



# From genetics, Health

---

Second Quarter 2023 Financial Results  
08.08.2023

# Safe harbor statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to the company's mission; the company's beliefs regarding the potential of its business, and its business priorities and initiatives and the potential benefits thereof; the company's future financial and operating results, and the drivers of future financial results; the company's focus, strategy, roadmap and product pipeline; and the company's financial guidance for 2023. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially and reported results should not be considered as an indication of future performance. These risks and uncertainties include, but are not limited to: the availability of and need for capital; the ability to serve the company's debt obligations; the risk that catalysts may not grow as expected; the ability of the company to successfully execute its strategic business realignment and achieve the intended benefits thereof on the expected timeframe or at all; unforeseen or greater than expected costs associated with the strategic business realignment; the risk that the disruption that may result from the realignment may harm the company's business, market share or its relationship with customers or potential customers; the impact of inflation and the current economic environment on the company's business; the company's ability to grow its business in a cost-efficient manner; the company's history of losses; the company's ability to maintain important customer relationships; the company's ability to compete; the company's need to scale its infrastructure in advance of demand for its tests and to increase demand for its tests; the risk that the company may not obtain or maintain sufficient levels of reimbursement for its tests; the applicability of clinical results to actual outcomes; risks associated with litigation; the company's ability to use rapidly changing genetic data to interpret test results accurately and consistently; laws and regulations applicable to the company's business; and the other risks set forth in the reports filed by the company with the SEC, including its Quarterly Report on Form 10-Q for the year ended March 31, 2023. These forward-looking statements speak only as of the date hereof, and Invitae Corporation disclaims any obligation to update these forward-looking statements.

# Non-GAAP financial measurements

To supplement Invitae's consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States (GAAP), the company is providing several non-GAAP measures. These non-GAAP financial measures exclude certain items that are required by GAAP. In addition, these non-GAAP measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly-titled measures presented by other companies. Management believes these non-GAAP financial measures are useful to management and investors in evaluating the company's ongoing operating results and trends. Management uses such non-GAAP information to manage the company's business and monitor its performance.

Other companies, including companies in the same industry, may not use the same non-GAAP measures or may calculate these metrics in a different manner than management or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of these non-GAAP measures as comparative measures. Because of these limitations, the company's non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the GAAP to non-GAAP reconciliations provided in this presentation and on the company's website.

In addition, this presentation includes Invitae's non-GAAP gross margin and cash burn guidance, non-GAAP measures used to describe Invitae's expected performance. The company has not presented reconciliations of these non-GAAP measures to the most comparable GAAP financial measures, because the reconciliations could not be prepared without unreasonable effort. The information necessary to prepare the reconciliations is not available on a forward-looking basis and cannot be accurately predicted. The unavailable information could have a significant impact on the calculation of the comparable GAAP financial measure.

# Agenda

---

- Q2'23 and recent updates
- Growth catalysts by clinical areas
- Q2'23 financials & key metrics
- 2023 financial guidance



# Q2'23 and recent financial updates

## Reported Q2 revenue of \$120.5M

a 12% YoY decrease due to exited businesses and geographies

Continued **improvement in non-GAAP gross margin** for **eight consecutive quarters**

**\$336M** cash on balance sheet<sup>2</sup>; improves **cash burn** annual guidance to **\$220-\$245M** from \$250-\$275M previously

On a **pro forma** basis<sup>1</sup>, **women's health, rare disease and data** business posted **double-digit YoY revenue growth**

**Total pro forma revenue growth was ~1% YoY**

Despite **solid volume growth of 8% in the US** for our **hereditary cancer tests, oncology** sales performance was **impacted** by **lower-than-expected insurance payments** and **weaker fee-for-service revenue**

Adjusts **2023 pro forma revenue** guidance to **\$480-500M**; **maintained non-GAAP gross margin** guidance

Note:

1. Pro forma calculation removes approximately \$17.5 million of revenue from second quarter 2022 relating to exited businesses and geographies
2. Includes cash, cash equivalents, restricted cash & marketable securities as of June 30, 2023

# Q2'23 and recent operational updates

**Multiple growth and corporate initiatives taking place**, setting the stage for the next phase of execution



**ASCO** presentations highlight the importance of germline oncology testing



**~4M cumulative patients** served, of which **over 63%** are available for data sharing



Continued **revenue cycle management** and **working capital** improvements

# Growth catalysts

## Oncology

### Near-term

- Call point expansions
- Community oncology settings
- Enhance PCM FFS business through updated chemistry and dedicated sales team
- Increasing collections and average payment from payers

### Medium-term ongoing efforts

- Continued guideline expansion
- PCM studies to help with adoption
- Portfolio synergies between hereditary and somatic cancer testing



2023 **ASCO**  
ANNUAL MEETING

## Germline Genetic Testing Use and Results after a Cancer Diagnosis

Allison W. Kurian, Paul Abrahamse, Allison Furgal, Kevin C. Ward, Ann S. Hamilton, Rachel Hodan, Rachel Tocco, Lihua Liu, Jonathan S. Berek, Lily Hoang, Amal Yussuf, Lisa Susswein, Edward D. Esplin, Thomas P. Slavin, Scarlett L. Gomez, Timothy P. Hofer, and Steven J. Katz

Allison W. Kurian, M.D., M.Sc.  
Stanford University School of Medicine

# Growth catalysts and recent updates



## Rare Disease/Other

- Neurodevelopmental disorders
- Pediatric genetics
- Rare cardiac conditions
- PGx lab closure in Seattle; seeking potential strategic alternatives



## Women's Health

- Carrier screening; continued acceleration based on product enhancements
- Sales productivity
- Industry consolidation



## Data/Patient Network

- New product (linkable genomics)
- New partnerships



# Q2 financials & key metrics



# Revenue breakdown

<i>(in US\$ millions)</i>	<b>2023 Q2</b>	<b>2022 Q2</b>	<b>2022 Q2 PF<sup>1</sup></b>	<b>2023 Q1</b>
Oncology	\$60	\$81	~\$69	\$60
Women's health	\$27	\$27	~\$23	\$25
Rare Dx	\$22	\$17	~\$17	\$20
Data/ patient network	\$12	\$12	~\$10	\$12
<b>Total revenue</b>	<b>\$121</b>	<b>\$137</b>	<b>~\$119</b>	<b>\$117</b>

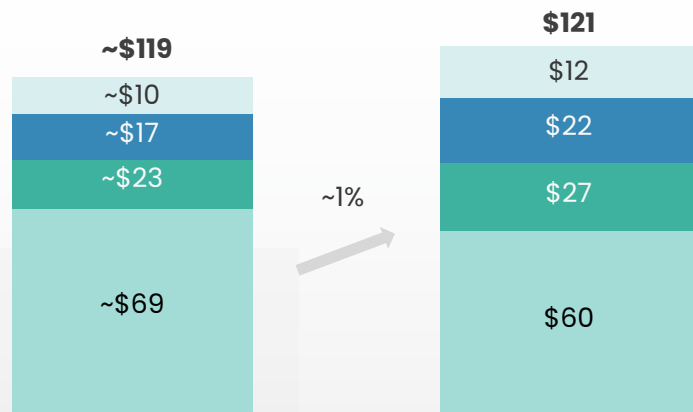
Notes

1. Excludes exited businesses and geographies  
 \*Numbers may not sum due to rounding

# Revenue growth – pro forma basis

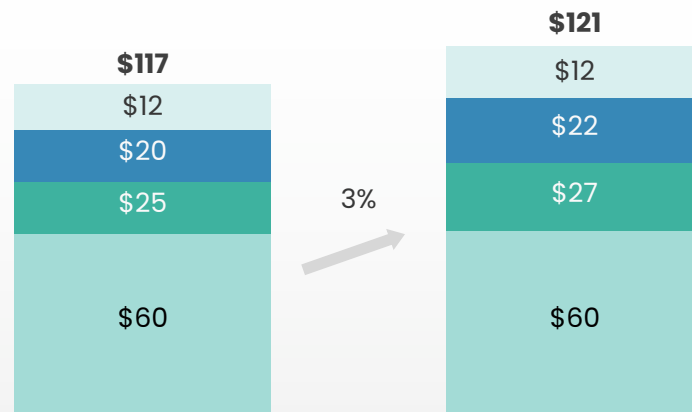
(in US\$ millions)

## YoY growth



~1%

## QoQ growth



3%

Data / Patient Network

Women's health

Rare diseases / Other

Oncology

# Q2'23 financial highlights

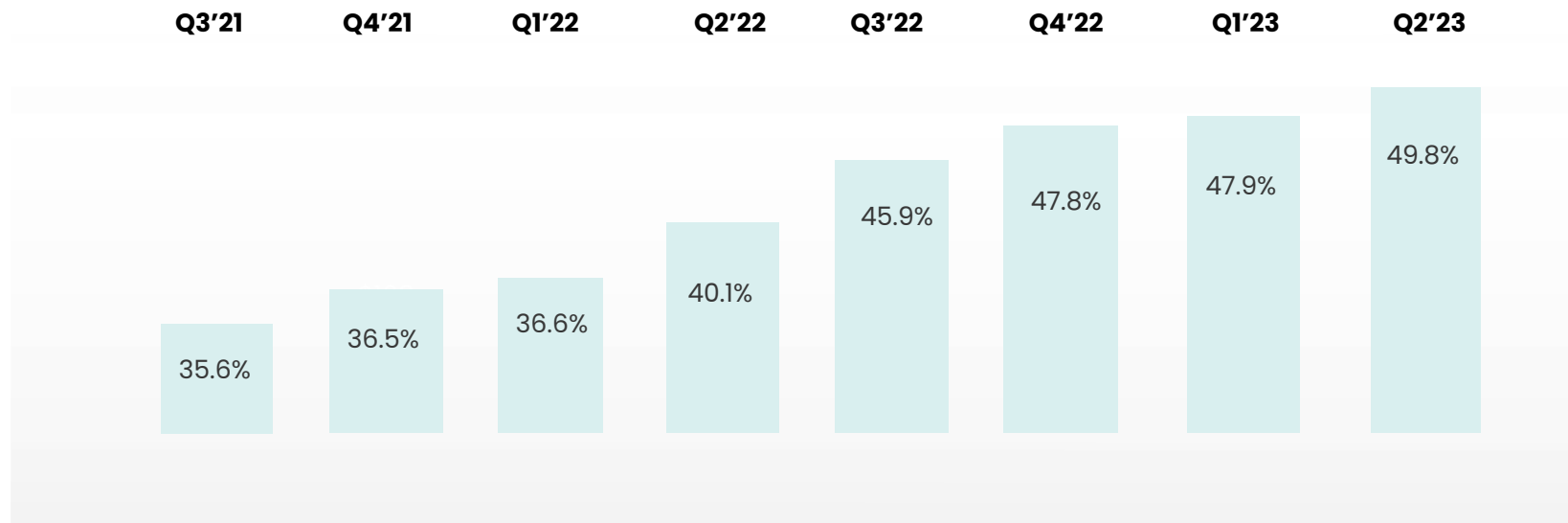
	Q2 2023		Q2 2022	
<i>in US\$ millions except for percentage and per share data</i>	<b>GAAP</b>	<b>Non-GAAP<sup>1</sup></b>	<b>GAAP</b>	<b>Non-GAAP<sup>1</sup></b>
Revenue	\$121	\$121	\$137	\$137
Gross margin%	27.4%	49.8%	19.2%	40.1%
R&D	\$64	\$47	\$115	\$89
SG&A	\$115	\$111 <sup>3</sup>	\$114	\$111
Goodwill and IPR&D impairment	–	–	\$2,313	–
Restructuring & other	\$81	–	\$5	–
OpEx % of revenue <sup>2</sup>	215%	131%	1,864%	146%
Net loss per share	(\$0.78)	(\$0.30)	(\$10.87)	(\$0.68)
Cash, cash equivalents, restricted cash & marketable securities	\$336	\$336	\$737	\$737

## Notes

1. Non-GAAP measures. See reconciliation for GAAP to non-GAAP in Appendix
2. GAAP includes change in fair value of contingent consideration and asset impairment. Includes \$19.4M related to the PCM-related trial verdict decision in May 2023
3. \*Numbers may not sum due to rounding  
Trended 8 quarter view at [ir.invitae.com](https://ir.invitae.com)



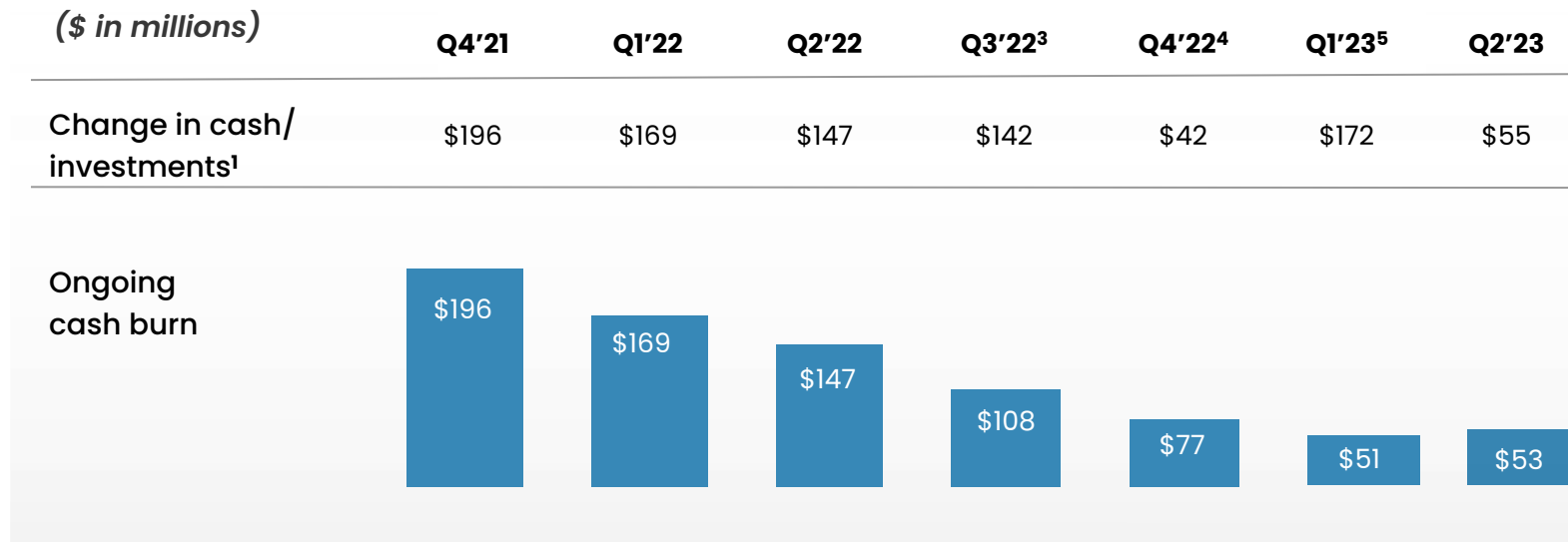
# Non-GAAP gross margin<sup>1</sup> trend



Notes:

1. Non-GAAP measures. See reconciliation for GAAP to non-GAAP in Appendix  
\*Drawings not to scale.

# Ongoing cash burn<sup>2</sup> trend



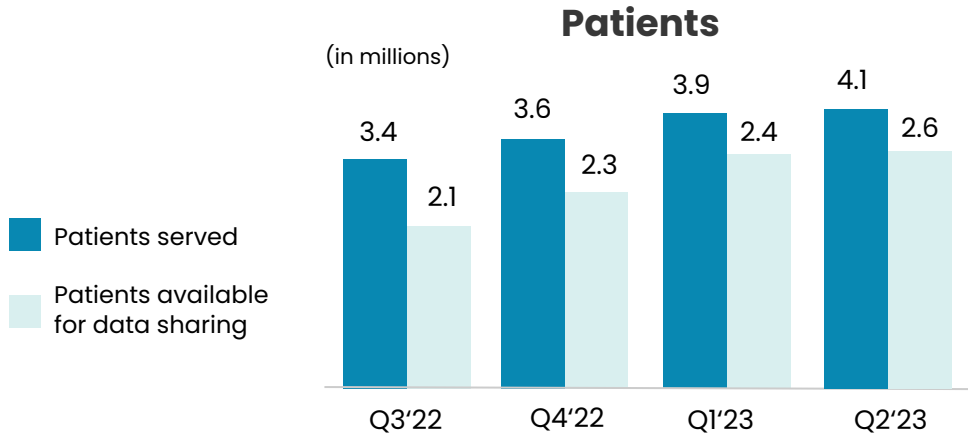
1. Refer to appendix for net change in cash, cash equivalents, restricted cash, and net changes in investments, as well as cash burn.
2. Ongoing cash burn includes cash, cash equivalents, marketable securities, and restricted cash and excludes certain items listed below.
3. Cash items in Q3'22: outflow of \$43.2 million related to restructuring-related cash payments and acquisition-related payments.
4. Cash items in Q4'22: outflow of \$9.3 million related to realignment, \$0.1 million acquisition-related payments, and an inflow of \$44.5 million related to the selected assets sale of the RUO kitted solutions.
5. Cash items in Q1'23: outflows of \$135.0 million repayment of debt and \$8.1 million of prepayment fees. Q1'23 benefited from accounts receivable reductions of ~\$13 million associated with the realignment of the previous Archer business.

Non-GAAP measures. See reconciliation for GAAP to non-GAAP in Appendix

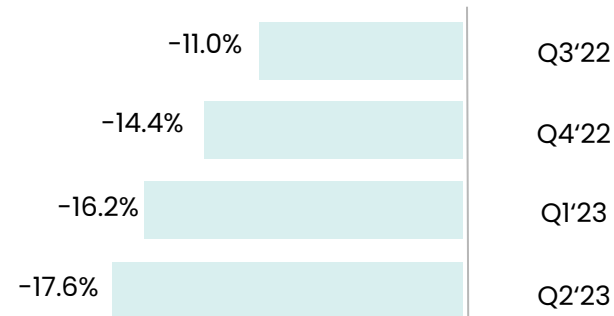
\*Drawings not to scale. Numbers may not sum due to rounding

© 2023 Invitae Corporation. All Rights Reserved.

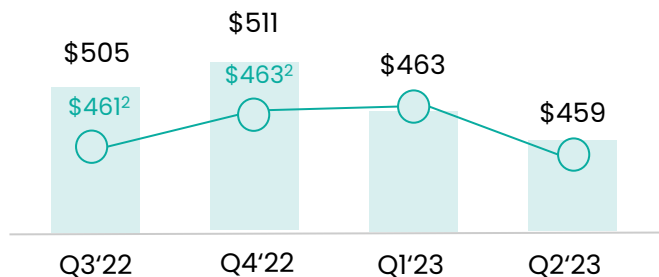
# Key metrics



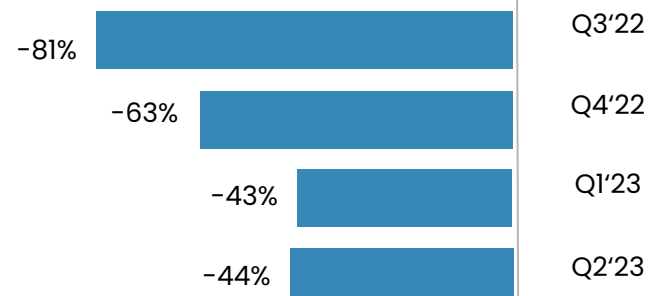
## Variable Cost Productivity



## Revenue / Patient



## Ongoing cash burn<sup>1</sup> as a % of revenue



Notes:

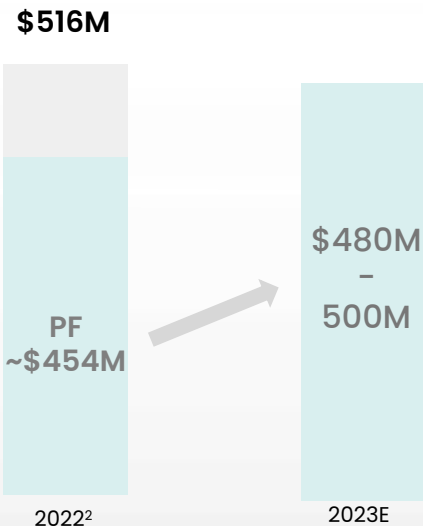
1. Non-GAAP measures. See reconciliation for GAAP to non-GAAP in Appendix. Ongoing cash burn includes cash, cash equivalents, marketable securities, and restricted cash and excludes certain items. See slide 14 for details.
2. Revenue / patient excluding kits business revenue

© 2023 Invitae Corporation. All Rights Reserved.

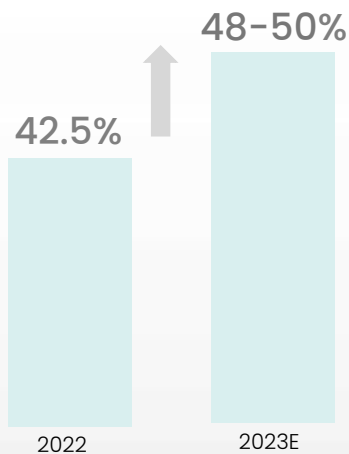
\*Drawings not to scale. Numbers may not sum due to rounding

# 2023 financial guidance<sup>1</sup>

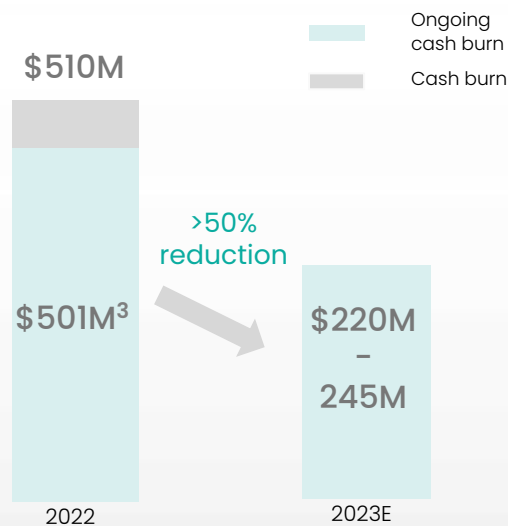
## Revenue



## Non-GAAP Gross Margin



## Cash Burn<sup>3</sup>



1. Based on Company estimates. May not sum due to rounding.
  2. 2022 pro forma revenue is company estimates that excludes all exited revenue due to realignment.
  3. Includes cash, cash equivalents, marketable securities, and restricted cash. Non-GAAP measures. Refer to slide 14 for ongoing cash burn in 2022.
- \*Drawings not to scale



# Key Takeaways

- Solid progress in **non-GAAP GM expansion** and **cash burn reduction**
- Continued **strong growth in Rare Disease, Data and Women's health** businesses
- **Expanding hereditary cancer testing** customer base and offering while **addressing reimbursement** headwinds
- **Cash balance of \$336M<sup>1</sup>** – ahead of plan with additional **secured debt capacity** available

Note:

1. Includes cash, cash equivalents, restricted cash & marketable securities as of June 30, 2023

# Q&A



INVITAE®



# Appendix

---

# Oncology revenue breakdowns

## Reported Oncology revenue

(\$ in millions)	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23
<b>Total oncology</b>	\$72	\$81	\$79	\$76	<b>\$308</b>	\$60	\$60

## Pro forma<sup>1</sup> Oncology revenue with breakdowns

(\$ in millions)	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23
Hereditary cancer testing	~\$56	~\$61	~\$60	~\$59	<b>~\$236</b>	\$57	\$59
Fee-for-service	\$6	\$9	\$7	\$5	<b>\$27</b>	\$3	\$1
<b>Total oncology</b>	~\$62	~\$69	~\$67	~\$64	<b>~\$263</b>	\$60	\$60

Notes

1. Excludes exited businesses and geographies  
\*Numbers may not sum due to rounding



# Reported and pro forma<sup>1</sup> revenue – Q1'22 to Q4'22

<i>(in US\$ millions)</i>	Q1'22	Q1'22 PF <sup>1</sup>	Q2'22	Q2'22 PF <sup>1</sup>	Q3'22	Q3'22 PF <sup>1</sup>	Q4'22	Q4'22 PF <sup>1</sup>
Oncology	\$72	~\$62	\$81	~\$69	\$79	~\$67	\$76	~\$64
Women's health	\$25	~\$21	\$27	~\$23	\$25	~\$22	\$20	~\$19
Rare Dx	\$16	~\$15	\$17	~\$17	\$17	~\$16	\$16	~\$16
Data/ patient network	\$11	~\$9	\$12	~\$10	\$13	~\$11	\$11	~\$12
<b>Total revenue</b>	<b>\$124</b>	<b>~\$107</b>	<b>\$137</b>	<b>~\$119</b>	<b>\$134</b>	<b>~\$116</b>	<b>\$122</b>	<b>~\$112</b>

Notes

1. Excludes exited businesses and geographies

\*Numbers may not sum due to rounding



# Cost of revenue Q2 2023 and 1H 2023 GAAP to non-GAAP reconciliation

## Reconciliation of GAAP to Non-GAAP Cost of Revenue

(in thousands)

(unaudited)

	Three Months Ended June 30.		Six Months Ended June 30.	
	2023	2022	2023	2022
Cost of revenue	\$ 87,474	\$ 110,340	\$ 175,916	\$ 207,456
Amortization of acquired intangible assets	(26,090)	(27,907)	(53,040)	(45,907)
Acquisition-related stock-based compensation	(22)	(147)	(102)	(279)
Acquisition-related post-combination expense	—	(387)	—	(891)
Restructuring-related retention bonuses	(50)	—	(138)	—
Inventory and prepaid write-offs	(825)	—	(974)	—
Non-GAAP cost of revenue	<u>\$ 60,487</u>	<u>\$ 81,899</u>	<u>\$ 121,662</u>	<u>\$ 160,379</u>

Notes:

Trended 8 quarter view at [ir.invitae.com](https://ir.invitae.com)



INVITAE

© 2023 Invitae Corporation. All Rights Reserved.

# Gross profit Q2 2023 and 1H 2023 GAAP to non-GAAP reconciliation

## Reconciliation of GAAP to Non-GAAP Gross Profit

(in thousands)

(unaudited)

	Three Months Ended June 30.		Six Months Ended June 30.	
	2023	2022	2023	2022
Revenue	\$ 120,532	\$ 136,622	\$ 237,888	\$ 260,313
Cost of revenue	87,474	110,340	175,916	207,456
Gross profit	33,058	26,282	61,972	52,857
Amortization of acquired intangible assets	26,090	27,907	53,040	45,907
Acquisition-related stock-based compensation	22	147	102	279
Acquisition-related post-combination expense	—	387	—	891
Restructuring-related retention bonuses	50	—	138	—
Inventory and prepaid write-offs	825	—	974	—
Non-GAAP gross profit	<u>\$ 60,045</u>	<u>\$ 54,723</u>	<u>\$ 116,226</u>	<u>\$ 99,934</u>

Notes:

Trended 8 quarter view at [ir.invitae.com](https://ir.invitae.com)



INVITAE

© 2023 Invitae Corporation. All Rights Reserved.



# Operating expense Q2 2023 and 1H 2023 GAAP to non-GAAP reconciliation

## Reconciliation of Operating Expenses to Non-GAAP Operating Expenses

(in thousands)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Research and development	\$ 63,824	\$ 115,146	\$ 125,802	\$ 243,382
Selling and marketing	44,732	62,749	89,242	122,893
General and administrative	69,966	50,854	115,207	102,282
Goodwill and IPR&D impairment	—	2,313,047	—	2,313,047
Restructuring and other costs	80,998	4,817	133,554	4,817
Operating expenses	259,520	2,546,613	463,805	2,786,421
Goodwill and IPR&D impairment	—	(2,313,047)	—	(2,313,047)
Restructuring and other costs	(80,998)	(4,817)	(133,554)	(4,817)
Change in fair value of contingent consideration	—	2,004	—	1,850
Amortization of acquired intangible assets	(1,569)	(2,124)	(3,228)	(4,278)
Acquisition-related stock-based compensation	(16,634)	(25,886)	(31,620)	(51,810)
Acquisition-related post-combination expense	(842)	(2,643)	(1,684)	(5,224)
Restructuring-related retention bonuses	(1,717)	—	(3,096)	—
Restructuring-related accelerated depreciation	(32)	—	(216)	—
Non-GAAP operating expenses	\$ 157,728	\$ 200,100	\$ 290,407	\$ 409,095

# Net loss Q2 2023 and 1H 2023 GAAP to non-GAAP reconciliation

## Reconciliation of Net Loss to Non-GAAP Net Loss and Non-GAAP Net Loss Per Share

(in thousands, except per share data)

(unaudited)

	Three Months Ended June 30.		Six Months Ended June 30.	
	2023	2022	2023	2022
Net loss	\$ (206,511)	\$ (2,523,461)	\$ (398,694)	\$ (2,705,320)
Goodwill and IPR&D impairment	—	2,313,047	—	2,313,047
Restructuring and other costs	80,998	4,817	133,554	4,817
Change in fair value of contingent consideration	—	(2,004)	—	(1,850)
Change in fair value of acquisition-related assets and liabilities	(49)	(6,190)	(267)	(16,193)
Amortization of acquired intangible assets	27,659	30,031	56,268	50,185
Acquisition-related stock-based compensation	16,656	26,033	31,722	52,089
Acquisition-related post-combination expense	842	3,030	1,684	6,115
Restructuring-related retention bonuses	1,767	—	3,234	—
Restructuring-related accelerated depreciation	32	—	216	—
Inventory and prepaid write-offs	825	—	974	—
Acquisition-related income tax benefit	(460)	(3,805)	(630)	(38,805)
Non-GAAP net loss	<u>\$ (78,241)</u>	<u>\$ (158,502)</u>	<u>\$ (171,939)</u>	<u>\$ (335,915)</u>
Net loss per share, basic and diluted	<u>\$ (0.78)</u>	<u>\$ (10.87)</u>	<u>\$ (1.55)</u>	<u>\$ (11.75)</u>
Non-GAAP net loss per share, basic and diluted	<u>\$ (0.30)</u>	<u>\$ (0.68)</u>	<u>\$ (0.67)</u>	<u>\$ (1.46)</u>
Shares used in computing net loss per share, basic and diluted	<u>263,836</u>	<u>232,117</u>	<u>256,910</u>	<u>230,304</u>

Notes:

Trended 8 quarter view at [ir.invitae.com](http://ir.invitae.com)



INVITAE

© 2023 Invitae Corporation. All Rights Reserved.

# Cash, cash equivalents, restricted cash and marketable securities totaled \$336 million on June 30, 2023

## Reconciliation of Net Decrease (Increase) in Cash, Cash Equivalents and Restricted Cash to Cash Burn (in thousands) (unaudited)

	Three Months Ended		Six Months Ended
	March 31, 2023	June 30, 2023	June 30, 2023
Net cash used in operating activities	\$ (34,398)	\$ (54,905)	\$ (89,303)
Net cash provided by investing activities	73,878	116,064	189,942
Net cash (used in) provided by financing activities	(135,768)	876	(134,892)
Net (decrease) increase in cash, cash equivalents and restricted cash	(96,288)	62,035	(34,253)
Adjustments:			
Net changes in investments	(75,202)	(117,146)	(192,348)
Proceeds from issuance of Series B convertible senior secured notes due 2028, net of issuance costs	(22,435)	1,763	(20,672)
Cash burn	<u>\$ (193,925)</u>	<u>\$ (53,348)</u>	<u>\$ (247,273)</u>

- Cash burn for the three months ended March 31, 2023 includes \$135.0 million repayment of debt, \$8.1 million of prepayment fees, \$3.7 million in restructuring-related cash payments, and \$1.5 million of acquisition-related payments.

Notes:  
Trended 8 quarter view at [ir.invitae.com](http://ir.invitae.com)



INVITAE

© 2023 Invitae Corporation. All Rights Reserved.



INVITAE