



NEWS RELEASE

CareDx Reports First Quarter 2019 Results

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AlloSure momentum drives 85% first quarter revenue growth

BRISBANE, Calif., May 08, 2019 (GLOBE NEWSWIRE) -- CareDx, Inc. (NASDAQ: CDNA), a molecular diagnostics company focused on the discovery, development and commercialization of clinically differentiated, high-value diagnostic solutions for transplant patients, today reported financial results for the quarter ended March 31, 2019.

Recent highlights:

- Accelerated leadership position in transplantation diagnostics in the first quarter of 2019
 - Provided 5,710 AlloSure patient results for approximately 4,300 kidney transplant patients
 - Continued progress in AlloSure Registry (K-OAR) enrollment, with 50 centers initiated and 1,006 patients enrolled as of March 31, 2019
 - Provided 4,280 AlloMap patient results, increasing 11% year-over-year
- Achieved total revenue of \$26.0 million for the first quarter of 2019, increasing 85% year-over-year
 - Testing services revenue of \$21.5 million, growth of 103% compared to prior year period
 - Product revenue of \$4.4 million, increase of 34% year-over-year
- Generated GAAP net loss of \$7.5 million, adjusted net income of \$2.2 million and positive adjusted EBITDA of \$1.8 million
- Acquired OTTR Complete Transplant Management, enabling direct integration into transplant center EMR systems

"The CareDx team continues to execute on our plan, delivering another consecutive record quarter, with revenue increasing 85% year-over-year, driving positive adjusted EBITDA for the third consecutive quarter. We also recently acquired OTTR, the leading provider of organ transplant patient tracking software, marking the beginning of CareDx's leadership in transplant artificial intelligence and adding another key component to our personalized

transplantation medicine platform,” said Peter Maag, CareDx Chief Executive Officer. “I am very pleased with the strong start to 2019, with CareDx poised to deliver another record year and build on our position as the leading provider of genomics-based information in transplantation.”

First Quarter 2019 Financial Results

Revenue for the three months ended March 31, 2019 was \$26.0 million, compared with \$14.1 million in the first quarter of 2018. Testing services revenue for the first quarter was \$21.5 million compared with \$10.6 million in the same period of 2018. Product revenue in the three months ended March 31, 2019 was \$4.4 million, compared to \$3.3 million in the same period of 2018.

For the first quarter of 2019, the net loss was \$7.5 million compared to a net loss of \$9.0 million in the same period of 2018. The first quarter 2019 net loss included \$6.1 million of stock-based compensation expense and a \$3.0 million expense from the change in estimated fair value of common stock warrant liabilities. Basic and diluted net loss per share was \$0.18 in the first quarter of 2019, compared to basic and diluted net loss per share of \$0.30 in the first quarter of 2018.

Non-GAAP net income was \$2.2 million in the first quarter of 2019 compared to a \$4.0 million non-GAAP net loss in the first quarter of 2018. Basic and diluted non-GAAP net income per share was \$0.05 in the first quarter of 2019, compared to a non-GAAP net loss per share of \$0.14 in the first quarter of 2018.

Adjusted EBITDA for the first quarter of 2018 was a gain of \$1.8 million, compared to an adjusted EBITDA loss of \$3.2 million in the first quarter of 2018.

Cash and cash equivalents were \$57.4 million as of March 31, 2019.

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

2019 Guidance

For the full year 2019, CareDx expects revenue to be in the range of \$113 million to \$115 million (previously \$105 million to \$107 million).

About CareDx

CareDx, Inc., headquartered in Brisbane, California, is a molecular diagnostics company focused on the discovery, development and commercialization of clinically differentiated, high-value diagnostic solutions for transplant recipients. CareDx offers products along the pre- and post-transplant testing continuum, 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 2019 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, 2018 filed by CareDx with the SEC on March 6, 2019 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 net loss, non-GAAP basic and diluted net income and net loss per share and adjusted EBITDA. We define non-GAAP net income and non-GAAP net loss and per share results as the GAAP net income or loss and per share results excluding the impacts of stock-based compensation; 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 expense, income tax expense, depreciation and amortization, other expense, and net loss attributable to noncontrolling interest. 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.

CONTACTS:

Investor Relations

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

| | Three Months Ended March 31, | |
|---|------------------------------|------------|
| | 2019 | 2018 |
| Revenue: | | |
| Testing services revenue | \$ 21,518 | \$ 10,604 |
| Product revenue | 4,433 | 3,307 |
| License and other revenue | 31 | 142 |
| Total revenue | 25,982 | 14,053 |
| Operating expenses: | | |
| Cost of testing services | 6,838 | 4,112 |
| Cost of product | 2,895 | 2,272 |
| Research and development | 5,614 | 3,368 |
| Sales and marketing | 6,925 | 4,085 |
| General and administrative | 9,106 | 5,307 |
| Change in estimated fair value of contingent consideration | - | 144 |
| Total operating expenses | 31,378 | 19,288 |
| Loss from operations | (5,396) | (5,235) |
| Other income (expense): | | |
| Interest income (expense), net | 342 | (2,695) |
| Debt extinguishment expenses | - | (2,806) |
| Change in estimated fair value of common stock warrant liability and derivative liability | (3,009) | 1,321 |
| Other expense, net | (74) | (3) |
| Total other income (expense) | (2,741) | (4,183) |
| Loss before income taxes | (8,137) | (9,418) |
| Income tax benefit | 606 | 424 |
| Net loss | (7,531) | (8,994) |
| Net loss attributable to noncontrolling interest | - | (25) |
| Net loss attributable to CareDx, Inc. | (7,531) | (8,969) |
| Net loss per share attributable to CareDx, Inc.: | | |
| Basic | \$ (0.18) | \$ (0.30) |
| Diluted | \$ (0.18) | \$ (0.30) |
| Weighted-average shares used to compute net loss per share attributable to CareDx, Inc.: | | |
| Basic | 41,611,399 | 29,615,441 |
| Diluted | 41,611,399 | 29,615,441 |

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

| | March 31, 2019 | December 31, 2018 |
|---|----------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 57,432 | \$ 64,616 |
| Accounts receivable | 12,525 | 9,760 |
| Inventory | 5,177 | 4,943 |
| Prepaid and other current assets | 2,444 | 1,795 |
| Total current assets | 77,578 | 81,114 |
| Property and equipment, net | 3,820 | 4,134 |
| Operating leases right-of-use assets | 2,506 | - |
| Intangible assets, net | 31,759 | 33,252 |
| Goodwill | 12,005 | 12,005 |
| Restricted cash | 191 | 192 |
| Total assets | \$ 127,859 | \$ 130,697 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,859 | \$ 4,711 |
| Accrued compensation | 4,860 | 9,156 |
| Accrued and other liabilities | 7,651 | 5,637 |
| Total current liabilities | 16,370 | 19,504 |
| Deferred tax liability | 2,571 | 2,968 |
| Common stock warrant liability | 10,521 | 10,003 |
| Other liabilities | 2,775 | 2,294 |
| Total liabilities | 32,237 | 34,769 |
| Stockholders' equity: | | |
| Common stock | 41 | 41 |
| Additional paid-in capital | 419,959 | 412,010 |
| Accumulated other comprehensive loss | (5,002) | (4,278) |
| Accumulated deficit | (319,376) | (311,845) |
| Total stockholders' equity | 95,622 | 95,928 |
| Total liabilities and stockholders' equity | \$ 127,859 | \$ 130,697 |

CareDx, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited)
(In thousands, except share and per share data)

| | Three Months Ended March 31, | |
|---|------------------------------|------------|
| | 2019 | 2018 |
| Net loss attributable to CareDx, Inc. | \$ (7,531) | \$ (8,969) |
| Stock-based compensation expense | 6,053 | 706 |
| Acquisition-related amortization of purchased intangibles | 736 | 764 |
| Change in estimated fair value of contingent consideration | - | 144 |
| Amortization of debt discount | - | 1,923 |
| Debt extinguishment expenses | - | 2,806 |
| Change in estimated fair value of common stock warrant liability and derivative liability | 3,009 | (1,321) |
| Tax effect related to amortization of purchased intangibles | (123) | (232) |
| Acquisition-related amortization of inventory valuation adjustment | 18 | 164 |
| Non-GAAP net income (loss) | \$ 2,162 | \$ (4,015) |
| GAAP basic and diluted net loss per share attributable to CareDx | \$ (0.18) | \$ (0.30) |
| Non-GAAP basic net income (loss) per share attributable to CareDx | \$ 0.05 | \$ (0.14) |
| Non-GAAP diluted net income (loss) per share attributable to CareDx | \$ 0.05 | \$ (0.14) |
| Shares used in computing non-GAAP basic net income (loss) per share | 41,611,399 | 29,615,441 |

Shares used in computing non-GAAP diluted net income (loss) per share

43,975,282

29,615,441

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

| | Three Months Ended March 31, | |
|--|------------------------------|------------|
| | 2019 | 2018 |
| Non-GAAP net income (loss) | \$ 2,162 | \$ (4,015) |
| Interest (income) expense | (342) | 772 |
| Income tax benefit | (483) | (192) |
| Depreciation expense | 407 | 278 |
| Other expense, net | 74 | 3 |
| Net loss attributable to noncontrolling interest | - | (25) |
| Adjusted EBITDA | \$ 1,818 | \$ (3,179) |

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

| | Three Months Ended March 31, 2019 | | | | | | | | | | |
|---|-----------------------------------|--------------------------|-----------------|--------------------------|---------------------|----------------------------|--|------------------------------|--------------------|--|---------------------------------------|
| | Total revenue | Cost of testing services | Cost of product | Research and development | Sales and marketing | General and administrative | Change in estimated fair value of contingent consideration | Total other income (expense) | Income tax benefit | Net loss attributable to noncontrolling interest | Net loss attributable to CareDx, Inc. |
| GAAP | \$ 25,982 | \$ 6,838 | \$ 2,895 | \$ 5,614 | \$ 6,925 | \$ 9,106 | \$ - | \$ (2,741) | \$ 606 | \$ - | \$ (7,531) |
| Non-GAAP adjustments: | | | | | | | | | | | |
| Stock-based compensation expense | | (749) | (27) | (832) | (727) | (3,718) | | | | | 6,053 |
| Acquisition-related amortization of purchased intangibles | | (127) | (345) | | (264) | | | | | | 736 |
| Change in estimated fair value of contingent consideration | | | | | | | | | | | - |
| Amortization of debt discount | | | | | | | | | | | - |
| Loss on conversion from debt to equity | | | | | | | | | | | - |
| Change in estimated fair value of common stock warrant liability and derivative liability | | | | | | | | 3,009 | | | 3,009 |
| Tax effect related to amortization of purchased | | | | | | | | | (123) | | (123) |

| | | | | | | | | | | | | |
|---|-----------------------------------|--------------------------|-----------------|--------------------------|---------------------|----------------------------|--|------------------------------|--------------------|--|--|---------------------------------------|
| intangibles | | | | | | | | | | | | |
| Acquisition-related amortization of inventory valuation adjustment | | | (18) | | | | | | | | | 18 |
| Non-GAAP | \$ 25,982 | \$ 5,962 | \$ 2,505 | \$ 4,782 | \$ 5,934 | \$ 5,388 | \$ - | \$ 268 | \$ 483 | \$ - | | \$ 2,162 |
| | Three Months Ended March 31, 2018 | | | | | | | | | | | |
| | Total revenue | Cost of testing services | Cost of product | Research and development | Sales and marketing | General and administrative | Change in estimated fair value of contingent consideration | Total other income (expense) | Income tax benefit | Net loss attributable to noncontrolling interest | | Net loss attributable to CareDx, Inc. |
| GAAP | \$ 14,053 | \$ 4,112 | \$ 2,272 | \$ 3,368 | \$ 4,085 | \$ 5,307 | \$ 144 | \$ (4,183) | \$ 424 | \$ (25) | | \$ (8,969) |
| Non-GAAP adjustments: | | | | | | | | | | | | |
| Stock-based compensation expense | | (54) | (7) | (213) | (64) | (368) | | | | | | 706 |
| Acquisition-related amortization of purchased intangibles | | (127) | (383) | | (254) | | | | | | | 764 |
| Change in estimated fair value of contingent consideration | | | | | | | (144) | | | | | 144 |
| Amortization of debt discount | | | | | | | | 1,923 | | | | 1,923 |
| Loss on conversion from debt to equity | | | | | | | | 2,806 | | | | 2,806 |
| Change in estimated fair value of common stock warrant liability and derivative liability | | | | | | | | (1,321) | | | | (1,321) |
| Tax effect related to amortization of purchased intangibles | | | | | | | | | (232) | | | (232) |
| Acquisition-related amortization of inventory valuation adjustment | | | (164) | | | | | | | | | 164 |
| Non-GAAP | \$ 14,053 | \$ 3,931 | \$ 1,718 | \$ 3,155 | \$ 3,767 | \$ 4,939 | \$ - | \$ (775) | \$ 192 | \$ (25) | | \$ (4,015) |

Source: CareDx, Inc.