Issuance of common stock upon settlement of restricted stock awards, net of shares withheld for taxes	1,299,071	13	(13)	—	—	—
Issuance of common stock to fund the Company's 2022 401(k) match	517,215	5	35,072	—	—	35,077
Stock-based compensation expense	—	—	49,139	—	—	49,139
Net loss	—	—	—	—	(74,151)	(74,151)
Other comprehensive income	—	—	—	3,517	—	3,517
Balance, March 31, 2023	179,830,145	\$ 1,799	\$ 6,396,805	\$ (1,719)	\$ (3,339,177)	\$ 3,057,708
Exercise of common stock options, net of shares withheld for taxes	36,728	1	851	—	—	852
Issuance of common stock upon settlement of restricted stock awards, net of shares withheld for taxes	134,002	1	(1)	—	—	—
Issuance of common stock to fund the Company's 2022 401(k) match	335	—	23	—	—	23
Stock-based compensation expense	—	—	61,725	—	—	61,725
Purchase of employee stock purchase plan shares	544,453	5	16,339	—	—	16,344
Net loss	—	—	—	—	(81,026)	(81,026)
Other comprehensive income	—	—	—	996	—	996
Balance, June 30, 2023	180,545,663	\$ 1,806	\$ 6,475,742	\$ (723)	\$ (3,420,203)	\$ 3,056,622
Exercise of common stock options, net of shares withheld for taxes	51,262	1	1,076	—	—	1,077
Issuance of common stock upon settlement of restricted stock awards, net of shares withheld for taxes	217,482	2	(2)	—	—	—
Stock-based compensation expense	—	—	61,871	—	—	61,871
Issuance of common stock for business combinations	—	—	1,675	—	—	1,675
Net income	—	—	—	—	794	794
Other comprehensive loss	—	—	—	(812)	—	(812)
Balance, September 30, 2023	180,814,407	\$ 1,809	\$ 6,540,362	\$ (1,535)	\$ (3,419,409)	\$ 3,121,227

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

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands - unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (164,272)	\$ (154,383)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	90,655	83,587
Loss on non-marketable and marketable equity securities	1,772	10,264
Deferred tax expense	1,827	(279)
Stock-based compensation	165,682	172,735
Gain on settlements of convertible notes, net	(10,254)	(10,324)
Amortization of acquired intangible assets	71,057	68,849
Impairment of long-lived assets	31,296	621
Remeasurement of contingent consideration from sale of asset	(6,632)	(68,900)
Remeasurement of contingent consideration liabilities	(2,326)	(13,051)
Non-cash lease expense	20,645	20,918
Other	(1,437)	3,530
Changes in assets and liabilities:		
Accounts receivable, net	(61,410)	(40,306)
Inventory, net	(9,516)	(13,074)
Operating lease liabilities	(19,345)	(19,741)
Accounts payable and accrued liabilities	38,258	51,084
Other assets	6,358	(3,686)
Other liabilities	11,115	(1,274)
Net cash provided by operating activities	163,473	86,570
Cash flows from investing activities:		
Purchases of marketable securities	(405,385)	(75,096)
Maturities and sales of marketable securities	150,916	328,054
Purchases of property, plant and equipment	(99,673)	(89,268)
Business combination, net of cash acquired	—	(50,000)
Asset acquisition, net of cash acquired	(45,000)	—
Purchases of non-marketable securities	(916)	(6,290)
Sales of investments in non-marketable securities	—	9,296
Other investing activities	(225)	(250)
Net cash provided by (used in) investing activities	(400,283)	116,446
Cash flows from financing activities:		
Proceeds from exercise of common stock options, net of cash paid for taxes	767	2,893
Proceeds in connection with the Company's employee stock purchase plan	19,402	16,344
Proceeds from issuance of convertible notes	266,750	137,976
Payments on accounts receivable securitization facility	(50,000)	—
Other financing activities	(15,544)	(7,484)
Net cash provided by financing activities	221,375	149,729
Effects of exchange rate changes on cash and cash equivalents	427	(626)
Net increase (decrease) in cash, cash equivalents and restricted cash	(15,008)	352,119
Cash, cash equivalents and restricted cash, beginning of period	609,675	242,790
Cash, cash equivalents and restricted cash, end of period	\$ 594,667	\$ 594,909

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands - unaudited)

	Nine Months Ended September 30,	
	2024	2023
Supplemental disclosure of non-cash investing and financing activities		
Property, plant and equipment acquired but not paid	\$ 11,904	\$ 14,422
Supplemental disclosure of cash flow information:		
Interest paid	\$ 21,109	\$ 18,176
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 588,830	\$ 594,612
Restricted cash — included in other long-term assets, net	5,837	297
Total cash, cash equivalents and restricted cash	<u>\$ 594,667</u>	<u>\$ 594,909</u>

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

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Exact Sciences Corporation (together with its subsidiaries, “Exact,” or the “Company”) was incorporated in February 1995. A leading provider of cancer screening and diagnostic tests, Exact Sciences gives patients and health care professionals the clarity needed to take life-changing action earlier. Building on the success of the Cologuard® and Oncotype DX® tests, Exact Sciences is investing in its pipeline to develop innovative solutions for use before, during, and after a cancer diagnosis.

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements, which include the accounts of the Company and those of its wholly owned subsidiaries and variable interest entities, are unaudited and have been prepared on a basis substantially consistent with the Company’s audited financial statements and notes as of and for the year ended December 31, 2023 included in the Company’s Annual Report on Form 10-K (the “2023 Form 10-K”). All intercompany transactions and balances have been eliminated upon consolidation. These condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted (“GAAP”) in the United States of America (“U.S.”) and follow the requirements of the Securities and Exchange Commission (“SEC”) for interim reporting. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of adjustments of a normal and recurring nature) considered necessary for a fair statement of its financial position, operating results and cash flows for the periods presented. The condensed consolidated balance sheet at December 31, 2023 has been derived from audited financial statements, but does not contain all of the footnote disclosures from the 2023 Form 10-K. The results of the Company’s operations for any interim period are not necessarily indicative of the results of the Company’s operations for any other interim period or for a full fiscal year. The statements should be read in conjunction with the audited financial statements and related notes included in the 2023 Form 10-K.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those that affect the Company’s financial statements materially and involve difficult, subjective or complex judgments by management, and actual results could differ from those estimates. These estimates include revenue recognition, valuation of intangible assets and goodwill, contingent consideration, and accounting for income taxes. The Company’s critical accounting policies and estimates are explained further in the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q and the 2023 Form 10-K.

Significant Accounting Policies

During the nine months ended September 30, 2024, there were no changes to the Company’s significant accounting policies as described in the Company’s 2023 Form 10-K, except as described in the Recently Adopted Accounting Pronouncements sections below.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In March 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2024-02: *Codification Improvement – Amendments to Remove References to the Concepts Statements*. This update amends the Accounting Standards Codification (“ASC”) to remove references to various FASB Concepts Statements. The Company early adopted and prospectively applied the amendments in this update during the first quarter of fiscal year 2024. There was no significant impact to the Company’s condensed consolidated financial statements.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Recently Issued Accounting Pronouncements Not Yet Adopted

In October 2023, the FASB issued ASU No. 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. This update modifies the disclosure or presentation requirements of a variety of topics in the ASC to conform with certain SEC amendments in Release No. 33-10532, *Disclosure Update and Simplification*. The amendments in this update should be applied prospectively, and the effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or S-K becomes effective. However, if the SEC has not removed the related disclosure from its regulations by June 30, 2027, the amendments will be removed from the Codification and not become effective. Early adoption is prohibited. The Company is currently evaluating the potential impact of this guidance on its condensed consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This update improves reportable segment disclosure requirements, primarily through enhanced disclosures of significant segment expenses. The amendments in this update should be applied retrospectively to all prior periods presented in the consolidated financial statements and are effective for fiscal years beginning after December 31, 2023 and interim periods within fiscal years beginning after December 31, 2024. Early adoption is permitted. The Company is currently evaluating the potential impact of this guidance on its condensed consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvement to Income Tax Disclosures*. This update improves income tax disclosure requirements, primarily through enhanced transparency and decision usefulness of disclosures. The amendments in this update should be applied prospectively with the option to apply retrospectively and are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the potential impact of this guidance on its condensed consolidated financial statements.

Net Income (Loss) Per Share

Basic net income (loss) per common share ("EPS") was determined by dividing net income (loss) applicable to common stockholders by the weighted average common shares outstanding during the period. Diluted EPS is based on shares that are outstanding per the calculation of basic EPS and on potentially dilutive shares.

The following is a reconciliation of the numerator and denominator used to calculate basic EPS and diluted EPS for the periods indicated:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss) available to common shareholders	\$ (38,236)	\$ 794	\$ (164,272)	\$ (154,383)
Weighted average common shares outstanding - basic	184,795	180,649	183,823	179,817
Effect of dilutive shares:				
Restricted stock awards	—	2,153	—	—
Stock options	—	646	—	—
Employee stock purchase plan	—	589	—	—
Performance share units	—	38	—	—
Dilutive potential common shares	—	3,426	—	—
Weighted average common shares outstanding - diluted	184,795	184,075	183,823	179,817
Earnings per common share from net earnings - basic	\$ (0.21)	\$ 0.00	\$ (0.89)	\$ (0.86)
Earnings per common share from net earnings - diluted	\$ (0.21)	\$ 0.00	\$ (0.89)	\$ (0.86)

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The following potentially issuable common shares were not included in the computation of diluted net loss per share because they would have an anti-dilutive effect due to net losses for each period:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Shares issuable upon conversion of convertible notes	26,526	23,231	26,526	23,231
Shares issuable upon the release of restricted stock awards	7,487	—	7,487	6,423
Shares issuable upon the release of performance share units	2,037	—	2,037	1,584
Shares issuable upon exercise of stock options	1,028	—	1,028	1,305
	<u>37,078</u>	<u>23,231</u>	<u>37,078</u>	<u>32,543</u>

(2) REVENUE

The Company's revenue is primarily generated by its laboratory testing services utilizing its Cologuard and Oncotype® tests. The services are considered completed upon release of a patient's test result to the ordering healthcare provider.

The following table presents the Company's revenues disaggregated by revenue source:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Screening				
Medicare Parts B & C	\$ 201,423	\$ 173,624	\$ 570,550	\$ 521,370
Commercial	289,637	253,401	827,509	732,182
Other	53,841	44,988	153,246	124,443
Total Screening	<u>544,901</u>	<u>472,013</u>	<u>1,551,305</u>	<u>1,377,995</u>
Precision Oncology				
Medicare Parts B & C	\$ 47,080	\$ 46,383	\$ 142,597	\$ 141,352
Commercial	47,685	44,430	143,572	135,574
International	49,433	38,599	140,688	111,453
Other	19,556	26,913	67,281	80,552
Total Precision Oncology	<u>163,754</u>	<u>156,325</u>	<u>494,138</u>	<u>468,931</u>
COVID-19 Testing	\$ —	\$ —	\$ —	\$ 5,955
Total	<u>\$ 708,655</u>	<u>\$ 628,338</u>	<u>\$ 2,045,443</u>	<u>\$ 1,852,881</u>

Screening revenue primarily includes laboratory service revenue from Cologuard and Prevention Genetics, LLC ("PreventionGenetics") tests while Precision Oncology revenue primarily includes laboratory service revenue from global Oncotype DX and therapy selection tests.

At each reporting period end, the Company conducts an analysis of the estimates used to calculate the transaction price to determine whether any new information available impacts those estimates made in prior reporting periods. Adjustments to revenue recognized during the period relating to prior period estimates were less than 1% of revenue recorded in the Company's condensed consolidated statement of operations for the three and nine months ended September 30, 2024. Adjustments to revenue recognized during the period relating to prior period estimates were less than 2% of revenue recorded in the Company's condensed consolidated statement of operations for the three and nine months ended September 30, 2023.

The Company's deferred revenue, which is reported in other current liabilities in the Company's condensed consolidated balance sheets, was not significant as of September 30, 2024 and December 31, 2023.

Revenue recognized for the three and nine months ended September 30, 2024 and 2023 that was included in the deferred revenue balance at the beginning of the period was not significant.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(3) MARKETABLE SECURITIES

The following table sets forth the Company's cash, cash equivalents, and marketable securities at September 30, 2024 and December 31, 2023:

(In thousands)	September 30, 2024	December 31, 2023
Cash and cash equivalents		
Cash and money market	\$ 582,741	\$ 530,100
Cash equivalents	6,089	75,278
Total cash and cash equivalents	588,830	605,378
Marketable securities		
Available-for-sale debt securities	\$ 427,072	\$ 168,425
Equity securities	5,229	3,841
Total marketable securities	432,301	172,266
Total cash, cash equivalents and marketable securities	<u>\$ 1,021,131</u>	<u>\$ 777,644</u>

Available-for-sale debt securities, including the classification within the condensed consolidated balance sheet at September 30, 2024, consisted of the following:

(In thousands)	Amortized Cost	Gains in Accumulated Other Comprehensive Income (1)	Losses in Accumulated Other Comprehensive Income (1)	Estimated Fair Value
Cash equivalents				
U.S. government agency securities	\$ 6,089	\$ —	\$ —	\$ 6,089
Total cash equivalents	6,089	—	—	6,089
Marketable securities				
Corporate bonds	\$ 212,590	\$ 2,039	\$ (14)	\$ 214,615
U.S. government agency securities	126,676	436	(19)	127,093
Asset backed securities	84,977	441	(54)	85,364
Total marketable securities	424,243	2,916	(87)	427,072
Total available-for-sale securities	<u>\$ 430,332</u>	<u>\$ 2,916</u>	<u>\$ (87)</u>	<u>\$ 433,161</u>

(1) There was no tax impact from the gains and losses in accumulated other comprehensive income ("AOCI").

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Available-for-sale debt securities, including the classification within the condensed consolidated balance sheet at December 31, 2023, consisted of the following:

(In thousands)	Amortized Cost	Gains in Accumulated Other Comprehensive Income (1)	Losses in Accumulated Other Comprehensive Income (1)	Estimated Fair Value
Cash equivalents				
Commercial paper	\$ 72,243	\$ —	\$ —	\$ 72,243
U.S. government agency securities	3,035	—	—	3,035
Total cash equivalents	75,278	—	—	75,278
Marketable securities				
U.S. government agency securities	\$ 56,594	\$ 166	\$ (44)	\$ 56,716
Corporate bonds	55,712	175	(59)	55,828
Asset backed securities	35,081	65	(249)	34,897
Commercial paper	20,984	—	—	20,984
Total marketable securities	168,371	406	(352)	168,425
Total available-for-sale securities	\$ 243,649	\$ 406	\$ (352)	\$ 243,703

(1) There was no tax impact from the gains and losses in AOCI.

The following table summarizes contractual underlying maturities of the Company's available-for-sale debt securities at September 30, 2024:

(In thousands)	Due one year or less		Due after one year through five years	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents				
U.S. government agency securities	\$ 6,089	\$ 6,089	\$ —	\$ —
Total cash equivalents	6,089	6,089	—	—
Marketable securities				
U.S. government agency securities	\$ 89,800	\$ 90,048	\$ 36,876	\$ 37,045
Corporate bonds	51,706	51,890	160,884	162,725
Asset backed securities	11,388	11,448	73,589	73,916
Total marketable securities	152,894	153,386	271,349	273,686
Total available-for-sale securities	\$ 158,983	\$ 159,475	\$ 271,349	\$ 273,686

The following table summarizes the gross unrealized losses and fair values of available-for-sale debt securities in an unrealized loss position as of September 30, 2024 aggregated by investment category and length of time those individual securities have been in a continuous unrealized loss position:

(In thousands)	Less than one year		One year or greater		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Marketable securities						
Corporate bonds	\$ 9,501	\$ (13)	\$ 3,290	\$ (1)	\$ 12,791	\$ (14)
U.S. government agency securities	8,551	(16)	3,963	(3)	12,514	(19)
Asset backed securities	3,399	(3)	3,986	(51)	7,385	(54)
Total available-for-sale securities	\$ 21,451	\$ (32)	\$ 11,239	\$ (55)	\$ 32,690	\$ (87)

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The Company evaluates investments that are in an unrealized loss position for impairment as a result of credit loss. It was determined that no credit losses exist as of September 30, 2024 and December 31, 2023 because the change in market value for those securities in an unrealized loss position resulted from fluctuating interest rates rather than a deterioration of the credit worthiness of the issuers.

The gains and losses recorded on available-for-sale debt securities and equity securities are included in investment income, net in the Company's condensed consolidated statements of operations. The gains and losses recorded were not material for the three and nine months ended September 30, 2024 and 2023.

(4) INVENTORY

Inventory consisted of the following:

(In thousands)	September 30, 2024	December 31, 2023
Raw materials	\$ 54,714	\$ 58,593
Semi-finished and finished goods	82,273	68,882
Total inventory	<u>\$ 136,987</u>	<u>\$ 127,475</u>

(5) PROPERTY, PLANT AND EQUIPMENT

The carrying value and estimated useful lives of property, plant and equipment are as follows:

(In thousands)	Estimated Useful Life	September 30, 2024	December 31, 2023
Property, plant and equipment			
Land	n/a	\$ 4,716	\$ 4,716
Leasehold and building improvements	(1)	227,600	214,562
Land improvements	15 years	6,747	6,729
Buildings	30 - 40 years	290,777	290,777
Computer equipment and computer software	3 years	199,715	168,131
Machinery and equipment	3 - 10 years	324,129	290,294
Furniture and fixtures	3 - 10 years	36,976	35,756
Assets under construction	n/a	<u>80,063</u>	<u>104,592</u>
Property, plant and equipment, at cost		1,170,723	1,115,557
Accumulated depreciation		<u>(480,391)</u>	<u>(417,203)</u>
Property, plant and equipment, net		<u>\$ 690,332</u>	<u>\$ 698,354</u>

(1) Lesser of remaining lease term, building life, or estimated useful life.

Depreciation expense for the three months ended September 30, 2024 and 2023 was \$30.3 million and \$29.3 million, respectively. Depreciation expense for the nine months ended September 30, 2024 and 2023 was \$90.7 million and \$83.6 million, respectively.

At September 30, 2024, the Company had \$80.1 million of assets under construction, which consisted of \$52.3 million in machinery and equipment, \$12.7 million in capitalized costs related to software projects, \$10.0 million in leasehold and building improvements, \$5.1 million related to buildings, and minimal furniture and fixtures. Depreciation will begin on these assets once they are placed into service upon completion.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(6) INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The following table summarizes the net-book-value and estimated remaining life of the Company's intangible assets as of September 30, 2024:

(In thousands)	Weighted Average Remaining Life (Years)	Cost	Accumulated Amortization	Net Balance at September 30, 2024
Finite-lived intangible assets				
Trade name	11.0	\$ 104,000	\$ (33,340)	\$ 70,660
Customer relationships	6.3	4,000	(1,222)	2,778
Patents and licenses	9.7	56,542	(11,811)	44,731
Acquired developed technology (1)	6.6	887,708	(391,478)	496,230
Total finite-lived intangible assets		1,052,250	(437,851)	614,399
In-process research and development	n/a	1,250,000	—	1,250,000
Total intangible assets		\$ 2,302,250	\$ (437,851)	\$ 1,864,399

The following table summarizes the net-book-value and estimated remaining life of the Company's intangible assets as of December 31, 2023:

(In thousands)	Weighted Average Remaining Life (Years)	Cost	Accumulated Amortization	Net Balance at December 31, 2023
Finite-lived intangible assets				
Trade name	11.6	\$ 104,000	\$ (27,903)	\$ 76,097
Customer relationships	7.0	4,000	(889)	3,111
Patents and licenses	4.5	11,542	(9,600)	1,942
Acquired developed technology (1)	7.3	887,789	(328,543)	559,246
Total finite-lived intangible assets		1,007,331	(366,935)	640,396
In-process research and development	n/a	1,250,000	—	1,250,000
Total intangible assets		\$ 2,257,331	\$ (366,935)	\$ 1,890,396

(1) The gross carrying amount includes an insignificant foreign currency translation adjustment related to the intangible asset acquired as a result of the acquisition of OmicEra Diagnostics GmbH ("OmicEra").

As of September 30, 2024, the estimated future amortization expense associated with the Company's finite-lived intangible assets for each of the five succeeding fiscal years is as follows:

(In thousands)	
2024 (remaining three months)	\$ 24,100
2025	96,361
2026	95,300
2027	95,300
2028	95,300
Thereafter	208,038
	\$ 614,399

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The Company's acquired intangible assets are being amortized on a straight-line basis over their estimated useful lives.

There were no impairment losses recorded on finite-lived intangible assets during the three and nine months ended September 30, 2024 and 2023. Updates to key assumptions used to calculate the fair value of the Company's in-process research and development asset ("IPR&D") could change the Company's estimate that it will recover the carrying amount of the IPR&D asset in the near term.

Goodwill

The change in the carrying amount of goodwill for the periods ended September 30, 2024 and December 31, 2023 is as follows:

(In thousands)	
Balance, January 1, 2023	\$ 2,346,040
Resolution Bioscience acquisition	20,692
Effects of changes in foreign currency exchange rates (1)	388
Balance, December 31, 2023	2,367,120
Resolution Bioscience acquisition adjustments	225
Effects of changes in foreign currency exchange rates (1)	105
Balance September 30, 2024	\$ 2,367,450

(1) Represents the impact of foreign currency translation related to the goodwill acquired as a result of the acquisition of OmicEra.

There were no impairment losses for the three and nine months ended September 30, 2024 and 2023.

(7) FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy established are as follows:

- Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2** Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3** Unobservable inputs that reflect the Company's assumptions about the assumptions that market participants would use in pricing the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The following table presents the Company's fair value measurements as of September 30, 2024 along with the level within the fair value hierarchy in which the fair value measurements, in their entirety, fall.

(In thousands)	Fair Value at September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash, cash equivalents, and restricted cash				
Cash and money market	\$ 582,741	\$ 582,741	\$ —	\$ —
U.S. government agency securities	6,089	—	6,089	—
Restricted cash (1)	5,837	5,837	—	—
Marketable securities				
Corporate bonds	\$ 214,615	\$ —	\$ 214,615	\$ —
U.S. government agency securities	127,093	—	127,093	—
Asset backed securities	85,364	—	85,364	—
Equity securities	5,229	5,229	—	—
Non-marketable securities	\$ 686	\$ —	\$ —	\$ 686
Liabilities				
Contingent consideration	\$ (283,231)	\$ —	\$ —	\$ (283,231)
Total	\$ 744,423	\$ 593,807	\$ 433,161	\$ (282,545)

The following table presents the Company's fair value measurements as of December 31, 2023 along with the level within the fair value hierarchy in which the fair value measurements, in their entirety, fall.

(In thousands)	Fair Value at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash, cash equivalents and restricted cash				
Cash and money market	\$ 530,100	\$ 530,100	\$ —	\$ —
Commercial paper	72,243	—	72,243	—
Restricted cash (1)	4,297	4,297	—	—
U.S. government agency securities	3,035	—	3,035	—
Marketable securities				
U.S. government agency securities	\$ 56,716	\$ —	\$ 56,716	\$ —
Corporate bonds	55,828	—	55,828	—
Asset backed securities	34,897	—	34,897	—
Commercial paper	20,984	—	20,984	—
Equity securities	3,841	3,841	—	—
Non-marketable securities	\$ 7,650	\$ —	\$ —	\$ 7,650
Liabilities				
Contingent consideration	\$ (288,657)	\$ —	\$ —	\$ (288,657)
Total	\$ 500,934	\$ 538,238	\$ 243,703	\$ (281,007)

(1) Restricted cash primarily represents cash held by a third-party financial institution as part of a cash collateral agreement related to the Company's credit card program. The restrictions will lapse upon the termination of the agreements or the removal of the cash collateral requirement by the third-parties.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

There have been no material changes in valuation techniques or transfers between fair value measurement levels during the three and nine months ended September 30, 2024. The fair value of Level 2 instruments classified as cash equivalents and marketable debt securities are valued using a third-party pricing agency where the valuation is based on observable inputs including pricing for similar assets and other observable market factors.

The Company has elected the fair value option under the income approach to measure certain Level 3 non-marketable securities. Gains and losses recorded on non-marketable securities are included in investment income, net in the condensed consolidated statement of operations. The following table provides a reconciliation of the beginning and ending balances of non-marketable securities valued using the fair value option:

(In thousands)	Non-Marketable Securities
Beginning balance, January 1, 2024	\$ 7,650
Changes in fair value	(714)
Settlement of non-marketable securities	(6,250)
Ending balance, September 30, 2024	<u>\$ 686</u>

Contingent Consideration Liabilities

The fair value of the contingent consideration liabilities was \$283.2 million and \$288.7 million as of September 30, 2024 and December 31, 2023, respectively, of which \$19.4 million was included in other current liabilities and \$263.8 million was included in other long-term liabilities in the condensed consolidated balance sheet as of September 30, 2024. The contingent consideration liabilities were included in other long-term liabilities as of December 31, 2023.

The following table provides a reconciliation of the beginning and ending balances of contingent consideration:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	\$ 277,921	\$ 302,141	\$ 288,657	\$ 306,927
Changes in fair value (1)	5,310	(8,364)	(2,326)	(13,051)
Payments (2)	—	—	(3,100)	(99)
Ending balance	<u>\$ 283,231</u>	<u>\$ 293,777</u>	<u>\$ 283,231</u>	<u>\$ 293,777</u>

(1) The change in fair value of the contingent consideration liability is included in general and administrative expenses in the condensed consolidated statement of operations for the three and nine months ended September 30, 2024 and 2023.

(2) Payment was made in the second quarter of 2024 to settle the contingent consideration liability previously recorded related to the Company's acquisition of OmicEra.

This fair value measurement of contingent consideration is categorized as a Level 3 liability, as the measurement amount is based primarily on significant inputs not observable in the market.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The fair value of the contingent consideration liabilities recorded from the Company's acquisitions of Thrive Earlier Detection Corporation ("Thrive"), Ashion Analytics, LLC ("Ashion"), and OmicEra related to regulatory and product development milestones was \$283.2 million and \$288.7 million as of September 30, 2024 and December 31, 2023, respectively. The Company estimates the fair value of the contingent consideration liabilities related to the regulatory and product development milestones using the probability-weighted scenario based discounted cash flow model, which is consistent with the initial measurement of the contingent consideration liabilities. Probabilities of success are applied to each potential scenario and the resulting values are discounted using a present-value factor. The passage of time in addition to changes in projected milestone achievement timing, present-value factor, the degree of achievement, if applicable, and probabilities of success may result in adjustments to the fair value measurement. The fair value of the contingent consideration liability recorded related to regulatory and product development milestones was determined using a weighted average probability of success of 90% and 89% as of September 30, 2024 and December 31, 2023, respectively, and a weighted average present-value factor of 6.0% and 5.8% as of September 30, 2024 and December 31, 2023, respectively. The projected fiscal year of payment range is from 2025 to 2031. Unobservable inputs were weighted by the relative fair value of the contingent consideration liabilities.

The revenue milestone associated with the Ashion acquisition is not expected to be achieved and therefore no liability has been recorded for this milestone.

Non-Marketable Equity Securities

Non-marketable equity securities without readily determinable fair values, which are classified as a component of other long-term assets, net, had the following cumulative upward and downward adjustments and aggregate carrying amounts:

(In thousands)	September 30, 2024	September 30, 2023
Cumulative upward adjustments (1)	\$ 5,102	\$ 779
Cumulative downward adjustments and impairments (2)	15,071	15,071
Aggregate carrying value (3)	52,227	31,654

- (1) There were no material upward adjustments recorded on non-marketable equity securities held for the three and nine months ended September 30, 2024 and 2023.
- (2) There were no material downward adjustments or impairments recorded on non-marketable equity securities held for the three and nine months ended September 30, 2024 and 2023, respectively.
- (3) The aggregate carrying value of non-marketable equity securities was \$46.0 million as of December 31, 2023.

There were no material realized gains or losses recorded during the three and nine months ended September 30, 2024 and 2023.

The Company has committed capital to venture capital investment funds of \$18.0 million, of which \$11.7 million remains callable through 2033 as of September 30, 2024. The aggregate carrying amount of these funds, which are classified as a component of other long-term assets, net in the Company's condensed consolidated balance sheets, was \$6.7 million and \$5.2 million as of September 30, 2024 and December 31, 2023, respectively.

Derivative Financial Instruments

The Company enters into foreign currency forward contracts on the last day of each month to mitigate the impact of adverse movements in foreign exchange rates related to the remeasurement of monetary assets and liabilities and hedge the Company's foreign currency exchange rate exposure. As of September 30, 2024 and December 31, 2023 the Company had open foreign currency forward contracts with notional amounts of \$47.7 million and \$39.5 million, respectively. The Company's foreign exchange derivative instruments are classified as Level 2 within the fair value hierarchy as they are valued using inputs that are observable in the market or can be derived principally from or corroborated by observable market data. The fair value of the open foreign currency forward contracts was zero at September 30, 2024 and December 31, 2023 and there were no gains or losses recorded to adjust the fair value of the open foreign currency contract held as of September 30, 2024. The contracts are closed subsequent to each month-end, and the gains and losses recorded from the contracts were not significant for the three and nine months ended September 30, 2024 and 2023.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(8) LONG-TERM DEBT**Accounts Receivable Securitization Facility**

On June 29, 2022, the Company, through a wholly-owned special purpose entity, Exact Receivables LLC (“Exact Receivables”) entered into an accounts receivable securitization program (the “Securitization Facility”) with PNC Bank, National Association (“PNC”), with a scheduled maturity date of June 29, 2024. The Securitization Facility required the Company to maintain minimum borrowings under the facility of \$50.0 million. Upon the maturity of the Securitization Facility in June 2024, the Company repaid the previously outstanding balance of \$50.0 million in full. The Securitization Facility provided Exact Receivables with a revolving line-of-credit of up to \$150.0 million of borrowing capacity, subject to certain borrowing base requirements, by collateralizing a security interest in the domestic customer accounts receivable of certain wholly-owned subsidiaries of the Company. The amount available under the Securitization Facility fluctuated over time based on the total amount of eligible customer accounts receivable generated by the Company during the normal course of operations. The debt issuance costs incurred related to the Securitization Facility were not significant and were amortized over the life of the Securitization Facility through interest expense within the condensed consolidated statements of operations.

In connection with the Securitization Facility, the Company also entered into two Receivables Purchase Agreements (“Receivable Purchase Agreements”) on June 29, 2022. The Receivable Purchase Agreements were among the Company and certain wholly-owned subsidiaries of the Company, and between the Company and Exact Receivables. Under the agreements, the wholly-owned subsidiaries sold all of their right, title and interest in their accounts receivables to Exact Receivables. The receivables were used to collateralize borrowings made under the Securitization Facility. The Company retained the responsibility of servicing the accounts receivable balances pledged as collateral under the Securitization Facility and provided a performance guaranty.

As of December 31, 2023, the Company had an outstanding balance of \$50.0 million, which was included in debt, current portion on the Company’s condensed consolidated balance sheet. Prior to the repayment, the outstanding balance accrued interest at a rate equal to a daily secured overnight financing rate (“SOFR”) plus a SOFR adjustment and an applicable margin. The interest rate was 6.89% as of the maturity date.

Revolving Loan Agreement

During November 2021, the Company entered into a revolving loan agreement (the “Revolving Loan Agreement”) with PNC. The Revolving Loan Agreement provides the Company with a revolving line of credit of up to \$150.0 million (the “Revolver”). The Revolver is collateralized by the Company’s marketable securities held by PNC, which must continue to maintain a minimum market value of \$150.0 million. The Revolver is available for general working capital purposes and all other lawful corporate purposes. In addition, the Company may request, in lieu of cash advances, letters of credit with an aggregate stated amount outstanding not to exceed \$20.0 million. The availability of advances under the line of credit will be reduced by the stated amount of each letter of credit issued and outstanding.

Borrowings under the Revolving Loan Agreement accrue interest at an annual rate equal to the sum of the daily Bloomberg Short-Term Bank Yield Index Rate plus the applicable margin of 0.60%. Loans under the Revolving Loan Agreement may be prepaid at any time without penalty. In October 2022, the Revolving Loan Agreement was amended to extend the maturity date from November 5, 2023 to November 5, 2025. There were no other amendments to the Revolver.

The Company has agreed to various financial covenants under the Revolving Loan Agreement, and as of September 30, 2024, the Company is in compliance with all covenants.

In December 2021 and January 2023, PNC issued letters of credit of \$2.9 million and \$1.5 million, respectively, which reduced the amount available for cash advances under the line of credit to \$145.6 million as of September 30, 2024 and December 31, 2023. As of September 30, 2024 and December 31, 2023, the Company has not drawn funds from, nor are any amounts outstanding under, the Revolving Loan Agreement.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(9) CONVERTIBLE NOTES

Convertible note obligations included in the condensed consolidated balance sheet consisted of the following as of September 30, 2024:

(In thousands)	Principal Amount	Unamortized Debt Discount and Issuance Costs	Net Carrying Amount	Fair Value (1)	
				Amount	Leveling
2031 Convertible Notes - 1.750%	\$ 620,709	\$ (14,090)	\$ 606,619	\$ 623,558	2
2030 Convertible Notes - 2.000%	572,993	(3,820)	569,173	652,244	2
2028 Convertible Notes - 0.375%	589,380	(5,346)	584,034	546,650	2
2027 Convertible Notes - 0.375%	563,822	(4,158)	559,664	547,668	2
2025 Convertible Notes - 1.000% (2)	249,172	(134)	249,038	254,155	2

Convertible note obligations included in the condensed consolidated balance sheet consisted of the following as of December 31, 2023:

(In thousands)	Principal Amount	Unamortized Debt Discount and Issuance Costs	Net Carrying Amount	Fair Value (1)	
				Amount	Leveling
2030 Convertible Notes - 2.000%	\$ 572,993	\$ (4,349)	\$ 568,644	\$ 684,475	2
2028 Convertible Notes - 0.375%	949,042	(10,499)	938,543	887,354	2
2027 Convertible Notes - 0.375%	563,822	(5,429)	558,393	549,839	2
2025 Convertible Notes - 1.000%	249,172	(476)	248,696	293,300	2

- (1) The fair values are based on observable market prices for this debt, which is traded in less active markets and therefore is classified as a Level 2 fair value measurement.
- (2) The Company's convertible notes due in 2025 (the "2025 Notes") mature on January 15, 2025 and are included in convertible notes, net, current portion on the condensed consolidated balance sheet as of September 30, 2024. The 2025 Notes were included in convertible notes, net, less current portion as of December 31, 2023.

Issuances and Settlements

In February 2023, the Company entered into a privately negotiated exchange and purchase agreement with a single holder of certain of the Company's convertible notes due in 2027 (the "2027 Notes") and 2028 (the "2028 Notes"). The Company issued the holder \$500.0 million aggregate principal amount of 2.0% Convertible Notes due in 2030 (the "2030 Notes") in exchange for \$183.7 million of aggregate principal of 2027 Notes, \$201.0 million of aggregate principal of 2028 Notes, and \$138.0 million of cash. The extinguishment resulted in a gain on settlement of convertible notes of \$17.7 million, which is included in interest expense in the condensed consolidated statement of operations for the nine months ended September 30, 2023. The gain represents the difference between (i) the fair value of the consideration transferred and (ii) the carrying value of the debt at the time of exchange.

In March 2023, the Company entered into a privately negotiated exchange agreement with two holders of certain of the 2025 Notes. The Company issued the holder \$73.0 million aggregate principal amount of 2030 Notes in exchange for \$65.8 million of aggregate principal of 2025 Notes. The extinguishment resulted in a loss on settlement of convertible notes of \$7.4 million, which is included in interest expense in the condensed consolidated statement of operations for the nine months ended September 30, 2023. The loss represents the difference between (i) the fair value of the consideration transferred and (ii) the carrying value of the debt at the time of exchange.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The net proceeds from the issuance of the 2030 Notes were approximately \$133.0 million, after deducting commissions and offering expenses payable by the Company.

The 2030 Notes will mature on March 1, 2030 and bear interest at a rate of 2.0% per year, payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2023.

In April 2024, the Company entered into a privately negotiated exchange and purchase agreement with certain holders of the Company's 2028 Notes. The Company issued \$620.7 million aggregate principal amount of 1.75% Convertible Notes due in 2031 (the "2031 Notes" and, collectively with the 2025 Notes, 2027 Notes, 2028 Notes, and 2030 Notes, the "Notes") in exchange for \$359.7 million of aggregate principal of 2028 Notes, and \$266.8 million of cash after deducting underwriting discounts. The extinguishment resulted in a gain on settlement of convertible notes of \$10.3 million, which is included in interest expense in the condensed consolidated statement of operations for the nine months ended September 30, 2024. The gain represents the difference between (i) the fair value of the consideration transferred and (ii) the carrying value of the debt at the time of exchange.

The net proceeds from the issuance of the 2031 Notes were approximately \$259.8 million, after deducting commissions and offering expenses payable by the Company.

The 2031 Notes will mature on April 15, 2031 and bear interest at a rate of 1.75% per year, payable semi-annually in arrears on October 15 and April 15 of each year, beginning on October 15, 2024. The Company has the ability to repurchase the 2031 Notes after April 17, 2029 upon the occurrence of certain events and during certain periods, as set forth in the Indenture filed at the time of the offering.

Summary of Conversion Features

Until the six-months immediately preceding the maturity date of the applicable series of the Company's convertible notes, each series of Notes is convertible only upon the occurrence of certain events and during certain periods, as set forth in the Indentures filed at the time of the original offerings. On or after the date that is six-months immediately preceding the maturity date of the applicable series of Notes until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may elect to convert such Notes at any time, and if elected, the conversion would occur on the maturity date. The Notes will be convertible into cash, shares of the Company's common stock (plus, if applicable, cash in lieu of any fractional share), or a combination of cash and shares of the Company's common stock, at the Company's election. If the Notes are not converted prior to the maturity date, the principal amount will be settled in cash upon maturity.

It is the Company's intent to settle all conversions through combination settlement. The initial conversion rate is 13.26, 8.96, 8.21, 12.37, and 10.06 shares of common stock per \$1,000 principal amount for the 2025 Notes, 2027 Notes, 2028 Notes, 2030 Notes, and 2031 Notes, respectively, which is equivalent to an initial conversion price of approximately \$75.43, \$111.66, \$121.84, \$80.83, and \$99.36 per share of the Company's common stock for the 2025 Notes, 2027 Notes, 2028 Notes, 2030 Notes, and 2031 Notes, respectively. The 2025 Notes, 2027 Notes, 2028 Notes, 2030 Notes, and 2031 Notes are potentially convertible into up to 3.3 million, 5.0 million, 4.8 million, 7.1 million, and 6.2 million shares, respectively. The conversion rate is subject to adjustment upon the occurrence of certain specified events as set forth in the Indentures filed at the time of the original offerings but will not be adjusted for accrued and unpaid interest. In addition, holders of the Notes who convert their Notes in connection with a "make-whole fundamental change" (as defined in the Indentures), will, under certain circumstances, be entitled to an increase in the conversion rate.

If the Company undergoes a "fundamental change" (as defined in the Indentures), holders of the Notes may require the Company to repurchase for cash all or part of their Notes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest.

Based on the closing price of the Company's common stock of \$68.12 on September 30, 2024, the if-converted values on the Notes do not exceed the principal amount.

The Notes do not contain any financial or operating covenants or any restrictions on the payment of dividends, the issuance of other indebtedness, or the issuance or repurchase of securities by the Company.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Ranking of Convertible Notes

The Notes are the Company's senior unsecured obligations and (i) rank senior in right of payment to all of its future indebtedness that is expressly subordinated in right of payment to the Notes; (ii) rank equal in right of payment to each outstanding series thereof and to all of the Company's future liabilities that are not so subordinated, unsecured indebtedness; (iii) are effectively junior to all of the Company's existing and future secured indebtedness and other secured obligations, to the extent of the value of the assets securing that indebtedness and other secured obligations; and (iv) are structurally subordinated to all indebtedness and other liabilities of the Company's subsidiaries.

Issuance Costs

Issuance costs are amortized to interest expense over the term of the Notes. The following table summarizes the original issuance costs at the time of issuance for each set of Notes:

(In thousands)

2031 Convertible Notes	\$	6,820
2030 Convertible Notes		4,938
2028 Convertible Notes		24,453
2027 Convertible Notes		14,285
2025 Convertible Notes		17,646

Interest Expense

Interest expense on the Notes includes the following:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Debt issuance costs amortization	\$ 1,334	\$ 1,329	\$ 3,965	\$ 4,021
Debt discount amortization	322	25	611	81
Gain on settlements of convertible notes	—	—	(10,254)	(10,324)
Coupon interest expense	7,285	4,906	19,054	13,166
Total interest expense (income) on convertible notes	\$ 8,941	\$ 6,260	\$ 13,376	\$ 6,944

The following table summarizes the effective interest rates of the Notes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
2031 Convertible Notes	2.10 %	— %	2.06 %	— %
2030 Convertible Notes	2.12 %	2.12 %	2.09 %	2.09 %
2028 Convertible Notes	0.64 %	0.64 %	0.63 %	0.63 %
2027 Convertible Notes	0.68 %	0.68 %	0.67 %	0.67 %
2025 Convertible Notes	1.18 %	1.18 %	1.17 %	1.17 %

The remaining period over which the unamortized debt discount will be recognized as non-cash interest expense is 0.29, 2.45, 3.42, 5.42, and 6.54 years for the 2025 Notes, 2027 Notes, 2028 Notes, 2030 Notes, and 2031 Notes, respectively.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(10) LICENSE AND COLLABORATION AGREEMENTS

The Company licenses certain technologies that are, or may be, incorporated into its technology under several license agreements, as well as the rights to commercialize certain diagnostic tests through collaboration agreements. Generally, the license agreements require the Company to pay single-digit royalties based on net revenues received using the technologies and may require minimum royalty amounts, milestone payments, or maintenance fees.

Mayo Foundation for Medical Education and Research

In June 2009, the Company entered into an exclusive, worldwide license agreement with the Mayo Foundation for Medical Education and Research (“Mayo”), under which Mayo granted the Company an exclusive, worldwide license to certain Mayo patents and patent applications, as well as a non-exclusive, worldwide license with regard to certain Mayo know-how. The scope of the license covers any screening, surveillance or diagnostic test or tool for use in connection with any type of cancer, pre-cancer, disease or condition. The Company’s license agreement with Mayo was most recently amended and restated in September 2020.

The licensed Mayo patents and patent applications contain both method and composition claims that relate to sample processing, analytical testing and data analysis associated with nucleic acid screening for cancers and other diseases. The jurisdictions covered by these patents and patent applications include the U.S., Australia, Canada, the European Union, China, Japan and Korea. Under the license agreement, the Company assumed the obligation and expense of prosecuting and maintaining the licensed Mayo patents and is obligated to make commercially reasonable efforts to bring to market products using the licensed Mayo intellectual property.

Pursuant to the Company’s agreement with Mayo, the Company is required to pay Mayo a low-single-digit royalty on the Company’s net sales of current and future products using the licensed Mayo intellectual property each year during the term of the Mayo agreement.

The Company is also required to pay Mayo up to \$3.0 million in sales-based milestone payments upon cumulative net sales of each product using the licensed Mayo intellectual property reaching specified levels.

The license agreement will remain in effect, unless earlier terminated by the parties in accordance with the agreement, until the last of the licensed patents expires in 2039 (or later, if certain licensed patent applications are issued). However, if the Company is still using the licensed Mayo know-how or certain Mayo-provided biological specimens or their derivatives on such expiration date, the term shall continue until the earlier of the date the Company stops using such know-how and materials and the date that is five years after the last licensed patent expires. The license agreement contains customary termination provisions and permits Mayo to terminate the license agreement if the Company sues Mayo or its affiliates, other than any such suit claiming an uncured material breach by Mayo of the license agreement.

In addition to granting the Company a license to the covered Mayo intellectual property, Mayo provides the Company with product development and research and development assistance pursuant to the license agreement and other collaborative arrangements. In September 2020, Mayo also agreed to make available certain personnel to provide such assistance through January 2025. In connection with this collaboration, the Company has incurred insignificant charges for the three months ended September 30, 2024 and 2023, respectively. The charges incurred in connection with this collaboration are recorded in research and development expenses in the Company’s condensed consolidated statements of operations.

Johns Hopkins University

Through the acquisition of Thrive, the Company acquired a worldwide exclusive license agreement with Johns Hopkins University (“JHU”) for use of several JHU patents and licensed know-how. The license is designed to enable the Company to leverage JHU intellectual property in the development and commercialization of a blood-based, multi-cancer screening test. The agreement terms would require the Company to pay single-digit sales-based royalties and up to \$45.0 million in sales-based milestone payments for each JHU licensed product that reaches specified net sales levels. The Company will record the sales-based royalties once sales of licensed products have occurred and sales-based milestones once achievement is deemed probable. The Company has not incurred charges related to the achievement of any sales-based royalties or sales-based milestones as of September 30, 2024.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Targeted Digital Sequencing (“TARDIS”) License Agreement

In January 2021, the Company entered into an exclusive, worldwide license to the proprietary TARDIS technology from The Translational Genomics Research Institute (“TGen”). Under the agreement, the Company acquired a royalty-free, worldwide exclusive license to proprietary TARDIS patents and know-how. Under the agreement, the Company was obligated to make milestone payments to TGen of up to \$45.0 million in sales-based milestone payments upon cumulative net sales related to molecular residual disease (“MRD”) detection and/or treatment reaching specified levels. These payments were contingent upon achievement of these cumulative revenues on or before December 31, 2030, which was not achieved prior to the termination.

Effective May 1, 2024, the Company entered into termination agreements (the “Termination Agreements”) with TGen for the purpose of terminating the license and sponsored research agreement relating to the TARDIS technology and an additional sponsored research agreement with a broader scope (collectively, the “Original Agreements”). As part of the Termination Agreements, the Company will pay TGen \$27.6 million in compensation for the termination of the Original Agreements, which will be allocated into three annual installments of \$9.2 million per year beginning in the second quarter of 2024. The fair value of the termination payments as of the date of the Termination Agreements was \$25.8 million, which was recorded as research and development expense in the condensed consolidated statement of operations in the second quarter of 2024. The remaining \$1.8 million in expense is being recognized ratably through the date of the final payment in the second quarter of 2026. The Company has recorded a liability of \$17.1 million representing the fair value of the remaining payments, of which \$8.8 million is included in accrued liabilities and \$8.3 million is included in other long-term liabilities on the condensed consolidated balance sheet as of September 30, 2024. The termination payments eliminate the Company’s obligation to pay TGen any further payments, equities, fees, costs, or other amounts that would have been due under the Original Agreements, including the milestone payments. The Company’s ongoing development efforts for its pipeline tests are not impacted by the Termination Agreements.

Broad Institute, Inc.

In June 2023, the Company entered into an exclusive license agreement with Broad Institute, Inc. (“Broad Institute”) to utilize the Minor Allele Enriched Sequencing Through Recognition Oligonucleotides (“MAESTRO”) technology in the Company’s MRD testing. Under the license agreement, the Company is obligated to make development milestone payments to Broad Institute of up to \$6.5 million upon achievement of certain development milestones related to prospective MRD tests that use the MAESTRO technology. In addition, the Company is obligated to make sales-based milestone payments to Broad Institute that equate up to a mid-single-digit royalty upon the achievement of certain cumulative net sales targets of licensed products using the MAESTRO technology beginning at \$500.0 million. The Company will record the development milestones once achieved and the sales milestones once achievement is deemed probable. The Company has not incurred charges related to the achievement of development milestones or sales milestones as of September 30, 2024.

Watchmaker Genomics, Inc.

In July 2023, the Company entered into a co-exclusive development and license agreement with Watchmaker Genomics, Inc. (“Watchmaker”) under which the Company granted Watchmaker a co-exclusive license to the non-bisulfite technology for the detection of methylated DNA and other epigenetic modifications (“TAPS”). TAPS is based on patents obtained by the Company through an exclusive license agreement with the Ludwig Institute for Cancer Research. Under the agreement, both parties have the right to use and develop TAPS for commercial purposes. The Company has the potential to receive up to \$82.0 million in sales-based milestone payments and mid-single-digit royalties based on future Watchmaker net sales of licensed products including TAPS. Additionally, Watchmaker has the right to sublicense TAPS, and the Company has the potential to receive royalties based on future Watchmaker sublicense receipts.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

TwinStrand Biosciences, Inc.

On July 1, 2024, the Company entered into an agreement with TwinStrand Biosciences, Inc. (“TwinStrand”), under which TwinStrand licensed to the Company intellectual property related to the error correction technology in next-generation sequencing. The Company’s rights are broadly exclusive with respect to cell-free nucleic acid sequencing, subject to certain non-exclusive relationships in the field. Under the license agreement, the Company made upfront payments to TwinStrand totaling \$45.0 million in July 2024. The upfront payments were capitalized as a patent and license intangible asset in the condensed consolidated balance sheet, which is amortized through amortization of acquired intangible assets in the condensed consolidated statement of operations over its estimated useful life of 10 years. In addition, the Company agreed to pay TwinStrand a low-single-digit royalty on the Company’s net sales of certain licensed products and services. The Company will record the sales-based royalties once sales using relevant licensed products and services have occurred. The Company has not incurred charges related to the sales-based royalties as of September 30, 2024.

(11) STOCKHOLDERS’ EQUITY
Changes in Accumulated Other Comprehensive Income

The amounts recognized in AOCI for the nine months ended September 30, 2024 were as follows:

(In thousands)	Cumulative Translation Adjustment	Unrealized Gain on Securities (1)	AOCI
Balance at December 31, 2023	\$ 1,374	\$ 54	\$ 1,428
Other comprehensive loss before reclassifications	427	2,723	3,150
Amounts reclassified from accumulated other comprehensive income	—	52	52
Net current period change in accumulated other comprehensive income	427	2,775	3,202
Balance at September 30, 2024	\$ 1,801	\$ 2,829	\$ 4,630

(1) There was no tax impact from the amounts recognized in AOCI for the three and nine months ended September 30, 2024.

The amounts recognized in AOCI for the nine months ended September 30, 2023 were as follows:

(In thousands)	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Securities (1)	AOCI
Balance at December 31, 2022	\$ 53	\$ (5,289)	\$ (5,236)
Other comprehensive income before reclassifications	(626)	748	122
Amounts reclassified from accumulated other comprehensive income	—	3,579	3,579
Net current period change in accumulated other comprehensive income	(626)	4,327	3,701
Balance at September 30, 2023	\$ (573)	\$ (962)	\$ (1,535)

(1) There was no tax impact from the amounts recognized in AOCI for the nine months ended September 30, 2023.

Amounts reclassified from AOCI for the nine months ended September 30, 2024 and 2023 were as follows:

Details about AOCI Components (In thousands)	Affected Line Item in the Statements of Operations	Nine Months Ended September 30,	
		2024	2023
Change in value of available-for-sale investments			
Sales and maturities of available-for-sale investments	Investment income, net	\$ 52	\$ 3,579
Total reclassifications		\$ 52	\$ 3,579

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(12) STOCK-BASED COMPENSATION

Stock-Based Compensation Plans

The Company maintains the following plans for which awards were granted from or had awards outstanding in 2023: the 2010 Omnibus Long-Term Incentive Plan (as Amended and Restated effective July 27, 2017), the 2019 Omnibus Long-Term Incentive Plan, and the 2010 Employee Stock Purchase Plan. These plans are collectively referred to as the “Stock Plans” and are administered in conjunction with the Company’s Equity Award Death, Disability and Retirement Policy, which was adopted in February 2023. Refer to the Company’s 2023 Form 10-K for further information regarding this policy.

Stock-Based Compensation Expense

The Company records stock-based compensation expense in connection with the amortization of restricted stock and restricted stock unit awards (“RSUs”), performance share units (“PSUs”), stock purchase rights granted under the Company’s employee stock purchase plan (“ESPP”) and stock options granted to employees, non-employee consultants and non-employee directors. The Company recorded \$48.8 million and \$61.9 million in stock-based compensation expense during the three months ended September 30, 2024 and 2023, respectively. The Company recorded \$165.7 million and \$172.7 million in stock-based compensation expense during the nine months ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, there was approximately \$383.8 million of expected total unrecognized compensation cost related to non-vested stock-based compensation arrangements granted under all equity compensation plans. The Company expects to recognize that cost over a weighted average period of 2.6 years.

Stock Options

A summary of stock option activity under the Stock Plans is as follows:

	Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (1)
<i>(Aggregate intrinsic value in thousands)</i>				
Outstanding, January 1, 2024	1,286,173	\$ 47.67	3.8	
Exercised	(221,374)	19.50		
Forfeited	(36,575)	91.37		
Outstanding, September 30, 2024	<u>1,028,224</u>	<u>\$ 52.18</u>	<u>3.3</u>	<u>\$ 26,970</u>
Vested and expected to vest, September 30, 2024	<u>1,028,224</u>	<u>\$ 52.18</u>	<u>3.3</u>	<u>\$ 26,970</u>
Exercisable, September 30, 2024	<u>1,028,224</u>	<u>\$ 52.18</u>	<u>3.3</u>	<u>\$ 26,970</u>

(1) The total intrinsic value of options exercised, net of shares withheld for taxes, during the nine months ended September 30, 2024 and 2023 was \$6.2 million and \$10.6 million, respectively, determined as of the date of exercise.

Restricted Stock and Restricted Stock Units

The fair value of restricted stock and RSUs is determined on the date of grant using the closing stock price on that day.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

A summary of restricted stock and RSU activity during the nine months ended September 30, 2024 is as follows:

	Restricted Shares	Weighted Average Grant Date Fair Value (1)
Outstanding, January 1, 2024	6,272,763	\$ 73.39
Granted	4,227,223	56.67
Released (2)	(2,232,590)	77.62
Forfeited	(780,430)	61.93
Outstanding, September 30, 2024	<u>7,486,966</u>	<u>\$ 63.07</u>

(1) The weighted average grant date fair value of the RSUs granted during the nine months ended September 30, 2023 was \$62.28.

(2) The fair value of RSUs vested and converted to shares of the Company's common stock was \$173.3 million and \$146.7 million during the nine months ended September 30, 2024 and 2023, respectively.

Performance Share Units

The Company has issued performance-based equity awards to certain employees which vest upon the achievement of certain performance goals, including financial performance targets and operational milestones.

A summary of PSU activity during the nine months ended September 30, 2024 is as follows:

	Performance Share Units (1)	Weighted Average Grant Date Fair Value (2)
Outstanding, January 1, 2024	1,597,801	\$ 92.73
Granted	913,533	63.68
Released (3)	(70,662)	140.20
Forfeited	(403,454)	92.47
Outstanding, September 30, 2024	<u>2,037,218</u>	<u>\$ 75.47</u>

(1) The PSUs listed above assumes attainment of maximum payout rates as set forth in the performance criteria. Applying actual or expected payout rates, the number of outstanding PSUs as of September 30, 2024 was 820,015.

(2) The weighted average grant date fair value of the PSUs granted during the nine months ended September 30, 2023 was \$79.11.

(3) The fair value of PSUs vested and converted to shares of the Company's common stock was \$9.9 million and \$1.0 million for the nine months ended September 30, 2024 and 2023, respectively.

Employee Stock Purchase Plan

The fair value of shares purchased during the three and nine months ended September 30, 2024 and 2023 under the ESPP is based on the assumptions in the following table:

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
ESPP Shares				
Risk-free interest rates	(1)	(1)	4.71% - 5.30%	4.68%
Expected term (in years)	(1)	(1)	1.17	1.25
Expected volatility	(1)	(1)	55.67% - 63.13%	67.30%
Dividend yield	(1)	(1)	—%	—%

(1) The Company did not issue stock purchase rights under its 2010 Employee Stock Purchase Plan during the period indicated.

(13) COMMITMENTS AND CONTINGENCIES

Leases

Supplemental disclosure of cash flow information related to the Company's cash and non-cash activities with its leases are as follows:

(In thousands)	Nine Months Ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 28,658	\$ 29,212
Operating cash flows from finance leases	991	559
Finance cash flows from finance leases	4,890	2,545
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 17,860	\$ 2,097
Right-of-use assets obtained in exchange for new finance lease liabilities	15,995	4,940
Weighted-average remaining lease term - operating leases (in years)	7.58	7.00
Weighted-average remaining lease term - finance leases (in years)	3.08	2.99
Weighted-average discount rate - operating leases	6.55 %	6.50 %
Weighted-average discount rate - finance leases	6.71 %	7.32 %

As of September 30, 2024 and December 31, 2023, the Company's right-of-use assets from operating leases are \$122.5 million and \$143.7 million, respectively, which are reported in operating lease right-of-use assets in the Company's condensed consolidated balance sheets. As of September 30, 2024, the Company has outstanding operating lease obligations of \$189.9 million, of which \$27.2 million is reported in operating lease liabilities, current portion and \$162.7 million is reported in operating lease liabilities, less current portion in the Company's condensed consolidated balance sheets. As of December 31, 2023, the Company had outstanding operating lease obligations of \$190.4 million, of which \$29.4 million is reported in operating lease liabilities, current portion and \$161.1 million is reported in operating lease liabilities, less current portion in the Company's condensed consolidated balance sheets.

In the third quarter of 2024, the Company recorded an impairment charge of \$18.7 million, which consisted of a right-of-use asset of \$11.8 million and associated leasehold improvements of \$6.9 million relating to one of its domestic facilities that will be vacated in the fourth quarter of 2024 as a result of a change in strategic priorities. The Company used the income approach, under which the recoverability of the assets was measured by comparing the carrying amount of the asset to future undiscounted, pre-tax cash flows generated by the assets held. The fair value of the assets was determined using discounted cash flows, and the impairment charge recorded represents the difference between the carrying value and fair value of the impaired assets. The impairment charge recorded is included in impairment of long-lived assets in the Company's condensed consolidated statement of operations for the three and nine months ended September 30, 2024.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

As of September 30, 2024 and December 31, 2023, the Company's right-of-use assets from finance leases are \$21.6 million and \$11.3 million, respectively, which are reported in other long-term assets, net in the Company's condensed consolidated balance sheets. As of September 30, 2024, the Company has outstanding finance lease obligations of \$22.7 million, of which \$7.9 million is reported in other current liabilities and \$14.8 million is reported in other long-term liabilities in the Company's condensed consolidated balance sheets. As of December 31, 2023, the Company had outstanding finance lease obligations of \$11.9 million, of which \$4.4 million is reported in other current liabilities and \$7.5 million is reported in other long-term liabilities in the Company's condensed consolidated balance sheets.

Legal Matters

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 legal actions for damages, governmental investigations and other matters. 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 accrues costs for certain legal proceedings and regulatory matters to the extent that it determines an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. While such accrued costs reflect the Company's best estimate of the probable loss for such matters, the recorded amounts may differ materially from the actual amount of any such losses. In some cases, no estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made because of the inherently unpredictable nature of legal and regulatory proceedings, which may be exacerbated by various factors, including but not limited to, that they may involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or legal uncertainties; involve disputed facts; represent a shift in regulatory policy; involve a large number of parties, claimants or regulatory bodies; are in the early stages of the proceedings; involve a number of separate proceedings and/or a wide range of potential outcomes; or result in a change of business practices.

As of the date of this Quarterly Report on Form 10-Q, amounts accrued for legal proceedings and regulatory matters were not material. The Company believes that the ultimate outcome of any of the regulatory and legal proceedings that are currently pending against it should not have a material adverse effect on financial condition, results of operations, cash flow or liquidity. However, it is possible that in a particular quarter or annual period the Company's financial condition, results of operations, cash flow and/or liquidity could be materially adversely affected by an ultimate unfavorable resolution of, or development in, legal and/or regulatory proceedings.

Refer to the Company's 2023 Form 10-K for detailed disclosures on legal matters that were settled in 2023.

Intellectual Property Litigation Matters

In May 2023, after receiving a cease-and-desist letter from the Company regarding its patent infringement, Geneoscopy Inc. ("Geneoscopy") requested a reexamination of the Company's U.S. Patent No. 11,634,781 (the "'781 Patent") by the United States Patent and Trademark Office (the "USPTO"). Upon completion of the reexamination in October 2023, the USPTO rejected Geneoscopy's challenge. In November 2023, the Company filed suit against Geneoscopy in the United States District Court for the District of Delaware, alleging that certain of Geneoscopy's products infringe the '781 Patent and seeking unspecified monetary damages and injunctive relief (the "'781 Action") and in May 2024, the Company filed a second complaint against Geneoscopy alleging infringement of the Company's U.S. Patent No. 11,970,746 (the "'746 Patent"), which has been consolidated with the '781 Action. On June 28, 2024, Geneoscopy filed counterclaims against the Company challenging the validity of the patents at issue and alleging breach of contract, misappropriation of trade secrets, unfair competition, and other violations of state and federal law seeking unspecified monetary damages and injunctive relief, which were amended on August 16, 2024. On July 16, 2024, the Company filed a motion for preliminary injunction seeking an order prohibiting Geneoscopy from selling its infringing Colosense test in the United States. On August 8, 2024, Geneoscopy filed a motion to stay pending inter partes review of the '781 Patent, which is fully briefed. On August 30, 2024, the Company filed a motion to dismiss the amended counterclaim, which is fully briefed. On September 3, 2024, the Court entered a stipulated order for briefing and expedited discovery for the Company's preliminary injunction motion. On September 27, 2024, Geneoscopy filed its opposition to the Company's motion for preliminary injunction, and the parties are currently engaged in expedited discovery. Briefing for the Company's motion for preliminary injunction will be complete by the end of November 2024.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

In January 2024, Geneoscopy petitioned the USPTO to institute an inter partes review (“IPR”) challenging the validity of the ‘781 Patent before the Patent Trial and Appeals Board (“PTAB”). On July 26, 2024, the PTAB notified the Company that it decided to institute review. The Company filed its Patent Owner Response on October 25, 2024, and the parties are currently engaged in discovery. The Company intends to defend the validity of the ‘781 Patent, and a final decision of that review will be made on or before July 30, 2025.

On August 20, 2024, Geneoscopy filed a petition for inter partes review of the ‘746 Patent before the PTAB. The Company’s Patent Owner Preliminary Response is due November 27, 2024. The PTAB is expected to decide on or before February 27, 2025, whether it will institute the IPR. If the IPR is instituted, the Company intends to defend the validity of the ‘746 Patent, and a final decision of that review will be made on or before February 27, 2026.

(14) WISCONSIN ECONOMIC DEVELOPMENT TAX CREDITS

During December 2021, the Company entered into an amended agreement (“Amended WEDC Agreement”) with the Wisconsin Economic Development Corporation (“WEDC”) to earn an additional \$18.5 million in refundable tax credits on the condition that the Company expends \$350.0 million in capital investments and establishes and maintains 1,300 additional full-time positions over a five-year period. The capital investment credits are earned at a rate of 10% of eligible capital investments up to a maximum of \$7.0 million, while the jobs creation credits are earned annually pursuant to the Amended WEDC Agreement.

The tax credits earned are first applied against the tax liability otherwise due, and if there is no such liability present, the claim for tax credits will be reimbursed in cash to the Company. The maximum amount of the refundable tax credit to be earned for each year is fixed, and the Company earns the credits by meeting certain capital investment and job creation thresholds over the term of the Amended WEDC Agreement. Should the Company earn and receive the job creation tax credits but not maintain those full-time positions through the end of the agreement, the Company may be required to pay those credits back to the WEDC.

The Company records the earned tax credits as job creation and capital investments occurs. The tax credits earned from capital investment are recognized as a reduction to capital expenditures at the time the costs are incurred, and then as an offset to depreciation expense over the expected life of the acquired capital assets. The tax credits earned related to job creation are recognized as an offset to operational expenses in the period in which the credits are earned.

As of September 30, 2024, the Company has earned \$14.3 million of the refundable tax credits under the Amended WEDC Agreement. The unpaid portion is \$8.8 million, of which \$4.2 million is reported in prepaid expenses and other current assets and \$4.6 million is reported in other long-term assets, net in the Company’s condensed consolidated balance sheets reflecting when collection of the refundable tax credits is expected to occur. During the three and nine months ended September 30, 2024 and 2023, the amounts recorded as an offset to capital expenditures and operating expenses for the tax credits earned were not significant.

(15) ACQUISITIONS AND DIVESTITURES

Business Combinations

Resolution Bioscience, Inc.

On September 12, 2023, the Company completed the acquisition of all of the outstanding capital stock of Resolution Bioscience, Inc. (“Resolution Bioscience”) from Agilent Technologies, Inc. The acquisition provides the Company with a high-quality blood-based therapy selection platform, complementing its comprehensive, tissue-based OncoExTra[®] test.

Refer to the Company’s 2023 Form 10-K for detailed disclosures on the combination, including the fair value of the consideration transferred, purchase price allocation, and goodwill and intangible assets identified in the transaction. During the three and nine months ended September 30, 2024, there were no significant changes to the purchase price and purchase price allocation, and the measurement period has closed.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Divestitures*Oncotype DX Genomic Prostate Score Test*

On August 2, 2022, pursuant to an asset purchase agreement (the “Asset Purchase Agreement”) with MDxHealth SA (“MDxHealth”), the Company completed the sale of the intellectual property and know-how related to the Company’s Oncotype DX Genomic Prostate Score test (“GPS test”). On August 23, 2023, the Company and MDxHealth executed the Second Amendment to the Asset Purchase Agreement (the “Second Amendment”). Under the Second Amendment, the Company agreed to allow MDxHealth to defer the 2023 contingent consideration payment by three years in exchange for additional consideration and more favorable contingent consideration terms, including elimination of the minimum revenue thresholds previously required to be met under the Asset Purchase Agreement. Refer to the Company’s 2023 Form 10-K for additional details on the agreements.

As of September 30, 2024 and December 31, 2023, a portion of the contingent consideration is classified as a contract asset. As of September 30, 2024, the contract asset was \$48.3 million, of which \$25.8 million is included in prepaid expenses and other current assets and \$22.5 million is included in other long-term assets, net on the condensed consolidated balance sheet. As of December 31, 2023, the contract asset was \$41.7 million, which is included in other long-term assets on the condensed consolidated balance sheet. The contract asset was estimated using historical GPS test revenues by MDxHealth under the most likely amount method. The remaining consideration balance as of September 30, 2024 and December 31, 2023 was \$31.6 million, which includes the amount earned during the 2023 earnout year and is classified as a receivable within other long-term assets, net on the condensed consolidated balance sheet. The Company recorded an insignificant contingent consideration gain for the three and nine months ended September 30, 2024, which is included in other operating income in the condensed consolidated statement of operations.

(16) SEGMENT INFORMATION

Management determined that the Company functions as a single operating segment, and thus reports as a single reportable segment. This operating segment is focused on the development and global commercialization of clinical laboratory services allowing healthcare providers and patients to make individualized treatment decisions. Management assessed the financial information routinely reviewed by the Company's Chief Operating Decision Maker, its President and Chief Executive Officer, to monitor the Company's operating performance and support decisions regarding allocation of resources to its operations. Performance is continuously monitored at the consolidated level to timely identify deviations from expected results.

The following table summarizes total revenue from customers by geographic region. Product revenues are attributed to countries based on ship-to location.

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
United States	\$ 659,222	\$ 589,739	\$ 1,904,755	\$ 1,741,428
Outside of United States	49,433	38,599	140,688	111,453
Total revenues	<u>\$ 708,655</u>	<u>\$ 628,338</u>	<u>\$ 2,045,443</u>	<u>\$ 1,852,881</u>

Long-lived assets located in countries outside of the U.S. are not significant.

(17) INCOME TAXES

The Company recorded income tax expense of \$0.8 million and \$0.2 million for the three months ended September 30, 2024 and 2023, respectively. The Company recorded income tax expense of \$4.1 million and \$3.0 million for the nine months ended September 30, 2024 and 2023, respectively. The Company’s income tax expense recorded during the three and nine months ended September 30, 2024 is primarily related to current foreign and state tax expense. A deferred tax liability of \$19.3 million and \$17.3 million was recorded as of September 30, 2024 and December 31, 2023, respectively, which is included in other long-term liabilities on the Company’s condensed consolidated balance sheet. The Company continues to maintain a full valuation allowance against its deferred tax assets based on management’s determination that it is more likely than not the benefit will not be realized.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The Company had \$42.0 million and \$36.4 million of unrecognized tax benefits at September 30, 2024 and December 31, 2023, respectively. These amounts have been recorded as a reduction to the Company's deferred tax asset, if recognized they would not have an impact on the effective tax rate due to the existing valuation allowance. Certain of the Company's unrecognized tax benefits could change due to activities of various tax authorities, including possible settlement of audits, or through normal expiration of various statutes of limitations. The Company does not expect a material change in unrecognized tax benefits in the next twelve months.

As of September 30, 2024, due to the carryforward of unutilized net operating losses and research and development credits, the Company is subject to U.S. federal income tax examinations for the tax years 2000 through 2024, and to state income tax examinations for the tax years 2000 through 2024. No interest or penalties related to income taxes have been accrued or recognized as of September 30, 2024.

The Organization for Economic Co-operation and Development has endorsed a framework ("Pillar Two") with model rules introducing a global minimum corporate tax rate via a system where multinational groups with consolidated revenue over €750.0 million are subject to a minimum effective tax rate of 15% on income arising in low-tax jurisdictions on a country-by-country basis. Many countries have implemented laws based on these model rules, with effective dates beginning January 1, 2024. These rules do not have a material impact on the Company for the current period and, as currently designed, are not expected to materially increase the Company's global tax costs. The Company will continue to monitor U.S. and global legislative action related to Pillar Two for potential impacts.

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

Objective

The purpose of this Management's Discussion and Analysis is to better allow our investors to understand and view our Company from management's perspective. We are providing an overview of our business and strategy including a discussion of our financial condition and results of operations. The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"), which has been filed with the U.S. Securities and Exchange Commission ("SEC").

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the "safe harbor" created by those sections. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as "believe," "expect," "may," "will," "should," "would," "could," "seek," "intend," "plan," "goal," "project," "estimate," "anticipate" or other comparable terms. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q regarding our strategies, prospects, expectations, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expected future operating results; expectations for development of new or improved products and services and their impact on patients; our strategies, positioning, resources, capabilities and expectations for future events or performance; and the anticipated benefits of our acquisitions, including estimated synergies and other financial impacts. Forward-looking statements are neither historical facts nor assurances of future performance or events. Instead, they are based only on current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Actual results, conditions and events may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause actual results, conditions and events to differ materially from those indicated in the forward-looking statements include, among others, the following: our ability to successfully and profitably market our products and services; the acceptance of our products and services by patients and healthcare providers; our ability to meet demand for our products and services; our reliance upon certain suppliers, including suppliers that are the sole source of certain supplies and products used in our tests and operations; approval and maintenance of adequate reimbursement rates for our products and services within and outside of the U.S.; the amount and nature of competition for our products and services; the effects of any judicial, executive or legislative action affecting us or the healthcare system; recommendations, guidelines and quality metrics issued by various organizations regarding cancer screening or our products and services; our ability to successfully develop and commercialize new products and services and assess potential market opportunities; our ability to effectively enter into and utilize strategic partnerships and acquisitions; our success establishing and maintaining collaborative, licensing and supplier arrangements; our ability to obtain and maintain regulatory approvals and comply with applicable regulations; our ability to protect and enforce our intellectual property; the results of our validation studies and clinical trials, including the risks that the results of future studies and trials may differ materially from the results of previously completed studies and trials; our ability to manage an international business and our expectations regarding our international expansion and opportunities; our ability to raise the capital necessary to support our operations or meet our payment obligations under our indebtedness; the potential effects of changing macroeconomic conditions, including the effects of inflation, interest rate and foreign currency exchange rate fluctuations, and geopolitical conflict; the possibility that the anticipated benefits from our business acquisitions will not be realized in full or at all or may take longer to realize than expected; the possibility that costs or difficulties related to the integration of acquired businesses' operations or the divestiture of business operations will be greater than expected and the possibility that integration or divestiture efforts will disrupt our business and strain management time and resources; the outcome of any litigation, government investigations, enforcement actions or other legal proceedings; and our ability to retain and hire key personnel. The risks included above are not exhaustive. Other important risks and uncertainties are described in the Risk Factors and in Management's Discussion and Analysis of Financial Condition and Results of Operations sections of the 2023 Form 10-K and subsequently filed Quarterly Reports on Form 10-Q. You are further cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Overview

A leading provider of cancer screening and diagnostic tests, Exact Sciences Corporation (together with its subsidiaries, “Exact,” “we,” “us,” “our” or the “Company”) gives patients and health care professionals the clarity needed to take life-changing action earlier. Building on the success of the Cologuard® and Oncotype DX® tests, we are investing in our pipeline to develop innovative solutions for use before, during, and after a cancer diagnosis.

During the third quarter of 2024, we achieved many critical milestones, including:

- delivering tests results to 1.2 million people including a record number for Cologuard and Oncotype DX,
- growing total revenue 13% year-over-year while leveraging efficiencies in our operating expenses,
- generating cash provided by operating activities of \$138.7 million for the three months ended September 30, 2024, an improvement of \$114.4 million in comparison to the three months ended September 30, 2023,
- increasing customer satisfaction and brand awareness to all-time highs,
- receiving U.S. Food and Drug Administration (“FDA”) approval for Cologuard Plus™, our next-generation Cologuard test,
- showcasing data at the European Society for Medical Oncology (“ESMO”) 2024 congress for our liquid biopsy colon cancer screening and multi-cancer screening tests, and
- gaining acceptance from a top-tier journal for the first publication of Oncodetect™, our molecular residual disease (“MRD”) test.

Our Screening Tests

Cologuard Test

Colorectal cancer is the second leading cause of cancer deaths in the United States (“U.S.”) and the leading cause of cancer deaths in the U.S. among non-smokers. Each year in the U.S., there are approximately 153,000 new cases of colorectal cancer and approximately 53,000 deaths. It is widely accepted that colorectal cancer is among the most preventable, yet least prevented cancers.

Our flagship screening product, the Cologuard test, is a patient-friendly, non-invasive stool-based DNA (“sDNA”) screening test that utilizes a multi-target approach to detect DNA and hemoglobin biomarkers associated with colorectal cancer and pre-cancer. Upon approval by the FDA in August 2014, our Cologuard test became the first and only FDA-approved sDNA non-invasive colorectal cancer screening test. Our Cologuard test is now indicated for average risk adults 45 years of age and older. In October 2024, the FDA approved Cologuard Plus, our next-generation Cologuard test, which we expect to launch with Medicare coverage and guideline inclusion in 2025.

Genetic Testing

We provide more than 5,000 predefined genetic tests for nearly all clinically relevant genes, additional custom panels, and comprehensive germline, whole exome (“PGxome®”), and whole genome (“PGnome®”) sequencing tests.

Riskguard™, our hereditary cancer test, helps people understand their inherited risk of cancer, arming them with critical information to make more informed treatment decisions.

Our Precision Oncology Tests

Our precision oncology portfolio delivers actionable genomic insights to inform prognosis and cancer treatment after a diagnosis. In breast cancer, the Oncotype DX Breast Recurrence Score® test is the only test shown to predict the likelihood of chemotherapy benefit as well as the chance of cancer recurrence in the most common sub-type of early-stage breast cancer. As the only test proven to predict both the likelihood of chemotherapy benefit and cancer recurrence, the Oncotype DX test is recognized globally as standard of care and is included in all major breast cancer treatment guidelines. The OncoExTra® test applies comprehensive tumor profiling, utilizing whole exome and whole transcriptome sequencing, to aid in therapy selection for patients with advanced, metastatic, refractory, relapsed, or recurrent cancer. With an extensive panel of approximately 20,000 genes and 169 introns, the OncoExTra test is one of the most comprehensive genomic (DNA) and transcriptomic (RNA) panels available today. We enable patients to take a more active role in their cancer care and make it easy for providers to order tests, interpret results, and personalize medicine.

International Business Background and Products

We commercialize or plan to commercialize our Oncotype® tests internationally through employees in Canada, Japan and a number of European countries, as well as through exclusive distribution agreements. We have provided our Oncotype tests in approximately 120 countries outside of the U.S. We do not offer our Cologuard test outside of the U.S.

Upcoming Test Launches

We are preparing to launch in 2025 new screening and diagnostic tests to address unmet patient needs and enhance our existing products.

- *Cologuard Plus* - Our Cologuard Plus test sets a new performance standard in non-invasive colorectal cancer screening. Our Cologuard Plus test detects cancers and precancerous polyps with even greater sensitivity than our Cologuard test while reducing false positives by more than 30 percent. In October 2024, the FDA approved our Cologuard Plus test for adults ages 45 and older of average risk for colorectal cancer. This approval was based on results from our pivotal BLUE-C study, which showed 95% overall cancer sensitivity and 43% sensitivity for advanced precancerous lesions at 94% specificity when age-weighted to the U.S. population with no findings on colonoscopy. We expect to launch our Cologuard Plus test with Medicare coverage and guideline inclusion in 2025.
- *Oncodetect* - We expect to launch our Oncodetect MRD test for patients with colorectal cancer, supported by forthcoming data releases and medical journal publications. We recently completed clinical validation of our tumor-informed platform utilizing colorectal cancer samples. Results will be submitted to MolDx for approval and subsequent Medicare reimbursement. Our tumor-informed Oncodetect test is designed to detect small amounts of tumor DNA that may remain in patients' blood after they have undergone initial colorectal cancer treatment. This test will help patients and oncologists understand the success of initial treatment, guide further treatment, and monitor for cancer recurrence.

Pipeline Research and Development

We are continuing to advance our pipeline of future screening and diagnostic products, including risk assessment, screening and prevention, early disease diagnosis, adjuvant and/or neoadjuvant disease treatment, metastatic disease treatment selection, and patient monitoring.

Through our collaboration with Mayo Foundation for Medical Education and Research ("Mayo"), we have successfully performed validation studies involving multiple types of cancer using tissue, blood, and other sample types. Our research and development programs are also powered by technologies we have exclusively licensed from The Johns Hopkins University, Broad Institute, Inc. ("Broad Institute"), Oxford University, the Ludwig Institute for Cancer Research, and TwinStrand Biosciences, Inc. ("TwinStrand").

We are focusing our research and development efforts on three main areas:

- *Colorectal Cancer Screening*. Over the past decade, together with Mayo, we have been seeking to develop even better colorectal cancer screening tests. Beyond Cologuard Plus, we are also working to develop a blood-based screening test for colorectal cancer. In September 2024, we presented performance data for our blood-based colorectal cancer screening test at the ESMO Congress, showing sensitivities of 88% for colorectal cancer and 31% for advanced precancerous lesions at specificity of 90% for negative samples confirmed by colonoscopy. BLUE-C pivotal study results for our blood-based colorectal cancer screening test are expected in the first half of 2025.

- *MRD Test Development.* In addition to our expected 2025 launch of Oncodetect for patients with colorectal cancer, we plan to validate Oncodetect for other cancer types, including breast cancer, and continually enhance the performance characteristics of our MRD test offerings over time. We recently completed clinical validation of our tumor-informed platform utilizing colorectal cancer samples. Results will be submitted to MoDx for approval and subsequent Medicare reimbursement. In June 2023, we entered into a sponsored research agreement and exclusive license agreement with Broad Institute to utilize their Minor Allele Enriched Sequencing Through Recognition Oligonucleotides (“MAESTRO”) diagnostic testing technology to further our ability to develop and launch impactful MRD tests. We are developing the MAESTRO platform for use in certain future MRD tests.
- *Multi-cancer Screening Test Development.* We are currently seeking to develop a multi-cancer screening test, which will be branded as Cancerguard™, to help detect many different types of cancer from a single blood draw. ASCEND-2, a multi-center, prospective, case-control study of over 11,000 clinically characterized participants, validates the sensitivity and specificity of our multi-biomarker class approach across a broad range of cancer types, including the most aggressive cancers and cancers with no current standard of care for screening. We presented initial ASCEND-2 data in April 2024 at the American Association for Cancer Research (“AACR”) annual meeting, which demonstrated the ability to detect cancer signals from 21 cancer types with a mean sensitivity of 50.9% with 98.5% specificity and 56.8% sensitivity when breast and prostate cancer were excluded from the analysis. We plan to share additional analyses from ASCEND-2 at an upcoming scientific conference. Our multi-cancer screening test was recently approved by the FDA to be used within a real-world evidence study, providing an opportunity to test 25,000 people over the next three years. The first patient was enrolled within this study at Baylor Scott & White, the primary study site, in August 2024. In the future, we plan to begin recruiting patients for the FDA registrational Study of All comeRs (“SOAR”) trial, which we expect to be the largest prospective, interventional multi-cancer screening trial ever conducted in the U.S.

Research and development, which includes our clinical study programs, accounts for a material portion of our operating expenses. As we seek to enhance our product portfolio and advance our pipeline, we expect that our research and development expenditures will continue to be a significant portion of our operating expenditures.

2024 Priorities

Our top priorities for 2024 are to (1) focus on our people and customers, (2) bring our portfolio to life, and (3) magnify our impact.

Focus on our People and Customers

We want to continue to provide an exceptional experience for our patients and team members. We plan to improve customer relations by delivering simple and smooth workflows, providing communication that is clear and easy to understand, and providing results that are fast and accurate. We will also strive to ensure that Exact Sciences remains a great place to work by taking care of our people.

Bring our Portfolio to Life

We will focus on advancing new tests in our highest priority programs including colorectal cancer screening, MRD, and multi-cancer screening. We plan to continue investing in our clinical trials to enhance existing products and bring new products to patients and providers, including obtaining FDA approval and securing coverage for our next generation Cologuard test, Cologuard Plus.

Magnify our Impact

We are committed to improving lives through testing more people with our laboratory testing services in 2024 including expanding screening access to underserved populations. By testing more people, we will continue to expand our business in a cost-efficient manner allowing us to generate sustainable profits and increase shareholder value. Generating sustained profits will put the company in a better position to continue investing in life-changing cancer diagnostics to help achieve our mission.

Recent Developments and Trends

We estimate there are up to 60 million Americans that are not up to date with their colon cancer screenings. The capacity for screening colonoscopies in the U.S. is relatively fixed because it is dependent on the number of gastroenterologists available to perform the procedures. Health systems, payers, and health care providers are motivated to increase screening rates because they are measured as part of the Healthcare Effectiveness Data and Information Set (“HEDIS”) and Medicare Stars quality measure systems. More health systems and payers are recognizing the opportunity to partner with Exact Sciences to address their screening rates and related quality measures through large, organized screening programs. We aim to partner with them to implement our Cologuard test within these programs as a solution for patients who infrequently visit their health care provider. Cologuard utilization is increasing in this setting, helping us screen more Americans.

We have an opportunity to impact even more lives by increasing adoption of Oncotype DX tests internationally. In 2023, we secured reimbursement for the Oncotype DX test in Japan. Breast cancer is the most common cancer among Japanese women, with about 45,000 new diagnoses of early-stage HR+, HER2- breast cancer each year. With reimbursement in place, we estimate our Oncotype DX test could help more than 100 women per day understand if their cancer is likely to recur and whether chemotherapy should be used in their treatment plan.

Results of Operations

We have incurred losses since our inception and, as of September 30, 2024, we had an accumulated deficit of approximately \$3.63 billion. While our operating results have continued to improve, we expect to incur net losses for the near future, and it is possible we may never become profitable or sustain profitability.

Revenue. Our Screening revenue primarily includes laboratory service revenue from our Cologuard and Prevention Genetics, LLC (“PreventionGenetics”) tests while our Precision Oncology revenue primarily includes laboratory service revenue from global Oncotype DX and therapy selection tests.

Amounts in millions	Three Months Ended September 30,		
	2024	2023	Change
Screening	\$ 544.9	\$ 472.0	\$ 72.9
Precision Oncology	163.8	156.3	7.4
Total	\$ 708.7	\$ 628.3	\$ 80.3

Amounts in millions	Nine Months Ended September 30,		
	2024	2023	Change
Screening	\$ 1,551.3	\$ 1,378.0	\$ 173.3
Precision Oncology	494.1	468.9	25.2
COVID-19 Testing	—	6.0	(6.0)
Total	\$ 2,045.4	\$ 1,852.9	\$ 192.5

The increase in Screening revenue was mainly due to an increase in the number of completed Cologuard tests. The increase in completed Cologuard tests for the three and nine months ended September 30, 2024 was due to growth across all customer segments, more patients rescreening with our Cologuard test, and expansion of organized screening programs run by payers and health systems. The increase in Precision Oncology revenue was mainly due to an increase in the number of completed Oncotype DX breast cancer tests, both domestically and internationally, led by an increased number of ordering providers outside the U.S., specifically in Japan. We discontinued our COVID-19 testing business in the second quarter of 2023 due to lower demand, which led to the decrease in COVID-19 testing revenue. A discussion on our COVID-19 testing business was provided in our Annual Report on Form 10-K for the year ended December 31, 2023.

Adjustments to revenue recognized during the period relating to prior period estimates were less than 1% of revenue recorded in our condensed consolidated statement of operations for the three and nine months ended September 30, 2024. Adjustments to revenue recognized during the period relating to prior period estimates were less than 2% of revenue recorded in our condensed consolidated statement of operations for the three and nine months ended September 30, 2023. The impact to revenue for the three and nine months ended September 30, 2023 was due to improvements made in our billing systems and processes, including international contracting and collections.

We expect continuing revenue growth for our Cologuard and Oncotype tests subject to seasonal variability. Our revenues are affected by the test volume of our products, patient adherence rates, payer mix, the levels of reimbursement, our order to cash operations, and payment patterns of payers and patients.

Cost of sales (exclusive of amortization of acquired intangible assets). The increase in cost of sales for the three and nine months ended September 30, 2024 was primarily due to an increase in production costs, personnel expenses, and facility and support services, which was a result of an increase in completed Cologuard and Oncotype tests and the corresponding increase in headcount to support the increase in tests completed. Cost of sales (exclusive of amortization of acquired intangible assets) as a percentage of revenue increased for the three and nine months ended September 30, 2024 compared to the same periods in 2023, primarily due to higher Cologuard test volume from organized screening programs run by payers and health systems. We expect that cost of sales will generally continue to increase in future periods as a result of an increase in our existing laboratory testing services and as we launch our pipeline products. We also expect to see a corresponding increase in personnel and support services associated with this growth.

Amounts in millions	Three Months Ended September 30,		
	2024	2023	Change
Production costs	\$ 125.6	\$ 102.6	\$ 23.0
Personnel expenses	48.2	45.8	2.4
Facility and support services	17.3	13.6	3.7
Stock-based compensation	4.9	5.3	(0.4)
Other cost of sales expenses	0.1	1.2	(1.1)
Total cost of sales expense	\$ 196.1	\$ 168.5	\$ 27.6

Amounts in millions	Nine Months Ended September 30,		
	2024	2023	Change
Production costs	\$ 341.6	\$ 289.2	\$ 52.4
Personnel expenses	146.4	134.4	12.0
Facility and support services	50.4	40.3	10.1
Stock-based compensation	15.7	15.6	0.1
Other cost of sales expenses	1.9	2.9	(1.0)
Total cost of sales expense	\$ 556.0	\$ 482.4	\$ 73.6

Research and development expenses. The decrease in research and development expenses for the three months ended September 30, 2024 was primarily due to a decrease in resources needed to support our ongoing clinical studies as discussed in further detail above. The increase in research and development expenses for the nine months ended September 30, 2024 was primarily due to the termination of a license agreement with The Translational Genomics Research Institute (“TGen”) resulting in the recognition of an expense of \$25.8 million in the second quarter of 2024. In addition, personnel expenses grew for the nine months ended September 30, 2024 is primarily due to an increase in average headcount during the year. This was partially offset by a decrease in direct research and development costs as discussed above. We expect that research and development expenses will generally continue to increase in future periods as we continue to invest to advance new tests.

Amounts in millions	Three Months Ended September 30,		
	2024	2023	Change
Personnel expenses	\$ 43.7	\$ 44.3	\$ (0.6)
Direct research and development	28.4	36.6	(8.2)
Facility and support services	14.4	17.0	(2.6)
Stock-based compensation	9.3	10.5	(1.2)
Professional fees	3.2	2.3	0.9
Other research and development	1.1	0.7	0.4
Total research and development expenses	<u>\$ 100.1</u>	<u>\$ 111.4</u>	<u>\$ (11.3)</u>

Amounts in millions	Nine Months Ended September 30,		
	2024	2023	Change
Personnel expenses	\$ 141.0	\$ 129.9	\$ 11.1
Direct research and development	81.2	96.1	(14.9)
Facility and support services	43.0	46.5	(3.5)
Stock-based compensation	31.1	31.0	0.1
License agreement termination	25.8	—	25.8
Professional fees	7.7	5.5	2.2
Other research and development	1.8	2.0	(0.2)
Total research and development expenses	<u>\$ 331.6</u>	<u>\$ 311.0</u>	<u>\$ 20.6</u>

Sales and marketing expenses. Sales and marketing expenses increased for the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023 due to continued investment in high impact sales and marketing opportunities. We anticipate sales and marketing expenses will generally increase in future periods as we reinvest in sales and marketing to meet demand for current products and the launch of new products, while continuing to decrease as a percentage of revenue over time, driven by the growth of Cologuard and Oncotype testing services.

Amounts in millions	Three Months Ended September 30,		
	2024	2023	Change
Personnel expenses	\$ 110.6	\$ 99.7	\$ 10.9
Direct marketing costs	49.3	39.4	9.9
Professional and legal fees	15.4	12.1	3.3
Stock-based compensation	14.5	17.5	(3.0)
Facility and support services	4.5	4.0	0.5
Other sales and marketing expenses	0.4	0.5	(0.1)
Total sales and marketing expenses	<u>\$ 194.7</u>	<u>\$ 173.2</u>	<u>\$ 21.5</u>

Amounts in millions	Nine Months Ended September 30,		
	2024	2023	Change
Personnel expenses	\$ 326.9	\$ 310.8	\$ 16.1
Direct marketing costs	145.2	131.3	13.9
Stock-based compensation	44.8	48.8	(4.0)
Professional and legal fees	44.3	30.7	13.6
Facility and support services	10.0	12.6	(2.6)
Other sales and marketing expenses	1.1	2.4	(1.3)
Total sales and marketing expenses	<u>\$ 572.3</u>	<u>\$ 536.6</u>	<u>\$ 35.7</u>

General and administrative expenses. The decrease in general and administrative expenses for the three months ended September 30, 2024 was primarily due to a reduction in certain incentive-based compensation arrangements and a reduction in other discretionary spend including professional and legal fees as a result of our cost savings measures that were implemented. The decrease in general and administrative expenses for the nine months ended September 30, 2024 was primarily due to the settlement of certain legal matters in 2023, as further described in Note 15 of our Annual Report on Form 10-K for the year ended December 31, 2023. These reductions were partially offset by increases in other general and administrative expense as a result of the change in fair value of our outstanding contingent consideration liabilities. Refer to Note 7 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion of our outstanding contingent consideration liabilities. We expect general and administrative expenses throughout the remainder of 2024 will remain relatively consistent with costs incurred thus far in 2024. We expect general and administrative expenses will decrease over time as we leverage efficiencies in our personnel and information technology systems.

Amounts in millions	Three Months Ended September 30,		
	2024	2023	Change
Personnel expenses	\$ 98.1	\$ 101.3	\$ (3.2)
Facility and support services	48.8	45.9	2.9
Professional and legal fees	30.8	34.5	(3.7)
Stock-based compensation	20.1	28.6	(8.5)
Other general and administrative	19.4	7.1	12.3
Total general and administrative expenses	<u>\$ 217.2</u>	<u>\$ 217.4</u>	<u>\$ (0.2)</u>

Amounts in millions	Nine Months Ended September 30,		
	2024	2023	Change
Personnel expenses	\$ 312.2	\$ 294.0	\$ 18.2
Facility and support services	138.0	133.2	4.8
Professional and legal fees	98.1	136.2	(38.1)
Stock-based compensation	74.1	77.3	(3.2)
Other general and administrative	39.8	32.0	7.8
Total general and administrative expenses	<u>\$ 662.2</u>	<u>\$ 672.7</u>	<u>\$ (10.5)</u>

Amortization of acquired intangible assets. Amortization of acquired intangible assets increased to \$24.4 million for the three months ended September 30, 2024 compared to \$23.0 million for the three months ended September 30, 2023. Amortization of acquired intangible assets increased to \$71.1 million for the nine months ended September 30, 2024 compared to \$68.8 million for the nine months ended September 30, 2023. The increase was primarily due to amortization of the intangible asset acquired as part of our acquisition of Resolution Bioscience in September 2023 and our acquisition of intellectual property through a license from TwinStrand in July 2024.

Impairment of long-lived assets. Impairment of long-lived assets was \$18.7 million and \$31.3 million for the three and nine months ended September 30, 2024, respectively, compared to zero and \$0.6 million for the three and nine months ended September 30, 2023. The impairment charges recorded during the three and nine months ended September 30, 2024 and 2023 related to the closure of certain of our domestic facilities.

Other operating income. Other operating income was \$3.1 million and \$6.6 million for the three and nine months ended September 30, 2024 compared to \$72.0 million for the three and nine months ended September 30, 2023. The income recorded for the three and nine months ended September 30, 2024 represents the remeasurement of the contingent consideration asset from the sale of the Oncotype DX Genomic Prostate Score test to MDxHealth SA (“MDxHealth”). The income recorded for the three and nine months ended September 30, 2023 included a \$68.9 million contingent consideration gain and \$3.1 million in additional consideration received from MDxHealth.

Investment income, net. Investment income, net increased to \$11.6 million for the three months ended September 30, 2024 compared to \$2.1 million for the three months ended September 30, 2023. Investment income, net increased to \$29.6 million for the nine months ended September 30, 2024 compared to \$7.4 million for the nine months ended September 30, 2023. The investment income recorded for the three and nine months ended September 30, 2024 and 2023 was primarily due to gains recorded on our marketable securities.

Interest expense. Interest expense was \$9.6 million for the three months ended September 30, 2024 compared to \$7.9 million for the three months ended September 30, 2023. Interest expense recorded from our outstanding convertible notes totaled \$8.9 million and \$6.3 million for the three months ended September 30, 2024 and 2023, respectively. Interest expense increased to \$17.4 million for the nine months ended September 30, 2024 compared to \$11.6 million for the nine months ended September 30, 2023. Interest expense recorded from our outstanding convertible notes totaled \$23.6 million and \$17.3 million for the nine months ended September 30, 2024 and 2023, respectively. Interest expense included a net gain on settlement of convertible notes of \$10.3 million and \$10.3 million for the nine months ended September 30, 2024 and 2023, respectively. The convertible notes are further described in Note 9 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Income tax expense. Income tax expense increased to \$0.8 million for the three months ended September 30, 2024 compared to \$0.2 million for the three months ended September 30, 2023. Income tax expense increased to \$4.1 million for the nine months ended September 30, 2024 compared to \$3.0 million for the nine months ended September 30, 2023. Income tax expense for the three and nine months ended September 30, 2024 and 2023 was primarily related to current foreign and state tax expense.

Liquidity and Capital Resources

Overview

We have incurred losses since our inception, and have historically financed our operations primarily through public offerings of our common stock and convertible debt and through revenue generated by the sale of our laboratory testing services. We expect our operating expenditures to continue to increase to support future growth of our laboratory testing services, as well as an increase in research and development and clinical trial costs to support the advancement of our pipeline products and bringing new tests to market. We expect that cash, cash equivalents and marketable securities on hand at September 30, 2024, along with cash flows generated through our operations, will be sufficient to fund our current operations for at least the next twelve months based on current operating plans.

We have access to a revolving line-of-credit (the “Revolver”) of up to \$150.0 million, which had its maturity date extended to November 2025 through an amended agreement in October 2022. The Revolver is collateralized by certain marketable securities which must continue to maintain a minimum market value of \$150.0 million. PNC Bank, National Association has issued letters of credit totaling \$4.4 million, which reduces the amount available for cash advances under the line of credit to \$145.6 million. As of September 30, 2024, we had not drawn any funds under the Revolver. The Revolver is further described in Note 8 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

We may raise additional capital to expand our business, to pursue strategic investments, to take advantage of financing opportunities or for other reasons. If we are unable to obtain sufficient additional funds to enable us to fund our business plans and strategic investments, our results of operations and financial condition could be materially adversely affected, and we may be required to delay the implementation of our plans or otherwise scale back our operations. There can be no certainty that we will ever be successful in generating sufficient cash flow from operations to achieve and maintain profitability and meet all of our obligations as they come due.

Cash, Cash Equivalents and Marketable Securities

As of September 30, 2024, we had approximately \$588.8 million in unrestricted cash and cash equivalents and approximately \$432.3 million in marketable securities.

The majority of our investments in marketable securities consist of fixed income investments, and all are deemed available-for-sale. The objectives of this portfolio are to provide liquidity and safety of principal while striving to achieve the highest rate of return. Our investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Cash Flows

Amounts In millions	Nine Months Ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 163.5	\$ 86.6
Net cash provided by (used in) investing activities	(400.3)	116.4
Net cash provided by financing activities	221.4	149.7

Operating activities

The increase in cash provided by operating activities for the nine months ended September 30, 2024 was primarily due to an increase in revenue. This was partially offset by an increase in operating expenses and cost of sales to support the increase in revenue as discussed in the Results of Operations section above and timing of payments on our accounts payable and accrued expenses and collections of our accounts receivable.

Investing activities

The increase in cash used in investing activities for the nine months ended September 30, 2024 compared to cash provided by investing activities for the nine months ended September 30, 2023 was due to a net increase of \$507.4 million in cash used for purchases, maturities and sales of marketable securities as a result of a change in investing strategy towards more fixed income securities compared to money market funds as money market yields have decreased. We also increased our purchases of property, plant and equipment by \$10.4 million due to additional investments in information technology infrastructure and lab automation. The increase in cash used in investing activities was partially offset by a decrease in cash used related to business combinations and asset acquisitions. We made payments of \$45.0 million for our license of intellectual property from TwinStrand during the third quarter of 2024 compared to a cash payment of \$50.0 for our acquisition of Resolution Bioscience, Inc. in the third quarter of 2023.

Financing activities

The increase in cash provided by financing activities during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 was primarily due to proceeds of \$266.8 million from the issuance of convertible notes in the second quarter of 2024 compared to proceeds of \$138.0 million from the issuance of convertible notes in the first quarter of 2023. This was partially offset by a payment of \$50.0 million in settlement of our previously outstanding accounts receivable securitization facility ("Securitization Facility") upon maturity in June 2024.

Material Cash Requirements

A discussion of our material cash requirements as of December 31, 2023 was provided in the Management's Discussion and Analysis of Financial Condition and Results of Operation of our 2023 Form 10-K. Other than the matters described below, there were no material changes outside the ordinary course of our business in our specified material cash requirements during the nine months ended September 30, 2024.

In April 2024, we entered into privately negotiated agreements (the “Agreements”) with certain holders of our convertible notes due in 2028 (“2028 Notes”). Pursuant to the Agreements, we issued \$620.7 million aggregate principal amount of a new series of Convertible Notes due in 2031 (the “2031 Notes”) in exchange for (i) the retirement of \$359.7 million in aggregate principal amount of 2028 Notes, and (ii) payment to the Company of \$266.8 million in cash. The net proceeds from the issuance of the Notes were approximately \$259.8 million, after deducting commissions and the offering expenses payable by the Company. The 2031 Notes mature on April 15, 2031 and bear interest at a fixed rate of 1.75% per year, payable semiannually in arrears on October 15 and April 15 of each year, beginning on October 15, 2024.

As of September 30, 2024, we had outstanding aggregate principal of \$249.2 million on our convertible notes with a maturity date of January 15, 2025 (the “2025 Notes”), which are classified as convertible notes, net, current portion on the condensed consolidated balance sheet. Beginning July 15, 2024, which is six months prior to the maturity date of the 2025 Notes, holders of the 2025 Notes may elect to convert such notes at any time. In accordance with the terms of the 2025 Notes, any 2025 Notes that are converted after July 15, 2024 will be settled through a combination settlement under which the par value will be settled in cash and any amount in excess of par value will be settled in shares of our common stock. 2025 Notes that are not converted prior to the maturity date will be settled in cash upon maturity.

In June 2024, we repaid the previously outstanding balance of \$50.0 million in full upon maturity of the Securitization Facility. Prior to maturity, the Securitization Facility accrued interest at a rate equal to a daily secured overnight financing rate (“SOFR”) plus a SOFR adjustment and an applicable margin. The interest rate was 6.87% as of the maturity date.

As of September 30, 2024, we had no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Management’s discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates on historical experience and on various other factors that are believed to be appropriate 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 may differ from these estimates under different assumptions or conditions.

For a discussion of our critical accounting policies and estimates, refer to our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Form 10-K. There have been no material changes to our critical accounting policies and estimates since our 2023 Form 10-K.

Recent Accounting Pronouncements

See Note 1 of our condensed consolidated financial statements for the discussion of Recent Accounting Pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our exposure to market risk is principally confined to our cash, cash equivalents and marketable securities and our outstanding variable-rate debt. We invest our cash, cash equivalents, and marketable securities in securities of the U.S. governments and its agencies and in investment-grade, highly liquid investments consisting of commercial paper, bank certificates of deposit, and corporate bonds, which as of September 30, 2024 and December 31, 2023 were classified as available-for-sale. We place our cash, cash equivalents, restricted cash, and marketable securities with high-quality financial institutions, limit the amount of credit exposure to any one institution, and have established investment guidelines relative to diversification and maturities designed to maintain safety and liquidity.

Based on a hypothetical 100 basis point decrease in market interest rates, the potential losses in future earnings, fair value of risk-sensitive financial instruments, and cash flows are immaterial, although the actual effects may differ materially from the hypothetical analysis. While we believe our cash, cash equivalents, restricted cash, and marketable securities do not contain excessive risk, we cannot provide absolute assurance that, in the future, our investments will not be subject to adverse changes

in market value. In addition, we maintain significant amounts of cash, cash equivalents, restricted cash, and marketable securities at one or more financial institutions that are in excess of federally insured limits. Given the potential instability of financial institutions, we cannot provide assurance that we will not experience losses on these deposits. We do not utilize interest rate hedging agreements or other interest rate derivative instruments.

As of September 30, 2024, we had no outstanding variable rate debt. If we were to draw down amounts under our Revolving Loan, we would be impacted by increases in prevailing market interest rates. All of our other significant interest-bearing liabilities bear interest at fixed rates and therefore are not subject to fluctuations in market interest rates; however, because these interest rates are fixed, we may be paying a higher interest rate, relative to market, in the future if circumstances change.

Foreign Currency Risk

The functional currency for most of our international subsidiaries is the U.S. dollar, and as a result we are not subject to material gains and losses from foreign currency translation of the subsidiary financial statements. Substantially all of our revenues are recognized in U.S. dollars, although a small portion is denominated in foreign currency as we continue to expand into markets outside of the U.S. Certain expenses related to our international activities are payable in foreign currencies. As a result, factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets will affect our financial results.

We enter into forward contracts to mitigate the impact of adverse movements in foreign exchange rates related to the re-measurement of monetary assets and liabilities and hedge our foreign currency exchange rate exposure. As of September 30, 2024, we had open foreign currency forward contracts with notional amounts of \$47.7 million. Although the impact of currency fluctuations on our financial results has been immaterial in the past, there can be no guarantee that the impact of currency fluctuations related to our international activities will not be material in the future.

Item 4. Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based upon that evaluation, our principal executive officer and our principal financial officer concluded that, as of September 30, 2024, our disclosure controls and procedures were effective. Disclosure controls and procedures enable us to record, process, summarize and report information required to be included in our Exchange Act filings within the required time period. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by us in the periodic reports filed with the SEC is accumulated and communicated to our management, including our principal executive, financial and accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There have been no significant changes in internal control over financial reporting during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time we are a party to various legal proceedings arising in the ordinary course of our business. Legal proceedings, including litigation, government investigations and enforcement actions could result in material costs, occupy significant management resources and entail civil and criminal penalties. The information called for by this item is incorporated by reference to the information in Note 13 of our condensed consolidated financial statements included in Part I of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this report, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I, “Item 1A. Risk Factors” in the 2023 Form 10-K and in Part II, “Item 1A. Risk Factors” in our subsequently filed Quarterly Reports on Form 10-Q. There have been no material changes to the risk factors described in the 2023 Form 10-K and subsequently filed Quarterly Report on Form 10-Q.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the third quarter of 2024, none of the Company’s directors or executive officers adopted or terminated any “Rule 10b5-1 trading arrangement” or any “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The following documents are filed as part of this Form 10-Q.

Exhibit Number	Exhibit Description	Filed with This Report	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
3.1	Sixth Amended and Restated Certificate of Incorporation of the Registrant		S-1 (Exhibit 3.3)	12/4/2000	333-48812
3.2	Certificate of Amendment, dated July 23, 2020, to the Sixth Amended and Restated Certificate of Incorporation of the Registrant		8-K (Exhibit 3.1)	7/24/2020	001-35092
3.3	Certificate of Amendment, dated June 9, 2023, to the Sixth Amended and Restated Certificate of Incorporation of the Registrant		8-K (Exhibit 3.1)	6/12/2023	001-35092
3.4	Seventh Amended and Restated By-Laws of the Registrant		8-K (Exhibit 3.2)	6/12/2023	001-35092
10.1*	First Amendment to Employment Agreement, dated July 31, 2024, by and between Aaron Bloomer and the Registrant	X			
10.2*	First Amendment to Employment Agreement, dated July 31, 2024, by and between Jake Orville and the Registrant	X			
10.3*	First Amendment to Employment Agreement, dated July 31, 2024, by and between Brian Baranick and the Registrant	X			
10.4*	Second Amendment to Employment Agreement, dated July 31, 2024, by and between Sarah Condella and the Registrant	X			
10.5*	The Registrant’s 2010 Employee Stock Purchase Plan (as amended and restated on July 31, 2024)	X			
31.1	Certification Pursuant to Rule 13(a)-14(a) or Rule 15d-14(a) of Securities Exchange Act of 1934	X			
31.2	Certification Pursuant to Rule 13(a)-14(a) or Rule 15d-14(a) of Securities Exchange Act of 1934	X			
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
101	The following materials from the Quarterly Report on Form 10-Q of Exact Sciences Corporation for the quarter ended September 30, 2024 filed on November 5, 2024, formatted in Inline eXtensible Business Reporting Language (“iXBRL”): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statement of Changes in Stockholders’ Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) related notes to these financial statements	X			
104	The cover page from our Quarterly Report for the period ended September 30, 2024, filed with the Securities and Exchange Commission on November 5, 2024, is formatted in Inline Extensible Business Reporting Language (“iXBRL”)	X			

(*) Indicates a management contract or any compensatory plan, contract or arrangement.

SIGNATURES

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

EXACT SCIENCES CORPORATION

Date: November 5, 2024

By: /s/ Kevin T. Conroy
Kevin T. Conroy
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2024

By: /s/ Aaron Bloomer
Aaron Bloomer
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

**FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT**

This First Amendment to Employment Agreement (this “**Amendment**”) is entered into as of July 31, 2024, by and between Exact Sciences Corporation, a Delaware corporation (the “**Company**”), and Aaron Bloomer. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Employment Agreement (as defined below).

RECITALS

A. WHEREAS, the Company and Employee are Parties to that certain Employment Agreement entered into effective as of April 15, 2024 (the “**Employment Agreement**”); and

B. WHEREAS, the Parties desire to amend certain provisions of the Employment Agreement, as more particularly set forth herein.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

1. Addition of Section 7.2(c). Section 7 of the Employment Agreement is hereby amended by adding the following new Section 7.2(c):

“(c) Separation from Service in connection with a Change in Control. If within four (4) months before or twelve (12) months after a Change in Control, Employee incurs a Separation from Service initiated by the Company (or a successor) without Cause or initiated by Employee for Good Reason, then subject to the conditions described in **Section 7.3** below, the Company shall provide Employee the following payments and other benefits:

- (i) (A) A lump-sum payment equal to eighteen (18) months of Employee’s then current Base Salary; and (B) any accrued but unpaid Base Salary as of the day of the Separation from Service.
 - (ii) To the extent not duplicative with any bonus policy, plan, or program that provides for a prorated bonus following a Separation from Service, a lump-sum cash payment equal to Employee’s Year-End Bonus, at target performance, for the year of the Separation from Service, prorated based on the number of days elapsed in the performance period corresponding to such Year-End Bonus through the date of the Separation from Service, divided by the number of days in such performance period.
 - (iii) A lump-sum cash payment equal to 150% of Employee’s Year-End Bonus, at target performance, for the year of Separation from Service.
 - (iv) A lump-sum cash payment that is equal to twelve (12) months of premium payments for COBRA coverage for health, dental, and vision coverage based on the Company-provided health, dental, and vision coverage in which the Employee and the Employee’s dependents are enrolled at the time of the Employee’s Separation from Service. This lump-sum cash payment may be used for any purpose, including but not limited to continuation coverage under COBRA.
-

- (v) Ten Thousand Dollars (\$10,000) towards the cost of an outplacement consulting package for Employee.
 - (vi) The cash payments described above will be made on the first payroll date that is on or that immediately follows the sixtieth (60th) day following the Separation from Service. If a Separation from Service covered by this **Section 7.2(c)** occurs prior to a Change in Control, then the installment payments referenced in **Section 7.1** will commence thereunder, and the lump sum payment of any additional amount provided under this **Section 7.2(c)** will be made as soon as administratively practicable (not more than ten (10) days) after the date of the Change in Control, reduced by any amounts already provided under **Section 7.1** in order to avoid duplication of benefits.”
2. Amendment and Ratification. Except as specifically amended hereby, all terms, conditions, covenants, representations, and warranties contained in the Employment Agreement shall remain in full force and effect and shall be binding upon the Parties.
 3. Entire Agreement. The Employment Agreement, as amended hereby, together with the documents incorporated therein, constitute the entire agreement (and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings) between the Parties with respect to the subject matter thereof and hereof.
 4. Counterparts. This Amendment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.
 5. Facsimile or .pdf Signature. This Amendment may be executed by facsimile or .pdf signature and a facsimile or .pdf signature shall constitute an original for all purposes.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the date first written above.

**EXACT SCIENCES
CORPORATION**

By: _____
Name: Kevin Conroy
Title: CEO

EXECUTIVE

Aaron Bloomer

[SIGNATURE PAGE TO FIRST AMENDMENT TO EMPLOYMENT AGREEMENT]

**FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT**

This First Amendment to Employment Agreement (this “**Amendment**”) is entered into as of July 31, 2024, by and between Exact Sciences Corporation, a Delaware corporation (the “**Company**”), and Jacob Orville. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Employment Agreement (as defined below).

RECITALS

A. WHEREAS, the Company and Employee are Parties to that certain Employment Agreement entered into effective as of February 18, 2019 (the “**Employment Agreement**”); and

B. WHEREAS, the Parties desire to amend certain provisions of the Employment Agreement, as more particularly set forth herein.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

1. Addition of Section 7.2(c). Section 7 of the Employment Agreement is hereby amended by adding the following new Section 7.2(c):

“(c). Separation from Service in connection with a Change in Control. If within four (4) months before or twelve (12) months after a Change in Control, Employee incurs a Separation from Service initiated by the Company (or a successor) without Cause or initiated by Employee for Good Reason, then subject to the conditions described in **Section 7.c** below, the Company shall provide Employee the following payments and other benefits:

- (i) (A) A lump-sum payment equal to eighteen (18) months of Employee’s then current Base Salary; and (B) any accrued but unpaid Base Salary as of the day of the Separation from Service.
 - (ii) To the extent not duplicative with any bonus policy, plan, or program that provides for a prorated bonus following a Separation from Service, a lump-sum cash payment equal to Employee’s target annual bonus set forth in **Section 3.b**, for the year of the Separation from Service, prorated based on the number of days elapsed in the performance period corresponding to such target annual bonus through the date of the Separation from Service, divided by the number of days in such performance period.
 - (iii) A lump-sum cash payment equal to 150% of Employee’s target annual bonus set forth in **Section 3.b**, for the year of Separation from Service.
 - (iv) A lump-sum cash payment that is equal to twelve (12) months of premium payments for COBRA coverage for health, dental, and vision coverage based on the Company-provided health, dental, and vision coverage in which the Employee and the Employee’s dependents are enrolled at the time of the Employee’s Separation from Service. This lump-sum cash payment may be used for any purpose, including but not limited to continuation coverage under COBRA.
-

- (v) Ten Thousand Dollars (\$10,000) towards the cost of an outplacement consulting package for Employee.
 - (vi) The cash payments described above will be made on the first payroll date that is on or that immediately follows the sixtieth (60th) day following the Separation from Service. If a Separation from Service covered by this **Section 7.b(iii)** occurs prior to a Change in Control, then the installment payments referenced in **Section 7.a** will commence thereunder, and the lump sum payment of any additional amount provided under this **Section 7.b(iii)** will be made as soon as administratively practicable (not more than ten (10) days) after the date of the Change in Control, reduced by any amounts already provided under **Section 7.a** in order to avoid duplication of benefits.”
2. Amendment and Ratification. Except as specifically amended hereby, all terms, conditions, covenants, representations, and warranties contained in the Employment Agreement shall remain in full force and effect and shall be binding upon the Parties.
 3. Entire Agreement. The Employment Agreement, as amended hereby, together with the documents incorporated therein, constitute the entire agreement (and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings) between the Parties with respect to the subject matter thereof and hereof.
 4. Counterparts. This Amendment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.
 5. Facsimile or .pdf Signature. This Amendment may be executed by facsimile or .pdf signature and a facsimile or .pdf signature shall constitute an original for all purposes.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the date first written above.

**EXACT SCIENCES
CORPORATION**

By: _____

Name: Kevin Conroy

Title: CEO

EXECUTIVE

Jacob Orville

[SIGNATURE PAGE TO FIRST AMENDMENT TO EMPLOYMENT AGREEMENT]

**FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT**

This First Amendment to Employment Agreement (this “**Amendment**”) is entered into as of July 31, 2024, by and between Exact Sciences Corporation, a Delaware corporation (the “**Company**”), and Brian Baranick. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Employment Agreement (as defined below).

RECITALS

A. WHEREAS, the Company and Employee are Parties to that certain Employment Agreement entered into effective as of September 2, 2022 (the “**Employment Agreement**”); and

B. WHEREAS, the Parties desire to amend certain provisions of the Employment Agreement, as more particularly set forth herein.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

1. Addition of Section 7.2(c). Section 7 of the Employment Agreement is hereby amended by adding the following new Section 7.2(c):

“(c) Separation from Service in connection with a Change in Control. If within four (4) months before or twelve (12) months after a Change in Control, Employee incurs a Separation from Service initiated by the Company (or a successor) without Cause or initiated by Employee for Good Reason, then subject to the conditions described in **Section 7.3** below, the Company shall provide Employee the following payments and other benefits:

- (i) (A) A lump-sum payment equal to eighteen (18) months of Employee’s then current Base Salary; and (B) any accrued but unpaid Base Salary as of the day of the Separation from Service.
 - (ii) To the extent not duplicative with any bonus policy, plan, or program that provides for a prorated bonus following a Separation from Service, a lump-sum cash payment equal to Employee’s Year-End Bonus, at target performance, for the year of the Separation from Service, prorated based on the number of days elapsed in the performance period corresponding to such Year-End Bonus through the date of the Separation from Service, divided by the number of days in such performance period.
 - (iii) A lump-sum cash payment equal to 150% of Employee’s Year-End Bonus, at target performance, for the year of Separation from Service.
 - (iv) A lump-sum cash payment that is equal to twelve (12) months of premium payments for COBRA coverage for health, dental, and vision coverage based on the Company-provided health, dental, and vision coverage in which the Employee and the Employee’s dependents are enrolled at the time of the Employee’s Separation from Service. This lump-sum cash payment may be used for any purpose, including but not limited to continuation coverage under COBRA.
-

- (v) Ten Thousand Dollars (\$10,000) towards the cost of an outplacement consulting package for Employee.
 - (vi) The cash payments described above will be made on the first payroll date that is on or that immediately follows the sixtieth (60th) day following the Separation from Service. If a Separation from Service covered by this **Section 7.2(c)** occurs prior to a Change in Control, then the installment payments referenced in **Section 7.1** will commence thereunder, and the lump sum payment of any additional amount provided under this **Section 7.2(c)** will be made as soon as administratively practicable (not more than ten (10) days) after the date of the Change in Control, reduced by any amounts already provided under **Section 7.1** in order to avoid duplication of benefits.”
2. Amendment and Ratification. Except as specifically amended hereby, all terms, conditions, covenants, representations, and warranties contained in the Employment Agreement shall remain in full force and effect and shall be binding upon the Parties.
 3. Entire Agreement. The Employment Agreement, as amended hereby, together with the documents incorporated therein, constitute the entire agreement (and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings) between the Parties with respect to the subject matter thereof and hereof.
 4. Counterparts. This Amendment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.
 5. Facsimile or .pdf Signature. This Amendment may be executed by facsimile or .pdf signature and a facsimile or .pdf signature shall constitute an original for all purposes.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the date first written above.

**EXACT SCIENCES
CORPORATION**

By: _____

Name: Kevin Conroy

Title: CEO

EXECUTIVE

Jacob Orville

[SIGNATURE PAGE TO FIRST AMENDMENT TO EMPLOYMENT AGREEMENT]

**SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT**

This Second Amendment to Employment Agreement (this “**Amendment**”) is entered into as of July 31, 2024, by and between Exact Sciences Corporation, a Delaware corporation (the “**Company**”), and Sarah Condella. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Employment Agreement (as defined below).

RECITALS

A. WHEREAS, the Company and Employee are Parties to that certain Employment Agreement entered into effective as of August 22, 2017 as amended by that certain Amendment to 2017 Employment Agreement dated March 23, 2021 (the “**Employment Agreement**”); and

B. WHEREAS, the Parties desire to amend certain provisions of the Employment Agreement, as more particularly set forth herein.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

1. Addition of Section 7.2(c). Section 7 of the Employment Agreement is hereby amended by adding the following new Section 7.2(c):

“(c) Separation from Service in connection with a Change in Control. If within four (4) months before or twelve (12) months after a Change in Control, Employee incurs a Separation from Service initiated by the Company (or a successor) without Cause or initiated by Employee for Good Reason, then subject to the conditions described in **Section 7.3** below, the Company shall provide Employee the following payments and other benefits:

- (i) (A) A lump-sum payment equal to eighteen (18) months of Employee’s then current Base Salary; and (B) any accrued but unpaid Base Salary as of the day of the Separation from Service.
 - (ii) To the extent not duplicative with any bonus policy, plan, or program that provides for a prorated bonus following a Separation from Service, a lump-sum cash payment equal to Employee’s target annual bonus set forth in **Section 3.2**, for the year of the Separation from Service, prorated based on the number of days elapsed in the performance period corresponding to such target annual bonus through the date of the Separation from Service, divided by the number of days in such performance period.
 - (iii) A lump-sum cash payment equal to 150% of Employee’s target annual bonus set forth in **Section 3.2**, for the year of Separation from Service.
 - (iv) A lump-sum cash payment that is equal to twelve (12) months of premium payments for COBRA coverage for health, dental, and vision coverage based on the Company-provided health, dental, and vision coverage in which the Employee and the Employee’s dependents are enrolled at the time of the Employee’s Separation from Service. This lump-sum cash payment may be used for any purpose, including but not limited to continuation coverage under COBRA.
-

- (v) Ten Thousand Dollars (\$10,000) towards the cost of an outplacement consulting package for Employee.
 - (vi) The cash payments described above will be made on the first payroll date that is on or that immediately follows the sixtieth (60th) day following the Separation from Service. If a Separation from Service covered by this **Section 7.2(c)** occurs prior to a Change in Control, then the installment payments referenced in **Section 7.1** will commence thereunder, and the lump sum payment of any additional amount provided under this **Section 7.2(c)** will be made as soon as administratively practicable (not more than ten (10) days) after the date of the Change in Control, reduced by any amounts already provided under **Section 7.1** in order to avoid duplication of benefits.”
2. Amendment and Ratification. Except as specifically amended hereby, all terms, conditions, covenants, representations, and warranties contained in the Employment Agreement shall remain in full force and effect and shall be binding upon the Parties.
 3. Entire Agreement. The Employment Agreement, as amended hereby, together with the documents incorporated therein, constitute the entire agreement (and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings) between the Parties with respect to the subject matter thereof and hereof.
 4. Counterparts. This Amendment may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.
 5. Facsimile or .pdf Signature. This Amendment may be executed by facsimile or .pdf signature and a facsimile or .pdf signature shall constitute an original for all purposes.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the date first written above.

**EXACT SCIENCES
CORPORATION**

By: _____

Name: Kevin Conroy

Title: CEO

EXECUTIVE

Sarah Condella

[SIGNATURE PAGE TO SECOND AMENDMENT TO EMPLOYMENT AGREEMENT]

EXACT SCIENCES CORPORATION
2010 EMPLOYEE STOCK PURCHASE PLAN
(As amended and restated on July 31, 2024)

Article 1—Purpose.

This 2010 Employee Stock Purchase Plan, as amended and restated (the "Plan"), is intended to encourage stock ownership by all eligible employees of Exact Sciences Corporation (the "Company"), a Delaware corporation, and its Participating Subsidiaries (as defined in Article 17) so that they may share in the growth of the Company by acquiring or increasing their proprietary interest in the Company through the purchase of shares of the Company's common stock ("Common Stock"). The Plan is designed to encourage eligible employees to remain in the employ of the Company and its Participating Subsidiaries.

It is intended that a component of the Plan constitutes an "employee stock purchase plan" within the meaning of Section 423(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code" and such component, the "423 Component") and the 423 Component shall be interpreted in accordance with that intent (although the Company makes no undertaking or representation to maintain such qualification).

In addition, this Plan authorizes the grant of Options (as defined in Article 5) under a component of the Plan that does not qualify as an "employee stock purchase plan" under Section 423 of the Code (such component, the "Non-423 Component"). Such Options granted under the Non-423 Component shall be granted pursuant to such sub-plans, appendices, rules or procedures as may be adopted by the Committee (as defined in Article 2) to achieve tax, securities laws or other objectives for the eligible employees and the Participating Subsidiaries designated for participation in the Non-423 Component. Except as otherwise provided herein or by the Committee, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

For purposes of this Plan, the Committee may designate separate offerings under the Plan in which eligible employees will participate, the terms of which need not be identical even if the dates of the applicable Offering Periods of such offerings are identical, provided that the terms of participation are the same within each separate offering under the 423 Component as determined under Section 423 of the Code. Unless otherwise determined by the Committee, each offering under the Plan in which employee of one or more Participating Subsidiaries may participate shall be deemed a separate offering for purposes of Section 423 of the Code, even if the dates of the applicable Offering Periods of each such offering are identical, and the provisions of the Plan shall separately apply to each offering.

Article 2—Administration of the Plan.

The Plan may be administered by a committee appointed by the Board of Directors of the Company (the "Committee"). The Board of Directors may from time to time remove members from, or add members to, the Committee. Vacancies on the Committee, howsoever caused, shall be filled by the Board of Directors. The Committee may select one of its members as Chairman, and shall hold meetings at such times and places as it may determine. Acts by a majority of the Committee, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

The Committee has authority at any time to: (i) adopt, alter and repeal such rules, guidelines and practices for the administration of the Plan and for its own acts and proceedings as it shall deem advisable; (ii) interpret the terms and provisions of the Plan; (iii) determine when and how Options shall be granted and the provisions and terms of each offering (which need not be identical between offerings); (iv) determine eligibility for participation in the Plan, including which subsidiaries of the Company will be Participating Subsidiaries and whether such Participating Subsidiaries participate in the 423 Component or the Non-423 Component (within the limits of the Plan); (v) make all determinations it deems advisable for the administration of the Plan; (vi) decide all disputes arising in connection with the Plan; and (vii) otherwise supervise the administration of the Plan. Further, the

Committee may adopt sub-plans, appendices, rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures, provided that the adoption and implementation of any such sub-plans, appendices rules and/or procedures would not cause the 423 Component to violate Section 423 of the Code.

All interpretations and decisions of the Committee shall be binding on all persons, including the Company and the participants. No member of the Board of Directors or individual exercising administrative authority with respect to the Plan shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted hereunder.

In the event the Board of Directors fails to appoint or refrains from appointing a Committee, the Board of Directors or the Compensation Committee of the Board of Directors shall have all power and authority to administer the Plan. In such event, the word "Committee" wherever used herein shall be deemed to mean the Board of Directors or the Compensation Committee of the Board of Directors.

To the extent not prohibited by applicable law, the Committee may, from time to time, delegate some or all of its authority under the Plan to a subcommittee or subcommittees of the Committee, to one or more of the Company's officers or management team, or to other persons or groups of persons as it deems necessary, appropriate or advisable under conditions or limitations that it may set at or after the time of the delegation. For purposes of the Plan, reference to the Committee will be deemed to include any subcommittee, subcommittees, or other persons or groups of persons to whom the Committee delegates authority pursuant to this provision.

Article 3—Eligible Employees.

All employees of the Company or any of its Participating Subsidiaries who are employed on or before the forty-fifth (45th) day (or such other period of time not to exceed two (2) years) prior to the beginning of an Offering Period and whose customary employment at such time is more than 20 hours per week and for more than five months in any calendar year shall be eligible to receive Options under the Plan to purchase shares of Common Stock, provided that the Committee may allow employees whose customary employment is below these thresholds to be considered as eligible employees, including where applicable law requires that such employees be considered as eligible employees, subject in all cases to the provisions of this Article 3 and the requirements set forth in Article 7 hereof.

An employee who works for a Participating Subsidiary and is a citizen or resident of a jurisdiction other than the United States (without regard to whether such individual also is a citizen or resident of the United States or is a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an offering if the participation of such employee is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an offering under the 423 Component to violate Section 423 of the Code. In the case of the Non-423 Component, an employee (or group of employees) may be excluded from participation in the Plan if the Committee has determined, in its sole discretion, that participation of such employee(s) is not advisable or practicable for any reason.

In no event may an employee be granted an Option if such employee, immediately after the Option was granted, would be treated as owning stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any parent corporation or subsidiary corporation, as the terms "parent corporation" and "subsidiary corporation" are defined in Section 424(e) and (f) of the Code. For purposes of determining stock ownership under this paragraph, the rules of Section 424(d) of the Code shall apply, and stock which the employee may purchase under outstanding Options shall be treated as stock owned by the employee.

Article 4—Stock Subject to the Plan.

The stock subject to the Options under the Plan shall be shares of the Company's authorized but unissued common stock, par value \$.01 per share (the "Common Stock"), or shares of Common Stock reacquired by the Company, including shares purchased in the open market. The aggregate number of shares of Common Stock which

may be issued pursuant to the Plan is 5,800,000 subject to adjustment as provided in Article 12. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject thereto shall again be available under the Plan. For avoidance of doubt, up to the maximum number of Shares reserved under this Article 4 may be used to satisfy purchases of shares of Common Stock under the 423 Component and any remaining portion of such maximum number of shares of Common Stock may be used to satisfy purchases of shares of Common Stock under the Non-423 Component.

Article 5—Offering Period and Stock Options.

The Plan shall be implemented by consecutive or overlapping Offering Periods, with a new Offering Period commencing on the first day of the relevant Offering Period and terminating on the last day of the relevant Offering Period (an “Offering Period”). The Offering Periods shall: (a) consist of one or more dates within each Offering Period on which shares of Common Stock may be purchased by participants in an Offering Period specified by the Committee prior to the scheduled beginning of the applicable Offering Period, to the extent they differ from the Exercise Dates set forth below (“Exercise Date(s)"); and (b) be of a duration, and commence on the dates, specified by the Committee prior to the scheduled beginning of the applicable Offering Period, to the extent they differ from the Offering Periods set forth below, provided that each Offering Period may not have a duration exceeding twenty-seven (27) months. Offering Periods under the Plan that began prior to November 1, 2024, shall consist of twenty-four-month periods commencing on November 1 and May 1 of each calendar year. For Offering Periods that began prior to November 1, 2024, there shall be four Exercise Dates occurring on each April 30 and October 31 (or, if such date is not a trading day, the first trading day thereafter) within each such Offering Period. Unless and until otherwise determined by the Committee, Offering Periods that begin on or after November 1, 2024, shall consist of six-month periods commencing on November 1 and May 1 of each calendar year. Unless and until otherwise determined by the Committee, for Offering Periods beginning on or after November 1, 2024, there shall be one Exercise Date per Offering Period, occurring on April 30 for Offering Periods that begin on November 1 and on October 31 for Offering Periods that begin on May 1 (or, if such Exercise Date is not a trading day, the first trading day thereafter). For the avoidance of any doubt, the Committee is vested with the authority to establish alternative sequential or overlapping Offering Periods, a different number of Exercise Dates within an Offering Period, a different duration for one or more Offering Periods or different commencement or ending dates for such Offering Periods with respect to future Offering Periods in accordance with the provisions contemplated in this Article 5 without stockholder approval.

On the first business day at the beginning of each Offering Period, the Company will grant to each eligible employee who is then a participant in the Plan an Option to purchase shares on the Exercise Dates (the "Option"), at the Option Price hereinafter provided for, a maximum of 10,000 shares of Common Stock or such other smaller maximum number of shares of Common Stock that may be specified by the Committee prior to the scheduled beginning of the applicable Offering Period, on condition that such employee remains eligible to participate in the Plan on each Exercise Date. If the participant's accumulated payroll deductions on the last date of the Offering Period would enable the participant to purchase more than the maximum number of shares provided herein except for the share limitation set forth herein, the excess of the amount of the accumulated payroll deductions over the aggregate purchase price of the maximum number of Shares of Common Stock that may be purchased in accordance with this Article 5 shall be promptly refunded to the participant by the Company, without interest. The participant shall be entitled to exercise the Option so granted only to the extent of the participant's accumulated payroll deductions on the Exercise Date. The option price per share of Common Stock for each Exercise Date within an Offering Period shall be the lesser of (i) 85% of the average market price of the Common Stock on the first business day of the Offering Period and (ii) 85% of the average market price of the Common Stock on the applicable Exercise Date, in either event rounded up to the nearest cent (the "Option Price"). The foregoing limitation on the number of shares subject to Option and the Option Price shall be subject to adjustment as provided in Article 12.

Unless a participant files a new authorization or withdraws from the Plan, the deductions and purchases under the authorization the participant has on file under the Plan will continue from one Offering Period to succeeding (but not overlapping) Offering Periods as long as the Plan remains in effect. Notwithstanding any of the foregoing, to the extent that the Committee establishes multiple Exercise Dates within an Offering Period or

overlapping Offering Periods with an Exercise Date based (in part) on the average market price of the Common Stock on the first business day of an Offering Period, the Committee shall have discretion to structure an Offering Period such that if the average market price of the Common Stock on an Exercise Date is less than or equal to the average market price of the Common Stock on the first business day of the Offering Period to which such Exercise Date relates, all participants shall be automatically withdrawn from such Offering Period immediately after the acquisition of shares of Common Stock for such Exercise Date and automatically enrolled in the immediately following Offering Period as of the first day thereof.

For purposes of the Plan, the term "average market price" on any date means (i) the average (on that date) of the high and low prices of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the average of the closing bid and asked prices last quoted (on that date) by an established quotation service for over-the-counter securities, if the Common Stock is not reported on the NASDAQ; or (iii) if the Common Stock is not publicly traded, the fair market value of the Common Stock as determined by the Committee after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

For purposes of the Plan, the term "business day" means a day on which there is trading on the NASDAQ Capital Market or the aforementioned national securities exchange, whichever is applicable pursuant to the preceding paragraph; and if neither is applicable, a day that is not a Saturday, Sunday or legal holiday in State of Wisconsin.

Notwithstanding the foregoing, no participant may be granted an Option which permits his or her rights to purchase shares under the Plan, and any other employee stock purchase plan of the Company or Subsidiaries, to accrue at a rate which exceeds \$25,000 of the fair market value of such shares (determined on the Option grant date or dates) for each calendar year in which the Option is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code and shall be applied taking Options into account in the order in which they were granted. Solely with respect to the 423 Component, for Offering Periods beginning on or after May 1, 2023, once the participant's accumulated payroll deductions would enable the participant to purchase the maximum amount of Common Stock permitted under the Section 423(b)(8) limitation described in this paragraph, payroll deductions will cease until the first day after the last Exercise Date in the calendar year in which accumulated payroll deductions reached such maximum amount. For both the 423 Component and the Non-423 Component, on any Exercise Date, if the participant's accumulated payroll deductions would otherwise enable the participant to purchase Common Stock in excess of the Section 423(b)(8) limitation described in this paragraph, the excess of the amount over the accumulated payroll deductions over the aggregate purchase price of the shares actually purchased shall be promptly refunded to the participant by the Company, without interest.

Article 6—Exercise of Option.

Each eligible employee who continues to be a participant in the Plan on an Exercise Date within an Offering Period shall be deemed to have exercised his or her Option on such date and shall be deemed to have purchased from the Company such number of full shares of Common Stock reserved for the purpose of the Plan as the participant's accumulated payroll deductions on such date will pay for at the Option Price, subject to the 10,000 maximum share limit (or other maximum share limit, as applicable) of the Option and the Section 423(b)(8) limitation described in Article 5. Only full shares of Common Stock may be purchased under the Plan, unless the Committee determines, in its sole discretion, that fractional shares may be purchased under the Plan. Unless otherwise determined by the Committee in advance of any Offering Period, unused payroll deductions remaining in a participant's account at the end of either an Exercise Date or an Offering Period, by reason of the inability to purchase a fractional share, shall be promptly refunded to the participant by the Company, without interest.

Article 7—Authorization for Entering the Plan.

An employee may elect to enter the Plan by filling out, signing and delivering an authorization to the Company (in such form and according to such procedures determined by the Committee which may include by electronic or other delivery). Such authorization shall:

- A. State the percentage to be deducted regularly from the employee's Compensation;
- B. Authorize the purchase of stock for the employee in each Offering Period in accordance with the terms of the Plan;
- C. Specify the exact name or names in which stock purchased for the employee is to be issued as provided under Article 11 hereof; and
- D. Include the employee's agreement any other terms and conditions for participation in the Plan that the Committee determines to be advisable.

Such authorization must be received by the Company at least ten days before the first day of the next Offering Period, or within such other time frame as determined by the Company and communicated to eligible employees, and shall take effect only if the employee is an eligible employee on the first business day of such Offering Period.

An employee cannot participate in more than one Offering Period at any time.

Unless a participant files a new authorization or withdraws from the Plan, the deductions and purchases under the authorization the participant has on file under the Plan will continue from one Offering Period to succeeding (but not overlapping) Offering Periods as long as the Plan remains in effect. The terms and conditions applicable to participation in the Plan in such successive Offering Periods shall be those in effect at the commencement of such successive Offering Periods, as set forth in the Plan and the authorization documentation available to eligible employees at such time.

The Company will accumulate and hold for each participant's account the amounts deducted from his or her Compensation. No interest will be paid on these amounts, unless required by applicable law. For purposes of the Plan, the term "Compensation" means the amount of base pay or wages (including 13th/14th month payments or similar concepts under local law), including, in the interest of clarity, paid time off, paid leaves of absence (including statutory paid leave) paid by the Company, and overtime (including on-call payments and shift differentials), quarterly sales incentive payments, and corporate year-end and quarter-end bonus awards, but excluding any other one-time payments, allowances, and reimbursements for expenses such as relocation allowances or travel expenses, income or gains related to other Company share-based awards, and similar items. For U.S. participants, Compensation will include elective amounts that are not includible in the participant's gross income by reason of Sections 125, 132(f), or 401(k) of the Code. The Committee shall have the discretion to determine the application of this definition to participants on payrolls outside of the United States.

Article 8—Maximum Amount of Payroll Deductions.

An employee may authorize payroll deductions in an amount (expressed as a whole percentage) not less than one percent (1%) but not more than fifteen percent (15%) of the employee's total Compensation.

Notwithstanding any other provisions of the Plan to the contrary, in non-U.S. jurisdictions where participation in the Plan through payroll deductions is prohibited or otherwise problematic under applicable laws (as determined by the Committee in its sole discretion), the Committee may provide that an eligible employee may elect to participate through other contributions in a form acceptable to the Committee in lieu of or in addition to payroll deductions, provided that, for any offering under the 423 Component, the Committee must determine that any alternative method of contribution is applied on an equal and uniform basis to all eligible employees in the offering.

Any reference to “payroll deductions” in this Article 8 (or in any other section of the Plan) will similarly cover contributions by other means made pursuant to this Article 8.

Article 9—Change in Payroll Deductions.

Payroll deductions may not be increased or decreased during an Offering Period. However, a participant may withdraw in full from the Plan (as described in Article 10). The Committee may, in advance of any Offering Period, establish rules, procedures and deadlines permitting a participant to increase, decrease or terminate his or her payroll deductions during an Offering Period.

Article 10—Withdrawal from the Plan.

A participant may withdraw from the Plan (in whole but not in part), within such time prior to the Exercise Date for such Offering Period as may be established by the Committee, by delivering a withdrawal notice to the Company (in such form and according to such procedures determined by the Committee which may include by electronic or other delivery). In the event a participant elects to withdraw from the Plan, amounts then credited to such participant's account shall be returned to the participant as soon as practicable after such election is received by the Company (without any interest thereon except as may be required by applicable local laws), the participant shall cease to participate in the Plan and the participant's Option for such Offering Period shall terminate.

To re-enter the Plan, an employee who has previously withdrawn must file a new authorization at least ten days before the first day of the next Offering Period in which he or she wishes to participate, or within such other time frame as determined by the Company and communicated to eligible employees. The employee's re-entry into the Plan becomes effective at the beginning of such Offering Period, provided that he or she is an eligible employee on the first business day of the Offering Period.

Article 11—Issuance of Stock.

Certificates for stock issued to participants (or other indicia of ownership of such stock) shall be delivered as soon as practicable after each Exercise Date by the Company's transfer agent.

Stock purchased under the Plan shall be issued only in the name of the participant, or if the participant's authorization so specifies and if and to the extent permitted by the Company, in the name of the participant and another person of legal age as joint tenants with rights of survivorship.

Article 12—Adjustments.

Upon the happening of any of the following described events, a participant's rights under Options granted under the Plan shall be adjusted as hereinafter provided:

A. In the event that the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if, upon a reorganization, split-up, liquidation, recapitalization or the like of the Company, the shares of Common Stock shall be exchanged for other securities of the Company, each participant shall be entitled, subject to the conditions herein stated, to purchase such number of shares of Common Stock or amount of other securities of the Company as were exchangeable for the number of shares of Common Stock that such participant would have been entitled to purchase except for such action, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or exchange; and

B. In the event the Company shall issue any of its shares or other securities, including any of the shares of any of its subsidiaries, as a stock dividend upon or with respect to the shares of stock of the class which shall at the time be subject to Option hereunder, each participant upon exercising such an Option shall be entitled to receive (for the purchase price paid upon such exercise) the shares as to which the participant is exercising his or her Option and, in addition thereto (at no additional cost), such number of

shares of the class or classes in which such stock dividend or dividends were declared or paid, and such amount of cash in lieu of fractional shares, as is equal to the number of shares thereof and the amount of cash in lieu of fractional shares, respectively, which the participant would have received if the participant had been the holder of the shares as to which the participant is exercising his or her Option at all times between the date of the granting of such Option and the date of its exercise.

Upon the happening of any of the foregoing events (or in the event of an extraordinary cash dividend or other distribution that affects the shares of Common Stock), the class and aggregate number of shares set forth in Article 4 hereof which are subject to Options which have been or may be granted under the Plan and the limitations set forth in the second paragraph of Article 5 shall also be appropriately adjusted to reflect the events specified in paragraphs A and B above. Notwithstanding the foregoing, any adjustments made pursuant to paragraphs A or B shall be made only after the Committee, based on advice of counsel for the Company, determines whether such adjustments would constitute a "modification" (as that term is defined in Section 424 of the Code). If the Committee determines that such adjustments would constitute a modification, it may refrain from making such adjustments.

If the Company is to be consolidated with or acquired by another entity in a merger, a sale of all or substantially all of the Company's assets or otherwise (an "Acquisition"), the Committee or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board") shall, with respect to Options then outstanding under the Plan, either (i) make appropriate provision for the continuation of such Options by arranging for the substitution on an equitable basis for the shares then subject to such Options either (a) the consideration payable with respect to the outstanding shares of the Common Stock in connection with the Acquisition, (b) shares of stock of the successor corporation, or a parent or subsidiary of such corporation, or (c) such other securities as the Successor Board deems appropriate, the fair market value of which shall not materially exceed the fair market value of the shares of Common Stock subject to such Options immediately preceding the Acquisition; (ii) shorten the Offering Period with respect to which such Options relate by setting a new Exercise Date on which such Offering Period will end, with such new Exercise Date occurring before the effective date of the Acquisition, and provided that each participant shall be notified of the new Exercise Date on which the Options will be exercised as provided in Article 6 hereof, unless prior to such date the participant has withdrawn from the Offering Period as provided in Article 10 hereof or the participant has ceased to be an eligible employee as provided in Article 14 hereof; or (iii) terminate each participant's Option in exchange for a cash payment equal to the excess of (a) the fair market value, on the date of the Acquisition, of the number of shares of Common Stock that the participant's accumulated payroll deductions as of the date of the Acquisition could purchase, at an Option Price determined with reference only to the first business day of the applicable Offering Period and subject to the maximum share limitation set forth in Article 5 hereof, Code Section 423(b)(8) and fractional-share limitations on the amount of stock a participant would be entitled to purchase, over (b) the result of multiplying such number of shares by such Option Price.

The Committee or Successor Board, as applicable, shall determine the adjustments to be made under this Article 12, and its determination shall be conclusive.

Article 13—No Transfer or Assignment of Employee's Rights.

An Option granted under the Plan may not be transferred or assigned, except by will or the laws of descent and distribution, and shall be exercised, during the participant's lifetime, only by the participant.

Article 14—Termination of Employee's Rights; Transfer of Employment.

Whenever a participant ceases to be an eligible employee because of retirement, voluntary or involuntary termination, resignation, layoff, discharge, death or for any other reason, his or her rights under the Plan shall immediately terminate, and the Company shall promptly refund, without interest (except where otherwise required by applicable law), the entire balance of his or her payroll deduction account under the Plan.

A participant will be deemed to have terminated employment, for this purpose, if the corporation that employs him or her, having been a Participating Subsidiary, ceases to be a subsidiary or to be designated as a

Participating Subsidiary, or if the employee is transferred to any corporation other than the Company or a Participating Subsidiary. A participant will not be deemed to have terminated employment for this purpose, if the participant is on an approved leave of absence for military service or sickness or for any other purpose approved by the Company for up to 90 days, or if the employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise provides in writing, if longer than 90 days.

If a participant transfers employment from the Company or any Participating Subsidiary participating in the 423 Component to any Participating Subsidiary participating in the Non-423 Component, such transfer shall not be treated as a termination of employment, but the participant shall immediately cease to participate in the 423 Component; however, any contributions made for the Offering Period in which such transfer occurs shall be transferred to the Non-423 Component, and such participant shall immediately join the then-current offering under the Non-423 Component upon the same terms and conditions in effect for the participant's participation in the 423 Component, except for such modifications otherwise applicable for participants in such offering. A participant who transfers employment from any Participating Subsidiary participating in the Non-423 Component to the Company or any Participating Subsidiary participating in the 423 Component shall not be treated as terminating the participant's employment and shall remain a participant in the Non-423 Component until the earlier of (i) the end of the current Offering Period under the Non-423 Component, or (ii) the Offering Date of the first Offering Period in which the participant is eligible to participate following such transfer. Notwithstanding the foregoing, the Committee may establish different rules to govern transfers of employment between companies participating in the 423 Component and the Non-423 Component, consistent with the applicable requirements of Section 423 of the Code.

Article 15—Termination and Amendments to Plan.

Unless terminated sooner as provided below, the Plan shall terminate on October 31, 2030. The Plan may be terminated at any time by the Company's Board of Directors but such termination shall not affect Options then outstanding under the Plan. It will terminate in any case when all or substantially all of the unissued shares of stock reserved for the purposes of the Plan have been purchased. If at any time shares of stock reserved for the purpose of the Plan remain available for purchase but not in sufficient number to satisfy all then unfilled purchase requirements, the available shares shall be apportioned among participants in proportion to the amount of payroll deductions accumulated on behalf of each participant that would otherwise be used to purchase stock, and the Plan shall terminate. Upon such termination or any other termination of the Plan, all payroll deductions not used to purchase stock will be refunded, without interest (unless otherwise required under applicable law).

The Committee or the Board of Directors may from time to time adopt amendments to the Plan, provided that, without the approval of the stockholders of the Company, no amendment may (i) increase the number of shares that may be issued under the Plan; (ii) change the class of employees eligible to receive Options under the Plan, if such action would be treated as the adoption of a new plan for purposes of Section 423(b) of the Code; or (iii) cause Rule 16b-3 under the Securities Exchange Act of 1934 to become inapplicable to the Plan; (iv) otherwise be made to the extent stockholder approval is required under applicable law.

Article 16—Limits on Sale of Stock Purchased under the Plan.

The Plan is intended to provide shares of Common Stock for investment and not for resale. The Company does not, however, intend to restrict or influence any employee in the conduct of his or her own affairs. An employee may, therefore, sell stock purchased under the Plan at any time the employee chooses, subject to compliance with any applicable federal or state securities laws or other applicable securities or other laws and subject to any restrictions imposed under Article 23 to ensure that tax withholding obligations are satisfied. **THE EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE STOCK.**

Article 17—Participating Subsidiaries.

The term "Participating Subsidiary" shall mean any present or future "subsidiary" of the Company, as that term is defined in Section 424(f) of the Code, that has been designated by the Committee from time to time, in its sole discretion, as eligible to participate in the Plan, such designation to specify whether such participation is in the 423 Component or Non-423 Component. A Participating Subsidiary may participate in either the 423 Component or Non-423 Component, but not both. Notwithstanding the foregoing, if any subsidiary is disregarded for U.S. tax purposes in respect of the Company or any Participating Subsidiary participating in the 423 Component, then such disregarded subsidiary shall automatically be a Participating Subsidiary participating in the 423 Component. If any subsidiary is disregarded for U.S. tax purposes in respect of any Participating Subsidiary participating in the Non-423 Component, the Committee may exclude such subsidiary from participating in the Plan, notwithstanding that the Participating Subsidiary in respect of which such subsidiary is disregarded may participate in the Plan. The Committee may so designate any subsidiary, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the stockholders.

Article 18—Optionees Not Stockholders.

Neither the granting of an Option to an employee nor the deductions from an employee's Compensation shall constitute such employee a stockholder of the shares covered by an Option until such shares have been actually purchased by the employee.

Article 19—Section 409A.

The 423 Component of the Plan and the Options granted pursuant to an Offering Period are intended to be exempt from the application of Section 409A of the Code. Neither the Non-423 Component nor any Option granted pursuant to an Offering Period thereunder is intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, if the Committee determines that any Option granted under the Plan may be or become subject to Section 409A of the Code or that any provision of the Plan may cause an Option granted under the Plan to be or become subject to Section 409A of the Code, the Committee may adopt such amendments to the Plan and/or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions as the Committee determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, either through compliance with the requirements of Section 409A of the Code or with an available exemption therefrom.

Article 20—Application of Funds.

The proceeds received by the Company from the sale of Common Stock pursuant to Options granted under the Plan will be used for general corporate purposes.

Article 21—Notice to Company of Disposition.

By electing to participate in the Plan, each participant agrees to notify the Company in writing immediately after the participant transfers Common Stock acquired under the Plan. Each participant further agrees to provide any information about such a transfer as may be requested by the Company or any subsidiary corporation in order to assist it in complying with the tax laws. Without limitation to the foregoing, the Company reserves the right to require participants to hold any shares of Common Stock acquired under the Plan with a designated broker or other third party to facilitate compliance with the applicable reporting and other compliance requirements.

Article 22—Withholding of Additional Income Taxes.

By electing to participate in the Plan, each participant acknowledges that the Company and its Participating Subsidiaries are required to withhold any Tax-Related Items with respect to the amounts deducted from the participant's Compensation and accumulated for the benefit of the participant under the Plan, and each participant

agrees that the Company and Participating Subsidiaries may deduct additional amounts from the participant's Compensation, when amounts are added to the participant's account, used to purchase shares of Common Stock or refunded, in order to satisfy such withholding obligations.

At the time a participant's Option is exercised, in whole or in part, or at the time a participant disposes of some or all of the shares of Common Stock acquired under the Plan (or any other time that a taxable event related to the Plan occurs), the participant will make adequate provision for the payment and/or withholding of any Tax-Related Items. In their sole discretion, and except as otherwise determined by the Committee, the Company or a Participating Subsidiary that employs the participant may satisfy their obligations to withhold Tax-Related Items by (a) withholding from the participant's wages or other cash compensation, (b) withholding a number of shares of Common Stock otherwise issuable following the exercise of the Option, (c) withholding from proceeds from the sale of shares of Common Stock issued upon exercise, either through a voluntary sale or a mandatory sale arranged by the Company, or (d) withholding by any other means determined by the Committee, in its sole discretion, and in compliance with applicable law.

For purposes of this Article 23, "Tax-Related Items" means any U.S. and non-U.S. federal, provincial, state and/or local taxes (including, without limitation, income tax, social insurance contributions, fringe benefit tax, employment tax, stamp tax and any employer tax liability which has been transferred to a participant) for which a participant is liable in connection with participation in the Plan.

Article 23—Governmental Regulations.

The Company's obligation to sell and deliver shares of Common Stock under the Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

Government regulations may impose reporting or other obligations on the Company with respect to the Plan. For example, the Company may be required to identify shares of Common Stock issued under the Plan on its stock ownership records and send tax information statements to employees and former employees who transfer title to such shares.

Article 24—Rules Particular to Specific Jurisdictions.

Without limitation to and notwithstanding any other provision in this Plan, the Committee may adopt such sub-plans or rules relating to the operation and administration of the Plan to accommodate local laws, customs and procedures for jurisdictions outside of the United States, the terms of which may take precedence over other provisions of this Plan, with the exception of Article 4 hereof, but unless otherwise superseded by the terms of such sub-plan or rules, the provisions of this Plan will govern the operation of such sub-plan or rules. To the extent inconsistent with the requirements of Section 423, any such sub-plan or rules will be considered part of a Non-423 Offering, and Options granted thereunder will not be required by the terms of the Plan to comply with Section 423 of the Code. Without limiting the generality of the foregoing, the Committee is authorized to adopt sub-plans or rules for particular non-U.S. jurisdictions that modify the terms of the Plan to meet applicable local requirements, customs or procedures regarding, without limitation, (i) eligibility to participate, (ii) the definition of Compensation, (iii) the dates and duration of Offering Periods or other periods during which participants may contribute payroll deductions towards the purchase of shares of Common Stock, (iv) the method of determining the Option Price and the discount from fair market value at which shares may be purchased, (v) any minimum or maximum amount of payroll deductions a participant may contribute in an Offering Period or other specified period under the applicable sub-plan or rules, (vi) the treatment of Options upon an Acquisition or adjustment event described in Article 12, (vii) the handling of payroll deductions and the methods for contributing to the Plan by means other than payroll deductions, (viii) establishment of bank, building society or trust accounts to hold payroll deductions, (ix) payment of interest or waivers therefrom, (x) conversion of local currency, (xi) obligations to pay payroll tax, (xii)

determination of beneficiary designation requirements, (xiii) withholding procedures, and (xiv) handling of share issuances.

Article 25—Governing Law.

The validity and construction of the Plan shall be governed by the laws of Delaware, without giving effect to the principles of conflict of laws thereof.

Article 26—Approval of Board of Directors and Stockholders of the Company and Subsequent Restatements.

The Plan was initially adopted by the Board of Directors on April 15, 2010, and was initially approved by the stockholders of the Company on July 16, 2010. The Plan, as amended and restated, was adopted by the Committee on March 11, 2022. The Plan, as further amended and restated, was adopted by the Board of Directors on April 13, 2022, and was approved by the stockholders of the Company on June 9, 2022. Subsequent amendments and restatements were adopted by the Committee on March 22, 2023, and July 31, 2024.

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin T. Conroy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exact Sciences Corporation (the “registrant”);
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 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 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 5, 2024

By: /s/ Kevin T. Conroy

Kevin T. Conroy
President and Chief Executive Officer
(Principal Executive Officer)

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Aaron Bloomer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exact Sciences Corporation (the “registrant”);
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 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 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 5, 2024

By: /s/ Aaron Bloomer

Aaron Bloomer
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

**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 Exact Sciences Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Kevin T. Conroy, President and Chief Executive Officer of the Company and Aaron Bloomer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that:

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

Dated: November 5, 2024

/s/ Kevin T. Conroy

Name: Kevin T. Conroy
Title: President and Chief Executive Officer
(Principal Executive Officer)

Dated: November 5, 2024

/s/ Aaron Bloomer

Name: Aaron Bloomer
Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)