



NEWS RELEASE

CareDx Reports 77% Revenue Growth for Second Quarter of 2021 and Increases Full Year Revenue Guidance

2021-07-29

SOUTH SAN FRANCISCO, Calif., July 29, 2021 (GLOBE NEWSWIRE) -- CareDx, Inc. (Nasdaq: CDNA), a leading precision medicine company focused on the discovery, development, and commercialization of clinically differentiated, high-value healthcare solutions for transplant patients and caregivers, today reported financial results for the second quarter ended June 30, 2021.

Recent Highlights:

- Achieved total revenue of \$74.2 million for the three months ended June 30, 2021, increasing 77% year-over-year
- Total AlloSure and AlloMap patient results provided in the quarter were approximately 37,400, which includes approximately 6,600 AlloSure Heart patient results
- As of June 30, 2021, over 65 U.S.-based transplant centers have adopted an AlloSure Kidney testing protocol. In addition, TX Connect now manages more than 29,000 transplant referrals to over 50 transplant centers from more than 800 dialysis centers and community nephrology practices
- Presented positive data from first 1,000 patients from KOAR Study demonstrating higher 1-year graft survival and reduction in biopsies through ARTS surveillance

"With another record quarter, we continue to lead the transformation of the transplant patient journey with our

innovative and patient focused offerings," said Reg Seeto, President and Chief Executive Officer of CareDx. "We have become the transplant partner of choice by bringing industry leading service offerings with AlloSure and AlloMap to the clinic, as well as leading innovation with our multimodal platforms (HeartCare, KidneyCare), while we remain focused on the patient journey."

Second Quarter 2021 Financial Results

Revenue for the three months ended June 30, 2021 was \$74.2 million, an increase of 77% compared with \$41.8 million in the second quarter of 2020. Testing services revenue for the second quarter was \$64.9 million, compared with \$36.3 million in the same period of 2020. Product revenue in the three months ended June 30, 2021 was \$6.9 million, compared to \$3.3 million in the same period of 2020. Digital and other revenue for the second quarter of 2021 was \$2.4 million.

For the second quarter of 2021, net loss was \$1.9 million compared to a net loss of \$6.6 million in the same period of 2020. Basic and diluted net loss per share was \$0.04 in the second quarter of 2021, compared to basic and diluted net loss per share of \$0.15 in the second quarter of 2020.

Non-GAAP net income was \$5.9 million in the second quarter of 2021 compared to a \$1.7 million non-GAAP net income in the second quarter of 2020. Diluted non-GAAP net income per share was \$0.11 in the second quarter of 2021, compared to a diluted non-GAAP net income per share of \$0.04 in the second quarter of 2020.

Adjusted EBITDA for the second quarter of 2021 was a gain of \$6.8 million, compared to an adjusted EBITDA loss of \$2.8 million in the second quarter of 2020.

Cash, cash equivalents & marketable securities were \$369.9 million as of June 30, 2021.

For additional information regarding non-GAAP financial measures discussed herein, please see "Use of Non-GAAP Financial Measures," "Reconciliation of GAAP to Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Adjusted EBITDA Financial Measures" below.

2021 Guidance

For the full year 2021, CareDx now expects revenue to be in the range of \$280 million to \$290 million (previously \$270 million to \$280 million).

About CareDx

CareDx, Inc., headquartered in South San Francisco, California, is a leading precision medicine solutions company

focused on the discovery, development, and commercialization of clinically differentiated, high-value healthcare solutions for transplant patients and caregivers. CareDx offers testing services, products, and digital healthcare solutions along the pre- and post-transplant patient journey and is the leading provider of genomics-based information for transplant patients. For more information, please visit: www.CareDx.com.

Forward Looking Statements

This press release includes forward-looking statements, including expectations regarding the Company's fiscal 2021 revenue, achievement of our financial and operational goals and our prospects. These forward-looking statements are based upon information that is currently available to CareDx and its current expectations, speak only as of the date hereof, and are subject to numerous risks and uncertainties, including general economic and market factors, among others discussed in CareDx's filings with the SEC, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed by CareDx with the SEC on February 24, 2021, and the periodic reports that CareDx has subsequently filed with the SEC. Any of these may cause CareDx's actual results, performance or achievements to differ materially and adversely from those anticipated or implied by CareDx's forward-looking statements. CareDx expressly disclaims any obligation, except as required by law, or undertaking to update or revise any such forward-looking statements.

Use of Non-GAAP Financial Measures

CareDx has presented in this release certain financial information in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and also on a non-GAAP basis, including non-GAAP net income, non-GAAP basic and diluted net income per share and adjusted EBITDA. We define non-GAAP net income and per share results as the GAAP net income and per share results excluding the impacts of stock-based compensation; net unrealized gains and losses related to equity securities, changes in estimated fair value of warrants, derivative liabilities and contingent consideration; acquisition related impairment charges and amortization of intangible assets, purchase accounting adjustments and related tax effects; costs involved with completing an acquisition; amortization of debt discount; and certain other financing charges. We define adjusted EBITDA as non-GAAP net income/(loss) before net interest income/(expense), income tax benefit, depreciation and amortization, and other income and expense. We are presenting these non-GAAP financial measures to assist investors in assessing our operating results through the eyes of management and because we believe that these measures provide an additional tool for investors to use in comparing our core business operating results over multiple periods. Management believes this non-GAAP information is useful for investors, when considered in conjunction with CareDx's GAAP financial statements, because management uses such information internally for its operating, budgeting and financial planning purposes. Non-GAAP information is not prepared under a comprehensive set of accounting rules and should only be used to supplement an understanding of CareDx's operating results as reported under GAAP. These non-GAAP

financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. These non-GAAP financial measures are not necessarily comparable to similarly-titled measures presented by other companies. A reconciliation between GAAP and non-GAAP financial information is provided immediately following the financial tables.

Investor Relations Contact

Ian Cooney

(415) 287-2300 x3550

investor@caredx.com

CareDx, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except share and per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-------------------|---------------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue: | | | | |
| Testing services revenue | \$ 64,890 | \$ 36,293 | \$ 124,171 | \$ 67,735 |
| Product revenue | 6,861 | 3,291 | 12,639 | 7,986 |
| Digital and other revenue | 2,437 | 2,217 | 4,778 | 4,460 |
| Total revenue | <u>74,188</u> | <u>41,801</u> | <u>141,588</u> | <u>80,181</u> |
| Operating expenses: | | | | |
| Cost of testing services | 17,235 | 10,803 | 33,718 | 18,731 |
| Cost of product | 5,205 | 2,731 | 8,852 | 5,930 |
| Cost of digital and other | 1,533 | 1,491 | 2,982 | 2,756 |
| Research and development | 19,036 | 13,129 | 35,040 | 23,142 |
| Sales and marketing | 19,599 | 12,134 | 35,051 | 23,857 |
| General and administrative | 16,322 | 12,316 | 31,545 | 22,319 |
| Total operating expenses | <u>78,930</u> | <u>52,604</u> | <u>147,188</u> | <u>96,735</u> |
| Loss from operations | (4,742) | (10,803) | (5,600) | (16,554) |
| Other income (expense): | | | | |
| Interest income, net | 1 | 21 | 127 | 117 |
| Change in estimated fair value of common stock warrant liability | (65) | (664) | (38) | (1,069) |
| CARES Act Provider Relief Fund | - | 4,813 | - | 4,813 |
| Other income (expense), net | 2,779 | (255) | 2,534 | (318) |
| Total other income | <u>2,715</u> | <u>3,915</u> | <u>2,623</u> | <u>3,543</u> |
| Loss before income taxes | (2,027) | (6,888) | (2,977) | (13,011) |
| Income tax benefit | 100 | 330 | 363 | 630 |
| Net loss | <u>\$ (1,927)</u> | <u>\$ (6,558)</u> | <u>\$ (2,614)</u> | <u>\$ (12,381)</u> |
| Net loss per share: | | | | |
| Basic | <u>\$ (0.04)</u> | <u>\$ (0.15)</u> | <u>\$ (0.05)</u> | <u>\$ (0.28)</u> |
| Diluted | <u>\$ (0.04)</u> | <u>\$ (0.15)</u> | <u>\$ (0.05)</u> | <u>\$ (0.28)</u> |
| Weighted average shares used to compute net loss per share: | | | | |
| Basic | <u>52,224,300</u> | <u>44,708,037</u> | <u>51,705,587</u> | <u>43,765,732</u> |
| Diluted | <u>52,224,300</u> | <u>44,708,037</u> | <u>51,705,587</u> | <u>43,765,732</u> |

CareDx, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands)

| | June 30, 2021 | December 31, 2020 |
|---|---------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 335,625 | \$ 134,669 |
| Marketable securities | 34,317 | 90,034 |
| Accounts receivable | 48,066 | 34,624 |
| Inventory | 15,060 | 10,012 |
| Prepaid and other current assets | 7,928 | 3,758 |
| Total current assets | 440,996 | 273,097 |
| Property and equipment, net | 14,219 | 10,704 |
| Operating leases right-of-use assets | 17,859 | 15,228 |
| Intangible assets, net | 48,432 | 44,355 |
| Goodwill | 26,051 | 23,857 |
| Restricted cash | 268 | 270 |
| Other assets | 9,590 | 1,000 |
| Total assets | \$ 557,415 | \$ 368,511 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 12,563 | \$ 9,653 |
| Accrued compensation | 16,710 | 18,466 |
| Accrued and other liabilities | 26,982 | 20,602 |
| Refund liability - CMS advanced payment | - | 20,496 |
| Total current liabilities | 56,255 | 69,217 |
| Deferred tax liability | 810 | 1,299 |
| Common stock warrant liability | 283 | 447 |
| Deferred payments for intangible assets | 1,968 | 3,560 |
| Operating lease liability, less current portion | 17,783 | 16,069 |
| Other liabilities | 473 | 240 |
| Total liabilities | 77,572 | 90,832 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock | 51 | 49 |
| Additional paid-in capital | 838,089 | 632,253 |
| Accumulated other comprehensive loss | (3,156) | (2,096) |
| Accumulated deficit | (355,141) | (352,527) |
| Total stockholders' equity | 479,843 | 277,679 |
| Total liabilities and stockholders' equity | \$ 557,415 | \$ 368,511 |

CareDx, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited)
(In thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------|---------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Cost of testing services reconciliation: | | | | |
| GAAP cost of testing services | \$ 17,235 | \$ 10,803 | \$ 33,718 | \$ 18,731 |
| Stock-based compensation expense | (570) | (423) | (965) | (670) |
| Acquisition related-amortization of purchased intangibles | (329) | (329) | (658) | (657) |
| Non-GAAP cost of testing services | \$ 16,336 | \$ 10,051 | \$ 32,095 | \$ 17,404 |
| Cost of product reconciliation: | | | | |
| GAAP cost of product | \$ 5,205 | \$ 2,731 | \$ 8,852 | \$ 5,930 |
| Stock-based compensation expense | (214) | (133) | (289) | (192) |
| Acquisition related-amortization of purchased intangibles | (489) | (388) | (954) | (765) |
| Non-GAAP cost of product | \$ 4,502 | \$ 2,210 | \$ 7,609 | \$ 4,973 |
| Cost of digital and other reconciliation: | | | | |
| GAAP cost of digital and other | \$ 1,533 | \$ 1,491 | \$ 2,982 | \$ 2,756 |
| Stock-based compensation expense | (230) | (155) | (338) | (213) |
| Acquisition related-amortization of purchased intangibles | (141) | (87) | (249) | (174) |
| Non-GAAP cost of digital and other | \$ 1,162 | \$ 1,249 | \$ 2,395 | \$ 2,369 |
| Research and development expenses reconciliation: | | | | |
| GAAP research and development expenses | \$ 19,036 | \$ 13,129 | \$ 35,040 | \$ 23,142 |
| Stock-based compensation expense | (1,940) | (1,456) | (3,298) | (2,267) |
| Non-GAAP research and development expenses | \$ 17,096 | \$ 11,673 | \$ 31,742 | \$ 20,875 |
| Sales and marketing expenses reconciliation: | | | | |
| GAAP sales and marketing expenses | \$ 19,599 | \$ 12,134 | \$ 35,051 | \$ 23,857 |
| Stock-based compensation expense | (2,632) | (1,581) | (4,292) | (2,550) |
| Acquisition related-amortization of purchased intangibles | (461) | (356) | (842) | (713) |
| Non-GAAP sales and marketing expenses | \$ 16,506 | \$ 10,197 | \$ 29,917 | \$ 20,594 |
| General and administrative expenses reconciliation: | | | | |
| GAAP general and administrative expenses | \$ 16,322 | \$ 12,316 | \$ 31,545 | \$ 22,319 |
| Stock-based compensation expense | (3,811) | (2,669) | (6,763) | (4,784) |
| Change in estimated fair value of contingent consideration | 147 | (76) | 191 | (266) |
| Acquisition related fees and expenses | (210) | - | (381) | - |
| Non-GAAP general and administrative expenses | \$ 12,448 | \$ 9,571 | \$ 24,592 | \$ 17,269 |
| Total other income (expense) reconciliation: | | | | |
| GAAP other income (expense), net | \$ 2,715 | \$ 3,915 | \$ 2,623 | \$ 3,543 |
| Unrealized gains on investments | (3,090) | - | (3,090) | - |
| Change in estimated fair value of common stock warrant liability | 65 | 664 | 38 | 1,069 |
| Accretion of liability | 64 | 88 | 144 | 192 |
| Non-GAAP other (expense) income, net | \$ (246) | \$ 4,667 | \$ (285) | \$ 4,804 |
| Income tax benefit reconciliation: | | | | |
| GAAP income tax benefit | \$ 100 | \$ 330 | \$ 363 | \$ 630 |
| Tax effect related to amortization of purchased intangibles | (117) | (119) | (251) | (239) |
| Non-GAAP income tax (expense) benefit | \$ (17) | \$ 211 | \$ 112 | \$ 391 |

CareDx, Inc.

Reconciliation of GAAP to Non-GAAP Financial Measures

(Unaudited)

(In thousands, except share and per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------|---------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net loss | \$ (1,927) | \$ (6,558) | \$ (2,614) | \$ (12,381) |
| Stock-based compensation expense | 9,397 | 6,417 | 15,945 | 10,676 |
| Unrealized gain on long-term marketable securities | (3,090) | - | (3,090) | - |
| Acquisition related-amortization of purchased intangibles | 1,420 | 1,160 | 2,703 | 2,309 |
| Acquisition related fees and expenses | 210 | - | 381 | - |
| Change in estimated fair value of contingent consideration | (147) | 76 | (191) | 266 |
| Change in estimated fair value of common stock warrant liability | 65 | 664 | 38 | 1,069 |
| Accretion of liability | 64 | 88 | 144 | 192 |
| Tax effect related to amortization of purchased intangibles | (117) | (119) | (251) | (239) |

| | | | | |
|--|------------|------------|------------|------------|
| Non-GAAP net income | \$ 5,875 | \$ 1,728 | \$ 13,065 | \$ 1,892 |
| GAAP basic and diluted net loss per share | \$ (0.04) | \$ (0.15) | \$ (0.05) | \$ (0.28) |
| Non-GAAP basic net income per share | \$ 0.11 | \$ 0.04 | \$ 0.25 | \$ 0.04 |
| Non-GAAP diluted net income per share | \$ 0.11 | \$ 0.04 | \$ 0.24 | \$ 0.04 |
| Shares used in computing non-GAAP basic net income per share | 52,224,300 | 44,708,037 | 51,705,587 | 43,765,732 |
| Shares used in computing non-GAAP diluted net income per share | 54,722,122 | 45,882,569 | 54,311,138 | 44,604,886 |

CareDx, Inc.
Reconciliation of Non-GAAP to Adjusted EBITDA Financial Measures
(Unaudited)
(In thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--------------------------------|-----------------------------|------------|---------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Non-GAAP net income | \$ 5,875 | \$ 1,728 | \$ 13,065 | \$ 1,892 |
| Interest income | (1) | (21) | (127) | (117) |
| Income tax expense (benefit) | 17 | (211) | (112) | (391) |
| Depreciation expense | 668 | 381 | 1,255 | 748 |
| CARES Act Provider Relief Fund | - | (4,813) | - | (4,813) |
| Other expense, net | 247 | 167 | 412 | 126 |
| Adjusted EBITDA | \$ 6,806 | \$ (2,769) | \$ 14,493 | \$ (2,555) |