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 June 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	**02-0478229**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
5505 Endeavor Lane, Madison WI	**53719**
(Address of principal executive offices)	(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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

As of July 30, 2024, the registrant had 184,769,862 shares of common stock outstanding.

EXACT SCIENCES CORPORATION

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

Part I — Financial Information

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 530,180	$ 605,378
Marketable securities	416,602	172,266
Accounts receivable, net	263,865	203,623
Inventory	127,373	127,475
Prepaid expenses and other current assets	114,467	85,627
Total current assets	1,452,487	1,194,369
Long-term Assets:		
Property, plant and equipment, net	703,083	698,354
Operating lease right-of-use assets	139,807	143,708
Goodwill	2,366,972	2,367,120
Intangible assets, net	1,843,478	1,890,396
Other long-term assets, net	167,468	177,387
Total assets	$ 6,673,295	$ 6,471,334
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 52,980	$ 78,816
Accrued liabilities	302,540	341,683
Operating lease liabilities, current portion	27,096	29,379
Convertible notes, net, current portion	248,923	—
Debt, current portion	—	50,000
Other current liabilities	37,103	14,823
Total current liabilities	668,642	514,701
Long-term liabilities:		
Convertible notes, net, less current portion	2,317,948	2,314,276
Other long-term liabilities	326,678	335,982
Operating lease liabilities, less current portion	167,665	161,070
Total liabilities	3,480,933	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 June 30, 2024 and December 31, 2023	—	—
Common stock, $0.01 par value Authorized—400,000,000; shares issued and outstanding—184,668,188 and 181,364,180 shares at June 30, 2024 and December 31, 2023	1,848	1,815
Additional paid-in capital	6,786,668	6,611,237
Accumulated other comprehensive income (loss)	(943)	1,428
Accumulated deficit	(3,595,211)	(3,469,175)
Total stockholders' equity	3,192,362	3,145,305
Total liabilities and stockholders' equity	$ 6,673,295	$ 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	$ 699,264	$ 622,093	$ 1,336,788	$ 1,224,543
Operating expenses				
Cost of sales (exclusive of amortization of acquired intangible assets)	189,848	156,991	359,949	313,857
Research and development	120,884	104,095	231,492	199,514
Sales and marketing	185,270	176,490	377,635	363,454
General and administrative	201,856	237,965	444,973	455,260
Amortization of acquired intangible assets	23,311	22,929	46,622	45,857
Impairment of long-lived assets	8,152	552	12,598	621
Total operating expenses	729,321	699,022	1,473,269	1,378,563
Other operating income	3,800	—	3,532	—
Loss from operations	(26,257)	(76,929)	(132,949)	(154,020)
Other income (expense)				
Investment income, net	11,801	4,828	18,014	5,318
Interest income (expense), net	111	(7,818)	(7,832)	(3,711)
Total other income (expense)	11,912	(2,990)	10,182	1,607
Net loss before tax	(14,345)	(79,919)	(122,767)	(152,413)
Income tax expense	(1,463)	(1,107)	(3,269)	(2,764)
Net loss	$ (15,808)	$ (81,026)	$ (126,036)	$ (155,177)
Net loss per share—basic and diluted	$ (0.09)	$ (0.45)	$ (0.69)	$ (0.87)
Weighted average common shares outstanding—basic and diluted	184,313	180,204	183,332	179,393

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	$ (15,808)	$ (81,026)	$ (126,036)	$ (155,177)
Other comprehensive loss, net of tax:				
Unrealized gain (loss) on available-for-sale investments	(138)	937	(925)	3,904
Foreign currency adjustment	(306)	59	(1,446)	609
Comprehensive loss	$ (16,252)	$ (80,030)	$ (128,407)	$ (150,664)

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					
	Number of Shares	$0.01 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
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

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

	Common Stock					
	Number of Shares	$0.01 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
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	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

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)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	$ (126,036)	$ (155,177)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	60,319	54,325
Loss on non-marketable and marketable equity investments	1,115	4,741
Deferred tax expense	2,225	672
Stock-based compensation	116,925	110,864
Gain on settlements of convertible notes, net	(10,254)	(10,324)
Amortization of acquired intangible assets	46,622	45,857
Impairment of long-lived assets	12,598	621
Remeasurement of contingent consideration from sale of asset	(3,532)	—
Remeasurement of contingent consideration liabilities	(7,636)	(4,687)
Non-cash lease expense	14,042	13,777
Other	(2,667)	3,965
Changes in assets and liabilities:		
Accounts receivable, net	(60,901)	(20,492)
Inventory, net	96	(12,531)
Operating lease liabilities	(12,957)	(12,766)
Accounts payable and accrued liabilities	(17,865)	48,754
Other assets	2,719	(9,624)
Other liabilities	9,941	4,234
Net cash provided by operating activities	24,754	62,209
Cash flows from investing activities:		
Purchases of marketable securities	(324,372)	(50,656)
Maturities and sales of marketable securities	80,335	270,825
Purchases of property, plant and equipment	(73,515)	(64,081)
Purchases of non-marketable investments	(810)	(6,173)
Other investing activities	(205)	(500)
Net cash provided by (used in) investing activities	(318,567)	149,415
Cash flows from financing activities:		
Proceeds from exercise of common stock options, net of cash paid for taxes	(1,365)	1,816
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	(13,186)	(6,499)
Net cash provided by financing activities	221,601	149,637
Effects of exchange rate changes on cash and cash equivalents	(1,446)	609
Net increase (decrease) in cash, cash equivalents and restricted cash	(73,658)	361,870
Cash, cash equivalents and restricted cash, beginning of period	609,675	242,790
Cash, cash equivalents and restricted cash, end of period	$ 536,017	$ 604,660

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

	Six Months Ended June 30,	
	2024	2023
Supplemental disclosure of non-cash investing and financing activities		
Property, plant and equipment acquired but not paid	$ 12,442	$ 7,850
Supplemental disclosure of cash flow information:		
Interest paid	$ 11,971	$ 7,385
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 530,180	$ 604,363
Restricted cash — included in other long-term assets, net	5,837	297
Total cash, cash equivalents and restricted cash	$ 536,017	$ 604,660

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 six months ended June 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 Loss Per Share

Basic net loss per common share ("EPS") was determined by dividing net loss applicable to common stockholders by the weighted average common shares outstanding during the period. Basic and diluted net loss per share is the same because all outstanding common stock equivalents have been excluded, as they are anti-dilutive as a result of the Company's losses.

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:

	June 30,	
(In thousands)	**2024**	**2023**
Shares issuable upon conversion of convertible notes	26,526	23,231
Shares issuable upon the release of restricted stock awards	7,781	6,590
Shares issuable upon the release of performance share units	2,104	1,569
Shares issuable upon exercise of stock options	1,128	1,366
	37,539	32,756

(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.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	**2023**	**2024**	**2023**
Screening				
Medicare Parts B & C	$ 195,337	$ 176,016	$ 369,127	$ 347,746
Commercial	283,729	245,748	537,872	478,781
Other	52,540	41,023	99,405	79,455
Total Screening	531,606	462,787	1,006,404	905,982
Precision Oncology				
Medicare Parts B & C	$ 47,467	$ 47,588	$ 95,517	$ 94,969
Commercial	49,187	46,212	95,887	91,144
International	46,722	35,586	91,255	72,854
Other	24,282	27,788	47,725	53,639
Total Precision Oncology	167,658	157,174	330,384	312,606
COVID-19 Testing	$ —	$ 2,132	$ —	$ 5,955
Total	$ 699,264	$ 622,093	$ 1,336,788	$ 1,224,543

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 six months ended June 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 six months ended June 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 June 30, 2024 and December 31, 2023.

Revenue recognized for the three and six months ended June 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 June 30, 2024 and December 31, 2023:

(In thousands)	June 30, 2024	December 31, 2023
Cash and cash equivalents		
Cash and money market	$ 519,836	$ 530,100
Cash equivalents	10,344	75,278
Total cash and cash equivalents	530,180	605,378
Marketable securities		
Available-for-sale debt securities	$ 414,271	$ 168,425
Equity securities	2,331	3,841
Total marketable securities	416,602	172,266
Total cash, cash equivalents and marketable securities	$ 946,782	$ 777,644

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

(In thousands)	Amortized Cost	Gains in Accumulated Other Comprehensive Income (Loss) (1)	Losses in Accumulated Other Comprehensive Income (Loss) (1)	Estimated Fair Value
Cash equivalents				
U.S. government agency securities	$ 10,344	$ —	$ —	$ 10,344
Total cash equivalents	10,344	—	—	10,344
Marketable securities				
Corporate bonds	$ 203,728	$ 160	$ (600)	$ 203,288
U.S. government agency securities	118,753	3	(130)	118,626
Asset backed securities	87,718	21	(325)	87,414
Commercial paper	4,943	—	—	4,943
Total marketable securities	415,142	184	(1,055)	414,271
Total available-for-sale securities	$ 425,486	$ 184	$ (1,055)	$ 424,615

(1) There was no tax impact from the gains and losses in accumulated other comprehensive income (loss) ("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 (Loss) (1)	Losses in Accumulated Other Comprehensive Income (Loss) (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 June 30, 2024:

	Due one year or less		Due after one year through five years	
(In thousands)	Cost	Fair Value	Cost	Fair Value
Cash equivalents				
U.S. government agency securities	$ 10,344	$ 10,344	$ —	$ —
Total cash equivalents	10,344	10,344	—	—
Marketable securities				
U.S. government agency securities	$ 108,950	$ 108,844	$ 9,803	$ 9,782
Corporate bonds	46,393	46,288	157,335	157,000
Asset backed securities	5,901	5,892	81,817	81,522
Commercial paper	4,943	4,943	—	—
Total marketable securities	166,187	165,967	248,955	248,304
Total available-for-sale securities	$ 176,531	$ 176,311	$ 248,955	$ 248,304

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

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

	Less than one year		One year or greater		Total	
(In thousands)	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Marketable securities						
Corporate bonds	$ 129,953	$ (578)	$ 4,720	$ (22)	$ 134,673	$ (600)
U.S. government agency securities	108,835	(108)	3,913	(22)	112,748	(130)
Asset backed securities	53,722	(211)	6,532	(114)	60,254	(325)
Total available-for-sale securities	$ 292,510	$ (897)	$ 15,165	$ (158)	$ 307,675	$ (1,055)

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 June 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 six months ended June 30, 2024 and 2023.

(4) INVENTORY

Inventory consisted of the following:

(In thousands)	June 30, 2024	December 31, 2023
Raw materials	$ 52,363	$ 58,593
Semi-finished and finished goods	75,010	68,882
Total inventory	$ 127,373	$ 127,475

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(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	June 30, 2024	December 31, 2023
Property, plant and equipment			
Land	n/a	$ 4,716	$ 4,716
Leasehold and building improvements	(1)	228,513	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	198,247	168,131
Machinery and equipment	3 - 10 years	308,052	290,294
Furniture and fixtures	3 - 10 years	36,278	35,756
Assets under construction	n/a	100,653	104,592
Property, plant and equipment, at cost		1,173,983	1,115,557
Accumulated depreciation		(470,900)	(417,203)
Property, plant and equipment, net		$ 703,083	$ 698,354

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

Depreciation expense for the three months ended June 30, 2024 and 2023 was $29.7 million and $27.5 million, respectively. Depreciation expense for the six months ended June 30, 2024 and 2023 was $60.3 million and $54.3 million, respectively.

At June 30, 2024, the Company had $100.7 million of assets under construction, which consisted of $62.6 million in machinery and equipment, $24.8 million in capitalized costs related to software projects, $8.1 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.

(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 June 30, 2024:

(In thousands)	Weighted Average Remaining Life (Years)	Cost	Accumulated Amortization	Net Balance at June 30, 2024
Finite-lived intangible assets				
Trade name	11.2	$ 104,000	$ (31,528)	$ 72,472
Customer relationships	6.5	4,000	(1,111)	2,889
Patents and licenses	5.9	11,542	(10,324)	1,218
Acquired developed technology (1)	6.8	887,352	(370,453)	516,899
Total finite-lived intangible assets		1,006,894	(413,416)	593,478
In-process research and development	n/a	1,250,000	—	1,250,000
Total intangible assets		$ 2,256,894	$ (413,416)	$ 1,843,478

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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 June 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 six months)	$ 46,288
2025	91,860
2026	90,800
2027	90,800
2028	90,800
Thereafter	182,930
	$ 593,478

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 six months ended June 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.

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Goodwill

The change in the carrying amount of goodwill for the periods ended June 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 adjustment	205
Effects of changes in foreign currency exchange rates (1)	(353)
Balance June 30, 2024	$ 2,366,972

(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 six months ended June 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.

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The following table presents the Company's fair value measurements as of June 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 June 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	$ 519,836	$ 519,836	$ —	$ —
U.S. government agency securities	10,344	—	10,344	—
Restricted cash (1)	5,837	5,837	—	—
Marketable securities				
Corporate bonds	$ 203,288	$ —	$ 203,288	$ —
U.S. government agency securities	118,626	—	118,626	—
Asset backed securities	87,414	—	87,414	—
Commercial paper	4,943	—	4,943	—
Equity securities	2,331	2,331	—	—
Non-marketable securities	$ 1,057	$ —	$ —	$ 1,057
Liabilities				
Contingent consideration	$ (277,921)	$ —	$ —	$ (277,921)
Total	$ 675,755	$ 528,004	$ 424,615	$ (276,864)

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.

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There have been no material changes in valuation techniques or transfers between fair value measurement levels during the three and six months ended June 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	(343)
Settlement of non-marketable securities	(6,250)
Ending balance, June 30, 2024	$ 1,057

Contingent Consideration Liabilities

The fair value of the contingent consideration liabilities was $277.9 million and $288.7 million as of June 30, 2024 and December 31, 2023, respectively, of which $19.0 million was included in other current liabilities and $258.9 million was included in other long-term liabilities in the condensed consolidated balance sheet as of June 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)	Contingent Consideration
Beginning balance, January 1, 2024	$ 288,657
Changes in fair value (1)	(7,636)
Payments (2)	(3,100)
Ending balance, June 30, 2024	$ 277,921

(1) The change in fair value of the contingent consideration liability was an increase of $4.2 million and a reduction of $4.7 million for the three and six months ended June 30, 2023, respectively, which is included in general and administrative expenses in the condensed consolidated statement of operations.

(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.

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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 $277.9 million and $288.7 million as of June 30, 2024 and December 31, 2023, respectively. The Company evaluates the fair value of the expected contingent consideration and the corresponding 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 expected 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 June 30, 2024 and December 31, 2023, respectively, and a weighted average present-value factor of 6.1% and 5.8% as of June 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 Investments

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)	June 30, 2024	June 30, 2023
Cumulative upward adjustments (1)	$ 5,102	$ 779
Cumulative downward adjustments and impairments (2)	15,071	12,528
Aggregate carrying value (3)	52,227	34,197

(1) There were no material upward adjustments recorded on non-marketable equity securities held for the three and six months ended June 30, 2024 and 2023.

(2) There were no material downward adjustments or impairments recorded on non-marketable equity securities held for the three and six months ended June 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 six months ended June 30, 2024 and 2023.

The Company has committed capital to venture capital investment funds of $18.0 million, of which $11.8 million remains callable through 2033 as of June 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, were $6.8 million and $5.2 million as of June 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 June 30, 2024 and December 31, 2023 the Company had open foreign currency forward contracts with notional amounts of $45.2 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 June 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 June 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 six months ended June 30, 2024 and 2023.

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(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 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 Securitization Facility required the Company to maintain minimum borrowings under the facility of $50.0 million. 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.

Upon the maturity of the Securitization Facility in June 2024, the Company repaid the previously outstanding balance of $50.0 million in full. 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 June 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 June 30, 2024 and December 31, 2023. As of June 30, 2024 and December 31, 2023, the Company has not drawn funds from, nor are any amounts outstanding under, the Revolving Loan Agreement.

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(9) CONVERTIBLE NOTES

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

				Fair Value (1)	
(In thousands)	Principal Amount	Unamortized Debt Discount and Issuance Costs	Net Carrying Amount	Amount	Leveling
2031 Convertible Notes - 1.750%	$ 620,709	$ (14,633)	$ 606,076	$ 510,335	2
2030 Convertible Notes - 2.000%	572,993	(3,998)	568,995	513,373	2
2028 Convertible Notes - 0.375%	589,380	(5,741)	583,639	482,702	2
2027 Convertible Notes - 0.375%	563,822	(4,584)	559,238	494,872	2
2025 Convertible Notes - 1.000% (2)	249,172	(249)	248,923	242,943	2

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

				Fair Value (1)	
(In thousands)	Principal Amount	Unamortized Debt Discount and Issuance Costs	Net Carrying Amount	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 June 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 income (expense), net in the condensed consolidated statement of operations for the six months ended June 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 income (expense), net in the condensed consolidated statement of operations for the six months ended June 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.

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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 income (expense), net in the condensed consolidated statement of operations for the three and six months ended June 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 convert such Notes at any time. 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.

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 $42.25 on June 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.

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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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2024	2023	2024	2023
Debt issuance costs amortization	$ 1,316	$ 1,315	$ 2,631	$ 2,692
Debt discount amortization	264	25	289	56
Gain on settlements of convertible notes	(10,254)	—	(10,254)	(10,324)
Coupon interest expense	6,863	4,906	11,770	8,260
Total interest expense (income) on convertible notes	$ (1,811)	$ 6,246	$ 4,436	$ 684

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

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

The remaining period over which the unamortized debt discount will be recognized as non-cash interest expense is 0.55, 2.71, 3.67, 5.67, and 6.79 years for the 2025 Notes, 2027 Notes, 2028 Notes, 2030 Notes, and 2031 Notes, respectively.

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(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 June 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 proprietary data 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 if net sales of a licensed product using JHU proprietary data reach specified levels. The Company will record the sales-based royalties 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 June 30, 2024.

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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 for the three and six months ended June 30, 2024. The remaining $1.8 million in expense will be amortized on a straight-line basis through the date of the final payment in the second quarter of 2026. The Company has recorded a liability of $16.8 million representing the fair value of the remaining payments, of which $8.7 million is included in accrued liabilities and $8.1 million is included in other long-term liabilities on the condensed consolidated balance sheet as of June 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 June 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.

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(11) STOCKHOLDERS' EQUITY

Changes in Accumulated Other Comprehensive Income (Loss)

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

(In thousands)	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Securities (1)	AOCI
Balance at December 31, 2023	$ 1,374	$ 54	$ 1,428
Other comprehensive loss before reclassifications	(1,446)	(984)	(2,430)
Amounts reclassified from accumulated other comprehensive income (loss)	—	59	59
Net current period change in accumulated other comprehensive income (loss)	(1,446)	(925)	(2,371)
Balance at June 30, 2024	$ (72)	$ (871)	$ (943)

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

The amounts recognized in AOCI for the six months ended June 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	609	1,051	1,660
Amounts reclassified from accumulated other comprehensive income (loss)	—	2,853	2,853
Net current period change in accumulated other comprehensive income (loss)	609	3,904	4,513
Balance at June 30, 2023	$ 662	$ (1,385)	$ (723)

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

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

Details about AOCI Components (In thousands)	Affected Line Item in the Statements of Operations	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Change in value of available-for-sale investments			
Sales and maturities of available-for-sale investments	Investment income, net	$ 59	$ 2,853
Total reclassifications		$ 59	$ 2,853

(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.

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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 $56.6 million and $61.7 million in stock-based compensation expense during the three months ended June 30, 2024 and 2023, respectively. The Company recorded $116.9 million and $110.9 million in stock-based compensation expense during the six months ended June 30, 2024 and 2023, respectively.

As of June 30, 2024, there was approximately $450.0 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 2.7 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)
(Aggregate intrinsic value in thousands)				
Outstanding, January 1, 2024	1,286,173	$ 47.67	3.8	
Exercised	(141,503)	15.44		
Forfeited	(17,164)	94.85		
Outstanding, June 30, 2024	1,127,506	$ 51.00	3.6	$ 11,834
Vested and expected to vest, June 30, 2024	1,127,506	$ 51.00	3.6	$ 11,834
Exercisable, June 30, 2024	1,127,506	$ 51.00	3.6	$ 11,834

(1) The total intrinsic value of options exercised, net of shares withheld for taxes, during the six months ended June 30, 2024 and 2023 was $3.3 million and $7.0 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.

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

	Restricted Shares	Weighted Average Grant Date Fair Value (1)
Outstanding, January 1, 2024	6,272,763	$ 73.39
Granted	3,937,097	57.38
Released (2)	(1,924,514)	79.93
Forfeited	(504,123)	64.23
Outstanding, June 30, 2024	7,781,223	$ 63.97

(1) The weighted average grant date fair value of the RSUs granted during the six months ended June 30, 2023 was $60.94.

(2) The fair value of RSUs vested and converted to shares of the Company's common stock was $153.4 million and $130.5 million during the six months ended June 30, 2024 and 2023, respectively.

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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 six months ended June 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	(336,852)	106.06
Outstanding, June 30, 2024	2,103,820	$ 74.25

(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 June 30, 2024 was 1,037,206.

(2) The weighted average grant date fair value of the PSUs granted during the six months ended June 30, 2023 was $79.17.

(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 six months ended June 30, 2024 and 2023, respectively.

Employee Stock Purchase Plan

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

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

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(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:

	Six Months Ended June 30,	
(In thousands)	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 19,188	$ 19,093
Operating cash flows from finance leases	612	342
Finance cash flows from finance leases	3,025	1,561
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities (1)	$ 18,925	$ (5,375)
Right-of-use assets obtained in exchange for new finance lease liabilities	13,717	2,670
Weighted-average remaining lease term - operating leases (in years)	7.73	7.20
Weighted-average remaining lease term - finance leases (in years)	3.21	3.04
Weighted-average discount rate - operating leases	6.55 %	6.41 %
Weighted-average discount rate - finance leases	6.78 %	7.03 %

(1) For the six months ended June 30, 2023, this includes reductions of $8.6 million on the carrying value of the right-of-use assets held due to a reduction of the expected lease term.

As of June 30, 2024 and December 31, 2023, the Company's right-of-use assets from operating leases are $139.8 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 June 30, 2024, the Company has outstanding operating lease obligations of $194.8 million, of which $27.1 million is reported in operating lease liabilities, current portion and $167.7 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.

As of June 30, 2024 and December 31, 2023, the Company's right-of-use assets from finance leases are $21.4 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 June 30, 2024, the Company has outstanding finance lease obligations of $22.3 million, of which $7.3 million is reported in other current liabilities and $15.0 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 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. On July 17, 2024, the Company filed a motion for preliminary injunction seeking an order prohibiting Geneoscopy from selling its infringing Colosense test in the United States.

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"). The PTAB is expected decide on or before July 30, 2024 whether it will institute the IPR. If the IPR is instituted, 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.

(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 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 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 June 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 six months ended June 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. Resolution Bioscience develops and commercializes next-generation sequencing-based precision oncology solutions through its Clinical Laboratory Improvement Amendments ("CLIA") certified lab based in Kirkland, Washington. 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 six months ended June 30, 2024, there were no significant changes to the purchase price and purchase price allocation. The measurement period remains open pending the completion of valuation procedures related to certain acquired assets and liabilities assumed, primarily in connection with the developed technology intangible asset.

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"), which will allow the Company to focus on the highest impact projects core to the Company's vision. 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 June 30, 2024 and December 31, 2023, a portion of the contingent consideration is classified as a contract asset. As of June 30, 2024, the contract asset was $45.2 million, of which $24.1 million is included in prepaid expenses and other current assets and $21.1 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 method. The remaining consideration balance as of June 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 six months ended June 30, 2024, which is included in other operating income in the condensed consolidated statement of operations.

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(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.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	**2023**	**2024**	**2023**
United States	$ 652,542	$ 586,507	$ 1,245,533	$ 1,151,689
Outside of United States	46,722	35,586	91,255	72,854
Total revenues	$ 699,264	$ 622,093	$ 1,336,788	$ 1,224,543

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

(17) INCOME TAXES

The Company recorded income tax expense of $1.5 million and $1.1 million for the three months ended June 30, 2024 and 2023, respectively. The Company recorded income tax expense of $3.3 million and $2.8 million for the six months ended June 30, 2024 and 2023, respectively. The Company's income tax expense recorded during the three and six months ended June 30, 2024 is primarily related to current foreign and state tax expense. A deferred tax liability of $19.1 million and $17.3 million was recorded as of June 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.

The Company had $40.1 million and $36.4 million of unrecognized tax benefits at June 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 June 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 June 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.

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(18) SUBSEQUENT EVENTS

On July 1, 2024, the Company entered into an exclusive license agreement with TwinStrand Biosciences, Inc. ("TwinStrand"), under which the Company will have the ability to use, commercialize, and sublicense the acquired intellectual property related to the cell free nucleic acid sequencing technology. Under the license agreement, the Company made upfront payments to TwinStrand totaling $45.0 million in July 2024. The license will be accounted for as an asset acquisition and the upfront consideration, which will be classified as an intangible asset in the condensed consolidated balance sheet, will be amortized through amortization of acquired intangible assets in the condensed consolidated statement of operations over its estimated useful life.

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, which has been filed with the U.S. Securities and Exchange Commission ("SEC") (the "2023 Form 10-K").

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 second quarter of 2024, we achieved many critical milestones, including:

- being recognized as a Great Place to Work for the sixth consecutive year,
- screening over 1 million people in a quarter with our Cologuard test for the first time ever,
- testing a record number of cancer patients globally with Oncotype DX tests,
- generating revenue of $699.3 million for the three months ended June 30, 2024, an improvement of $77.2 million in comparison to three months ended June 30, 2023, while decreasing our loss from operations by $50.7 million,
- generating cash provided by operating activities of $107.1 million for the three months ended June 30, 2024, an improvement of $6.6 million in comparison to the three months ended June 30, 2023,
- securing an exclusive license to TwinStrand Bioscience Inc.'s ("TwinStrand") patented technologies,
- making progress toward launching Cologuard Plus™, our next-generation Cologuard test, and Oncodetect™, our molecular residual disease ("MRD") test, and
- advancing several key pipeline programs, including blood-based colon cancer screening tests and our multi-cancer screening ("MCS") 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 U.S. Food and Drug Administration ("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.

Clinical 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.

Pipeline Research and Development

Our research and development efforts are focused on developing new products and enhancing existing products to address unmet cancer needs and expand the clinical utility and addressable patient populations for our existing tests. We are focused on enhancing our Cologuard test's performance characteristics and developing tissue, blood, and other sample type tests. These development efforts may lead to a variety of new 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. In September 2020, Mayo agreed to make available certain personnel to provide us research and development assistance through January 2025. Through recent business development activities, we have also acquired exclusive access to technologies developed by TwinStrand, The Johns Hopkins University, Broad Institute, Inc. ("Broad Institute"), Oxford University, and the Ludwig Institute for Cancer Research.

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 improve our Cologuard test's performance characteristics, focusing on reducing the false positive rate of the test. In March 2024, the New England Journal of Medicine published our Cologuard Plus test results from the pivotal BLUE-C study, showing overall sensitivity of 94% for colorectal cancer at specificity of 91%, which is a 30% relative improvement compared to the false positive rate observed in our pivotal DeeP-C study for our Cologuard test. We submitted the final module of the Cologuard Plus test premarket approval application to the FDA in December 2023, and expect a decision in late 2024. We are also working to develop a blood-based screening test for colorectal cancer as a second-line option for people who haven't been screened with more accurate methods.
- *MCS Test Development.* We are currently seeking to develop a MCS test, which will be branded as Cancerguard™, to help detect many different types of cancer from a single blood draw. In September 2022, we presented data at the European Society for Medical Oncology ("ESMO") Congress from a biomarker validation study, which demonstrated the ability to detect cancer signals from 15 organ sites with a mean sensitivity of 61% and mean specificity of 98.2%. The multi-biomarker approach detected stage I and stage II cancers with a combined sensitivity of 38.7%. In June 2023, we announced a collaboration with Baylor Scott & White to utilize our Cancerguard test within a subset of their clinics to generate real-world experience and evidence of our MCS screening approach. In April 2024, we presented late-breaking data at the American Association for Cancer Research ("AACR") annual meeting from the first analysis of ASCEND-2, a multi-center, prospective, case-control study of over 11,000 clinically characterized participants. These results validate 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 plan to share additional analyses from ASCEND-2 at upcoming scientific conferences. Our MCS 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. 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 MCS trial ever conducted in the U.S.

- *MRD Test Development.* We plan to offer our Oncodetect test, a tumor-informed MRD test to help detect small amounts of tumor DNA that may remain in patients' blood after they have undergone initial cancer treatment. This test will help patients and oncologists understand the success of initial treatment, guide further treatment, and monitor for cancer recurrence. Our goal is to support all patients in MRD and recurrence monitoring, whether there is access to tumor tissue to inform patient-specific biomarker targets or no access to tissue and a predefined biomarker panel is used. We recently completed analytical validation of our tumor-informed platform utilizing colorectal cancer samples and are currently conducting a clinical validation study that will be submitted to MolDx 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.

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 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 are recognizing the opportunity to partner with Exact Sciences to address their screening rates and related quality measures. We aim to partner with them to implement our Cologuard test as an essential part of their screening toolkit and embed it in their workflows. We continue to implement more electronic ordering interfaces connecting health systems to Exact Sciences. Our Cologuard test market share is increasing in larger health systems, 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 June 30, 2024, we had an accumulated deficit of approximately $3.60 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.

	Three Months Ended June 30,		
Amounts in millions	**2024**	**2023**	**Change**
Screening	$ 531.6	$ 462.8	$ 68.8
Precision Oncology	167.7	157.2	10.5
COVID-19 Testing	—	2.1	(2.1)
Total	$ 699.3	$ 622.1	$ 77.2

	Six Months Ended June 30,		
Amounts in millions	**2024**	**2023**	**Change**
Screening	$ 1,006.4	$ 906.0	$ 100.4
Precision Oncology	330.4	312.6	17.8
COVID-19 Testing	—	6.0	(6.0)
Total	$ 1,336.8	$ 1,224.5	$ 112.2

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 six months ended June 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 six months ended June 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 six months ended June 30, 2023. The impact to revenue for the three and six months ended June 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 six months ended June 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 was consistent for the three and six months ended June 30, 2024 and June 30, 2023. 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.

	Three Months Ended June 30,		
Amounts in millions	**2024**	**2023**	**Change**
Production costs	$ 117.9	$ 93.9	$ 24.0
Personnel expenses	47.9	43.5	4.4
Facility and support services	17.5	13.1	4.4
Stock-based compensation	5.7	5.5	0.2
Other cost of sales expenses	0.8	1.0	(0.2)
Total cost of sales expense	$ 189.8	$ 157.0	$ 32.8

	Six Months Ended June 30,		
Amounts in millions	**2024**	**2023**	**Change**
Production costs	$ 216.0	$ 186.6	$ 29.4
Personnel expenses	98.1	88.6	9.5
Facility and support services	33.1	26.6	6.5
Stock-based compensation	10.9	10.3	0.6
Other cost of sales expenses	1.8	1.8	—
Total cost of sales expense	$ 359.9	$ 313.9	$ 46.0

Research and development expenses. The increase in research and development expenses for the three and six months ended June 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 three and six months ended June 30, 2024 due to an increase in headcount. Our direct research and development costs primarily relate to research related expenses for the development of MRD and MCS tests and our colorectal cancer screening test pipeline. The decrease in direct research and development costs for the three and six months ended June 30, 2024 was primarily due to a reduction in BLUE-C related costs as the study was completed in 2023, which was partially offset by an increase in MRD related research activities. We expect that research and development expenses will generally continue to increase in future periods as we continue to invest to advance new tests.

	Three Months Ended June 30,		
Amounts in millions	**2024**	**2023**	**Change**
Personnel expenses	$ 44.3	$ 41.9	$ 2.4
License agreement termination	25.8	—	25.8
Direct research and development	23.0	33.9	(10.9)
Facility and support services	14.5	14.9	(0.4)
Stock-based compensation	9.9	10.7	(0.8)
Professional fees	2.8	1.7	1.1
Other research and development	0.6	1.0	(0.4)
Total research and development expenses	$ 120.9	$ 104.1	$ 16.8

Amounts in millions	Six Months Ended June 30, 2024	2023	Change
Personnel expenses	$ 97.3	$ 85.6	$ 11.7
Direct research and development	52.8	59.5	(6.7)
Facility and support services	28.6	29.5	(0.9)
License agreement termination	25.8	—	25.8
Stock-based compensation	21.7	20.5	1.2
Professional fees	4.6	3.1	1.5
Other research and development	0.7	1.3	(0.6)
Total research and development expenses	$ 231.5	$ 199.5	$ 32.0

Sales and marketing expenses. Sales and marketing expenses increased for the three and six months ended June 30, 2024 compared to the three and six months ended June 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 June 30, 2024	2023	Change
Personnel expenses	$ 106.4	$ 100.8	$ 5.6
Direct marketing costs	48.7	44.7	4.0
Stock-based compensation	13.7	18.6	(4.9)
Professional and legal fees	13.4	7.6	5.8
Facility and support services	2.7	4.0	(1.3)
Other sales and marketing expenses	0.4	0.8	(0.4)
Total sales and marketing expenses	$ 185.3	$ 176.5	$ 8.8

Amounts in millions	Six Months Ended June 30, 2024	2023	Change
Personnel expenses	$ 216.3	$ 211.1	$ 5.2
Direct marketing costs	96.0	91.9	4.1
Stock-based compensation	30.3	31.4	(1.1)
Professional and legal fees	28.9	18.6	10.3
Facility and support services	5.5	8.6	(3.1)
Other sales and marketing expenses	0.6	1.9	(1.3)
Total sales and marketing expenses	$ 377.6	$ 363.5	$ 14.1

General and administrative expenses. The decrease in general and administrative expenses for the three and six months ended June 30, 2024 was primarily due to a reduction in professional and legal fees for the three and six months ended June 30, 2024 from 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. The decrease in other general and administrative expenses was primarily due to gains of $13.2 million and $7.6 million for the three and six months ended June 30, 2024, respectively, compared to an expense of $4.2 million and a gain of $4.7 million for the three and six months ended June 30, 2023, respectively, as a result of the change in fair value of our outstanding contingent consideration liabilities as further described in Note 7 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. The decrease in general and administrative expenses for the three and six months ended June 30, 2024 was partially offset by an increase in personnel expenses. This increase was a result of additional headcount to support the growth of our operations. We expect general and administrative expenses throughout the remainder of 2024 will remain relatively consistent with costs incurred in the first half of 2024. We expect general and administrative expenses will decrease over time as we leverage efficiencies in our personnel and information technology systems.

	Three Months Ended June 30,		
Amounts in millions	**2024**	**2023**	**Change**
Personnel expenses	$ 100.0	$ 94.3	$ 5.7
Facility and support services	44.1	44.5	(0.4)
Professional and legal fees	29.9	54.6	(24.7)
Stock-based compensation	27.3	26.9	0.4
Other general and administrative	0.6	17.7	(17.1)
Total general and administrative expenses	$ 201.9	$ 238.0	$ (36.1)

	Six Months Ended June 30,		
Amounts in millions	**2024**	**2023**	**Change**
Personnel expenses	$ 214.1	$ 192.7	$ 21.4
Facility and support services	89.2	87.3	1.9
Professional and legal fees	67.3	101.6	(34.3)
Stock-based compensation	54.0	48.7	5.3
Other general and administrative	20.4	25.0	(4.6)
Total general and administrative expenses	$ 445.0	$ 455.3	$ (10.3)

Amortization of acquired intangible assets. Amortization of acquired intangible assets increased to $23.3 million for the three months ended June 30, 2024 compared to $22.9 million for the three months ended June 30, 2023. Amortization of acquired intangible assets increased to $46.6 million for the six months ended June 30, 2024 compared to $45.9 million for the six months ended June 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.

Impairment of long-lived assets. Impairment of long-lived assets was $8.2 million and $12.6 million for the three and six months ended June 30, 2024, respectively, compared to $0.6 million for the three and six months ended June 30, 2023. The impairment charges recorded during the three and six months ended June 30, 2024 and 2023 related to certain of our domestic facilities.

Other operating income. Other operating income was $3.8 million and $3.5 million for the three and six months ended June 30, 2024 compared to zero for the three and six months ended June 30, 2023. The income recorded for the three and six months ended June 30, 2024 represents the remeasurement of the contingent consideration asset from the sale of the Oncotype DX Genomic Prostate Score test to MDxHealth SA.

Investment income, net. Investment income, net increased to $11.8 million for the three months ended June 30, 2024 compared to $4.8 million for the three months ended June 30, 2023. Investment income, net increased to $18.0 million for the six months ended June 30, 2024 compared to $5.3 million for the six months ended June 30, 2023. The investment income recorded for the three and six months ended June 30, 2024 and 2023 was primarily due to gains recorded on our marketable securities.

Interest income (expense), net. Net interest income was $0.1 million for the three months ended June 30, 2024 compared to interest expense of $7.8 million for the three months ended June 30, 2023. Interest expense recorded from our outstanding convertible notes totaled $8.4 million and $6.2 million for the three months ended June 30, 2024 and 2023, respectively. Interest expense increased to $7.8 million for the six months ended June 30, 2024 compared to $3.7 million for the six months ended June 30, 2023. Interest expense recorded from our outstanding convertible notes totaled $14.7 million and $11.0 million for the six months ended June 30, 2024 and 2023, respectively. Interest income (expense), net for the three and six months ended June 30, 2024 included a net gain on settlement of convertible notes of $10.3 million. Interest income (expense), net for the six months ended June 30, 2023 included a net gain on settlement of convertible notes of $10.3 million. 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 $1.5 million for the three months ended June 30, 2024 compared to $1.1 million for the three months ended June 30, 2023. Income tax expense increased to $3.3 million for the six months ended June 30, 2024 compared to $2.8 million for the six months ended June 30, 2023. Income tax expense for the three and six months ended June 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 June 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 June 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 June 30, 2024, we had approximately $530.2 million in unrestricted cash and cash equivalents and approximately $416.6 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	Six Months Ended June 30, 2024	2023
Net cash provided by operating activities	$ 24.8	$ 62.2
Net cash provided by (used in) investing activities	(318.6)	149.4
Net cash provided by financing activities	221.6	149.6

Operating activities

The decrease in cash provided by operating activities for the six months ended June 30, 2024 was primarily due to 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 on payments on our accounts payable and accrued expenses and collections of our accounts receivable This was partially offset by an increase in revenue as a result of an increase in the number of completed Cologuard and Oncotype tests, which was the primary driver of the decrease in our net loss.

Investing activities

The increase in cash used in investing activities for the six months ended June 30, 2024 compared to cash provided by investing activities for the six months ended June 30, 2023 was due to a net increase of $464.2 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 $9.4 million due to additional investments in information technology infrastructure and lab automation.

Financing activities

The increase in cash provided by financing activities during the six months ended June 30, 2024 compared to the six months ended June 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 six months ended June 30, 2024.

In April 2024, we entered into privately negotiated agreements (the “Agreements”) with certain holders of our 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 June 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 six months prior to the maturity date on July 15, 2024, holders of the 2025 Notes may 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 June 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 June 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 June 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 June 30, 2024, we had open foreign currency forward contracts with notional amounts of $45.2 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 June 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.

In the second quarter of 2024, we completed the implementation of Epic Systems' electronic medical records software in our clinical laboratory systems for certain of our precision oncology tests in the United States. Epic Systems' software has been used for our Cologuard test since 2019. We have updated our internal controls, as applicable, to facilitate modifications to our business processes and accounting procedures and will continue to evaluate the operating effectiveness of related key controls during subsequent periods. We do not believe that the Epic Systems implementation has had an adverse effect on our internal control over financial reporting.

There have been no other significant changes in internal control over financial reporting during the quarter ended June 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 fiscal quarter ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1 under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K), except as follows:

On May 13, 2024, Brian Baranick, Executive Vice President and General Manager, Precision Oncology, adopted a Rule 10b5-1 trading arrangement for the sale of up to $200,000 in shares of our common stock. The arrangement's expiration date is December 31, 2025, subject to early termination for certain specified events set forth in the arrangement.

On June 4, 2024, James Doyle, a member of our board of directors, terminated a Rule 10b5-1 trading arrangement. The terminated Rule 10b5-1 trading arrangement was originally adopted on November 13, 2023 and provided for the sale of up to 4,900 shares of our common stock.

Departure of Former Chief Financial Officer

As previously disclosed, Jeffrey Elliott, our former Chief Financial Officer, assumed the role as special advisor to the Chief Executive Officer effective May 15, 2024 to facilitate a smooth transition in connection with Aaron Bloomer's appointment as our new Chief Financial Officer. Following a successful transition, Mr. Elliott's employment with the Company will terminate on August 2, 2024.

2010 Employee Stock Purchase Plan Amendments

Effective July 31, 2024, the Company's 2010 Employee Stock Purchase Plan was amended to (1) shorten the length of future offering periods under the plan from twenty-four to six months and (2) make certain other clarifying changes.

Employment Agreement Amendments

At its meeting held on July 25, 2024, based upon a review of severance benefits contained in the employment agreements of the Company's executive officers compared to the Company's compensation peer group, the Company's Human Capital Committee approved the modifications described below for each of Brian Baranick, Aaron Bloomer, Sarah Condella and Jake Orville.

Specifically, the Human Capital Committee approved modifications to each individual's employment agreement with the Company to provide that, if within four months before or twelve months after a Company "change in control," the individual incurs a termination of employment initiated by the Company without "cause" or by the individual for "good reason" (each such quoted term as defined in the applicable employment agreement), the individual will receive a cash severance benefit equal to 18 months base salary, pro-rata target annual bonus for the year of termination, 150% of the individual's target annual bonus, up to 12 months of COBRA premiums, and $10,000 for outplacement services.

The foregoing severance benefits are subject to the individual executing and not revoking a waiver and release of claims in favor of the Company and its affiliates.

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
4.2	Fifth Supplemental Indenture, dated April 17, 2024, between the Company and U.S. Bank National Association, as Trustee (including the form of 1.75% Convertible Senior Notes due 2031).		8-K (Exhibit 4.2)	4/17/2024	001-35092
10.1	Employment Agreement, dated April 15, 2024, by and between Aaron Bloomer and the Registrant		10-Q (Exhibit 10.1)	5/8/2024	001-35092
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 June 30, 2024 filed on July 31, 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 June 30, 2024, filed with the Securities and Exchange Commission on July 31, 2024, is formatted in Inline Extensible Business Reporting Language (“iXBRL”)	X			

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: July 31, 2024

By: /s/ Kevin T. Conroy

Kevin T. Conroy

President and Chief Executive Officer
(*Principal Executive Officer*)

Date: July 31, 2024

By: /s/ Aaron Bloomer

Aaron Bloomer

Executive Vice President and Chief Financial Officer
(*Principal Financial and Accounting Officer*)

EXHIBIT 31.1

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: July 31, 2024

By: /s/ Kevin T. Conroy

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

EXHIBIT 31.2

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: July 31, 2024

By: /s/ Aaron Bloomer

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

EXHIBIT 32.1

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

In connection with the Quarterly Report of Exact Sciences Corporation (the "Company") on Form 10-Q for the quarter ended June 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: July 31, 2024

/s/ Kevin T. Conroy

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

Dated: July 31, 2024

/s/ Aaron Bloomer

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