UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 0-26642

MYRIAD GENETICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**87-0494517**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
322 North 2200 West, Salt Lake City, UT	**84116**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (801) 584-3600

Not applicable
(Former name or former address, if changed since last report)

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	MYGN	Nasdaq Global Select Market

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 x No ☐

Indicate by check mark whether the registrant has submitted electronically 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 x 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	x	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 x

As of October 31, 2023, the registrant had 82,198,203 shares of $0.01 par value common stock outstanding.

MYRIAD GENETICS, INC.

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MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in millions, except share information)

	September 30, 2023	December 31, 2022
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 76.0	$ 56.9
Marketable investment securities	10.3	58.0
Trade accounts receivable	115.2	101.6
Inventory	25.1	20.1
Prepaid taxes	17.5	17.6
Prepaid expenses and other current assets	21.3	20.4
Total current assets	265.4	274.6
Operating lease right-of-use assets	104.0	103.9
Long-term marketable investment securities	—	54.8
Property, plant, and equipment, net	120.7	83.4
Intangibles, net	356.6	379.7
Goodwill	286.6	286.8
Other assets	15.8	15.5
Total assets	$ 1,149.1	$ 1,198.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 33.9	$ 28.8
Accrued liabilities	157.6	94.3
Current maturities of operating lease liabilities	17.8	14.1
Total current liabilities	209.3	137.2
Unrecognized tax benefits	29.6	26.8
Long-term deferred taxes	2.7	3.5
Long-term debt	38.5	—
Noncurrent operating lease liabilities	145.1	130.9
Other long-term liabilities	40.5	14.5
Total liabilities	465.7	312.9
Commitments and contingencies		
Stockholders’ equity:		
Common stock, 82.1 million and 81.2 million shares outstanding at September 30, 2023 and December 31, 2022, respectively	0.8	0.8
Additional paid-in capital	1,286.2	1,260.1
Accumulated other comprehensive loss	(5.3)	(8.9)
Accumulated deficit	(598.3)	(366.2)
Total stockholders' equity	683.4	885.8
Total liabilities and stockholders’ equity	$ 1,149.1	$ 1,198.7

See accompanying notes to Condensed Consolidated Financial Statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (unaudited)
(in millions, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Testing revenue	$ 191.9	$ 156.4	$ 556.6	$ 500.6
Costs and expenses:				
Cost of testing revenue	57.6	50.4	174.6	148.1
Research and development expense	24.0	20.5	67.7	62.0
Selling, general, and administrative expense	136.1	130.5	428.5	368.2
Legal charges pending settlement	34.3	—	111.8	—
Goodwill and long-lived asset impairment charges	—	—	—	10.7
Total costs and expenses	252.0	201.4	782.6	589.0
Operating loss	(60.1)	(45.0)	(226.0)	(88.4)
Other income (expense):				
Interest income	0.6	1.1	1.8	1.6
Interest expense	(1.0)	(0.8)	(2.0)	(2.3)
Other	(0.7)	0.5	(3.7)	0.6
Total other expense, net	(1.1)	0.8	(3.9)	(0.1)
Loss before income tax	(61.2)	(44.2)	(229.9)	(88.5)
Income tax expense (benefit)	0.1	(9.1)	2.2	(18.8)
Net loss	$ (61.3)	$ (35.1)	$ (232.1)	$ (69.7)
Net loss per share:				
Basic and diluted	$ (0.75)	$ (0.43)	$ (2.84)	$ (0.87)
Weighted average shares outstanding:				
Basic and diluted	81.9	80.7	81.6	80.4

See accompanying notes to Condensed Consolidated Financial Statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Loss (unaudited)
(in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net loss	$ (61.3)	$ (35.1)	$ (232.1)	$ (69.7)
Change in unrealized loss on available-for-sale debt securities, net of tax	0.3	(0.9)	2.5	(3.0)
Change in foreign currency translation adjustment, net of tax	(0.1)	(1.5)	0.7	(3.2)
Reclassification adjustments for losses included in net loss, net of tax	0.1	—	1.5	—
Reclassification of cumulative translation adjustment to income upon liquidation of an investment in a foreign entity, net of tax	(0.1)	—	0.4	—
Comprehensive loss	$ (61.1)	$ (37.5)	$ (227.0)	$ (75.9)

See accompanying notes to Condensed Consolidated Financial Statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity (unaudited)
(in millions)

	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Myriad Genetics, Inc. Stockholders' equity
BALANCES AT DECEMBER 31, 2021	$ 0.8	$ 1,226.3	$ (5.1)	$ (254.2)	$ 967.8
Issuance of common stock under stock-based compensation plans, net of shares exchanged for withholding tax	—	(4.8)	—	—	(4.8)
Stock-based payment expense	—	10.1	—	—	10.1
Net loss	—	—	—	(20.5)	(20.5)
Other comprehensive loss, net of tax	—	—	(2.5)	—	(2.5)
BALANCES AT MARCH 31, 2022	$ 0.8	$ 1,231.6	$ (7.6)	$ (274.7)	$ 950.1
Issuance of common stock under stock-based compensation plans, net of shares exchanged for withholding tax	—	2.3	—	—	2.3
Stock-based payment expense	—	10.4	—	—	10.4
Net loss	—	—	—	(14.1)	(14.1)
Other comprehensive loss, net of tax	—	—	(1.3)	—	(1.3)
BALANCES AT JUNE 30, 2022	$ 0.8	$ 1,244.3	$ (8.9)	$ (288.8)	$ 947.4
Issuance of common stock under stock-based compensation plans, net of shares exchanged for withholding tax	—	(2.7)	—	—	(2.7)
Stock-based payment expense	—	9.4	—	—	9.4
Net loss	—	—	—	(35.1)	(35.1)
Other comprehensive loss, net of tax	—	—	(2.4)	—	(2.4)
BALANCES AT SEPTEMBER 30, 2022	$ 0.8	$ 1,251.0	$ (11.3)	$ (323.9)	$ 916.6
BALANCES AT DECEMBER 31, 2022	$ 0.8	$ 1,260.1	$ (8.9)	$ (366.2)	$ 885.8
Issuance of common stock under stock-based compensation plans, net of shares exchanged for withholding tax	—	(4.9)	—	—	(4.9)
Stock-based payment expense	—	7.5	—	—	7.5
Net loss	—	—	—	(54.7)	(54.7)
Other comprehensive income, net of tax	—	—	1.5	—	1.5
BALANCES AT MARCH 31, 2023	$ 0.8	$ 1,262.7	$ (7.4)	$ (420.9)	$ 835.2
Issuance of common stock under stock-based compensation plans, net of shares exchanged for withholding tax	—	2.9	—	—	2.9
Stock-based payment expense	—	11.2	—	—	11.2
Net loss	—	—	—	(116.1)	(116.1)
Other comprehensive income, net of tax	—	—	2.0	—	2.0
BALANCES AT JUNE 30, 2023	$ 0.8	$ 1,276.8	$ (5.4)	$ (537.0)	$ 735.2
Issuance of common stock under stock-based compensation plans, net of shares exchanged for withholding tax	—	(2.2)	—	—	(2.2)
Stock-based payment expense	—	11.6	—	—	11.6
Net loss	—	—	—	(61.3)	(61.3)
Other comprehensive income, net of tax	—	—	0.1	—	0.1
BALANCES AT SEPTEMBER 30, 2023	$ 0.8	$ 1,286.2	$ (5.3)	$ (598.3)	$ 683.4

See accompanying notes to Condensed Consolidated Financial Statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (unaudited)
(in millions)

	Nine months ended September 30,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (232.1)	$ (69.7)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	46.8	39.0
Non-cash lease expense	8.6	8.6
Stock-based compensation expense	30.3	29.9
Deferred income taxes	(1.7)	(22.0)
Unrecognized tax benefits	2.8	0.1
Net realized losses on marketable investment securities	1.5	—
Impairment of goodwill and long-lived assets	—	10.7
Other non-cash adjustments	3.0	2.4
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(1.8)	0.4
Trade accounts receivable	(13.7)	(12.8)
Inventory	(5.0)	(4.4)
Prepaid taxes	0.2	0.5
Other assets	(0.2)	(0.9)
Tenant improvement allowance received	16.3	8.6
Accounts payable	2.2	(1.1)
Accrued expenses and other liabilities	86.4	(83.4)
Deferred revenues	0.2	(4.9)
Net cash used in operating activities	(56.2)	(99.0)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(53.2)	(30.7)
Capitalization of internal-use software costs	(6.6)	—
Purchases of marketable investment securities	—	(98.8)
Proceeds from maturities and sales of marketable investment securities	103.7	87.6
Net cash provided by (used in) investing activities	43.9	(41.9)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from common stock issued under stock-based compensation plans	—	3.9
Payment of tax withheld for common stock issued under stock-based compensation plans	(7.3)	(9.1)
Proceeds from revolving credit facility	40.0	—
Fees associated with issuance of revolving credit facility	(1.6)	—
Fees associated with refinancing of revolving credit facility	—	(0.7)
Payment on finance leases	(0.1)	—
Net cash provided by (used in) financing activities	31.0	(5.9)
Effect of foreign exchange rates on cash, cash equivalents, and restricted cash	(0.1)	(1.3)
Net increase (decrease) in cash, cash equivalents, and restricted cash	18.6	(148.1)
Cash, cash equivalents, and restricted cash at beginning of the period	66.4	258.8
Cash, cash equivalents, and restricted cash at end of the period	$ 85.0	$ 110.7

See accompanying notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

Myriad Genetics, Inc. (together with its subsidiaries, the “Company” or “Myriad”) is a leading genetic testing and precision medicine company dedicated to advancing health and well-being for all. Myriad provides insights that help people take control of their health and enable healthcare providers to better detect, treat, and prevent disease. Myriad develops and offers genetic tests that help assess the risk of developing disease or disease progression and guide treatment decisions across medical specialties where genetic insights can significantly improve patient care and lower health care costs. The Company currently operates as a single reporting segment. The Company’s principal executive office is located in Salt Lake City, Utah.

The accompanying Condensed Consolidated Financial Statements for the Company have been prepared in accordance with United States ("U.S.") generally accepted accounting principles (“GAAP”) for interim financial information and pursuant to the applicable rules and regulations of the Securities and Exchange Commission (“SEC”). All intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the accompanying financial statements contain all adjustments (consisting of normal and recurring accruals) necessary to present fairly all financial statements in accordance with GAAP. The Condensed Consolidated Financial Statements herein should be read in conjunction with the Company’s audited Consolidated Financial Statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 (the “Form 10-K”).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period.

The Company has historically experienced seasonality in its business. The volume of testing is typically negatively impacted by the summer season, which is generally reflected in the quarter ended September 30, however, for the three months ended September 30, 2023, the Company did not experience typical seasonality in volumes across its Hereditary Cancer and Prenatal products. The volume of testing in the quarter ended December 31 is generally strong as the Company typically experiences an increase in test volumes from patients who have met their annual insurance deductible. In the quarter ended March 31, the Company has typically experienced a decrease in test volumes due to the annual reset of patient deductibles; however, for the three months ended March 31, 2023, the Company experienced an increase sequentially in volumes across its Prenatal, Pharmacogenomics, and Tumor Profiling products. Historical patterns of seasonality may not continue in future periods. Additionally, operating results for the three and nine months ended September 30, 2023 may not necessarily be indicative of results to be expected for any other interim period or for the full year.

2. REVENUE

The Company primarily generates revenue by performing genetic testing. Testing revenues are primarily derived from the following categories of products: Hereditary Cancer (myRisk, BRACAnalysis, BRACAnalysis CDx), Tumor Profiling (MyChoice CDx, Prolaris, and EndoPredict), Prenatal (Foresight, Prequel, and SneakPeek), and Pharmacogenomics (GeneSight). Revenue is recorded at the estimated transaction price. The Company has determined that the communication of test results indicates transfer of control for revenue recognition purposes.

The following table presents detail regarding the composition of the Company's total revenue by product type and by geographical region, either U.S. or rest of world ("RoW"):

	Three months ended September 30,					
	2023			2022		
(in millions)	U.S.	RoW	Total	U.S.	RoW	Total
Testing revenues:						
Hereditary Cancer	$ 75.1	$ 11.4	$ 86.5	$ 60.2	$ 10.3	$ 70.5
Tumor Profiling	22.0	8.2	30.2	20.2	10.6	30.8
Prenatal	39.4	0.1	39.5	21.9	0.2	22.1
Pharmacogenomics	35.7	—	35.7	33.0	—	33.0
Total revenue	$ 172.2	$ 19.7	$ 191.9	$ 135.3	$ 21.1	$ 156.4

	Nine months ended September 30,					
	2023			2022		
(in millions)	U.S.	RoW	Total	U.S.	RoW	Total
Testing revenues:						
Hereditary Cancer	$ 203.6	$ 35.3	$ 238.9	$ 190.6	$ 30.0	$ 220.6
Tumor Profiling	78.1	25.4	103.5	61.4	35.5	96.9
Prenatal	110.8	0.5	111.3	86.7	0.6	87.3
Pharmacogenomics	102.9	—	102.9	95.5	—	95.5
Autoimmune	—	—	—	0.3	—	0.3
Total revenue	$ 495.4	$ 61.2	$ 556.6	$ 434.5	$ 66.1	$ 500.6

Under ASC 606, Revenue from Contracts with Customers ("ASC 606"), an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company performs its obligation under a contract with a customer by processing tests and communicating the test results to customers, in exchange for consideration from the customer. The Company has the right to bill its customers upon the completion of performance obligations and thus does not record contract assets. Occasionally, customers make payments prior to the Company's performance of its contractual obligations. When this occurs, the Company records a contract liability as Deferred revenue, which is included in Accrued liabilities in the Condensed Consolidated Balance Sheets.

In accordance with ASC 606, the Company has elected not to disclose the aggregate amount of the transaction price allocated to remaining performance obligations for its contracts that are one year or less, as the revenue is expected to be recognized within the next year. Furthermore, the Company has elected not to disclose the aggregate amount of the transaction price allocated to remaining performance obligations for its agreements wherein the Company's right to payment is in an amount that directly corresponds with the value of the Company's performance to date.

In determining the transaction price, the Company includes an estimate of the expected amount of consideration as revenue. The Company applies this method consistently for similar contracts when estimating the effect of any uncertainty on an amount of variable consideration to which it will be entitled. An estimate of transaction price does not include any estimated amount of variable consideration that is constrained. In addition, the Company considers all the information (historical, current, and forecast) that is reasonably available to identify possible consideration amounts. In determining the expected value, the Company considers the probability of the variable consideration for each possible scenario. The Company also has significant experience with historical discount patterns and uses this experience to estimate transaction prices.

The estimate of revenue is affected by assumptions in payor behavior such as changes in payor mix, payor collections, current customer contractual requirements, and experience with collections from third-party payors. When assessing the total consideration for insurance carriers and patients, revenues are further constrained for estimated refunds. The Company reserves certain amounts in Accrued liabilities in the Company's Condensed Consolidated Balance Sheets in anticipation of requests for refunds of payments made previously by insurance carriers, which are accounted for as reductions in revenues in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Cash collections for certain tests delivered may differ from rates estimated, primarily driven by changes in the estimated transaction price due to contractual adjustments, obtaining updated information from payors and patients that was unknown at the time the performance obligation was met, and settlements with third party payors. As a result of this new information, the Company updates its estimate of the amounts to be recognized for previously delivered tests. During the three and nine months ended September 30, 2023, the Company recognized $7.1 million and $6.2 million in revenue, respectively, which resulted in a $0.07 and $0.06 impact to earnings per share, respectively, for tests in which the performance obligation of delivering test results was met in prior periods, primarily driven by changes in the estimated transaction price. During the three and nine months ended September 30, 2022, the Company recognized $(5.3) million and $20.1 million in revenue, respectively, which resulted in a $(0.05) and $0.19 impact to earnings per share, respectively, for tests in which the performance obligation of delivering test results was met in prior periods, primarily driven by changes in the estimated transaction price.

The Company applies the practical expedient related to costs to obtain or fulfill a contract since the amortization period for such costs will be one year or less. Accordingly, no costs incurred to obtain or fulfill a contract have been capitalized. The Company also applies the practical expedient for not adjusting revenue recognized for the effects of the time value of money. This practical expedient has been elected because the Company collects very little cash from customers under payment terms and the vast majority of payment terms have a payback period of less than one year.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Substantially all of the Company's accounts receivable are with companies in the healthcare industry, U.S. and state governmental agencies, and individuals. The Company does not believe that receivables due from U.S. and state governmental agencies, such as Medicare, represent a credit risk since the related healthcare programs are funded by the U.S. and state governments. The Company only has one payor, Medicare, that represents greater than 10% of its revenues. Revenues received from Medicare represented 12% and 12% of total revenue for the three and nine months ended September 30, 2023, respectively, and 15% and 14% of total revenue for the three and nine months ended September 30, 2022, respectively. Concentrations of credit risk are mitigated due to the number of the Company's customers as well as their dispersion across many geographic regions. The Company has only one payor that accounted for more than 10% of accounts receivable at September 30, 2023. The balance of accounts receivable from the payor represented 13% of the total accounts receivable balance as of September 30, 2023. The Company had no payors that accounted for more than 10% of accounts receivable at December 31, 2022. The Company does not require collateral from its customers.

3. MARKETABLE INVESTMENT SECURITIES

The amortized cost, gross unrealized holding gains, gross unrealized holding losses, and fair value for available-for-sale securities by major security type and class of security at September 30, 2023 and December 31, 2022 were as follows:

(in millions)	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Estimated fair value
September 30, 2023				
Cash and cash equivalents:				
Cash	$ 75.3	$ —	$ —	$ 75.3
Cash equivalents	0.7	—	—	0.7
Total cash and cash equivalents	76.0	—	—	76.0
Available-for-sale:				
Corporate bonds and notes	8.4	—	(0.2)	8.2
Municipal bonds	0.6	—	—	0.6
Federal agency issues	1.5	—	—	1.5
Total	$ 86.5	$ —	$ (0.2)	$ 86.3

(in millions)	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Estimated fair value
December 31, 2022				
Cash and cash equivalents:				
Cash	$ 53.6	$ —	$ —	$ 53.6
Cash equivalents	3.3	—	—	3.3
Total cash and cash equivalents	56.9	—	—	56.9
Available-for-sale:				
Corporate bonds and notes	66.7	—	(1.6)	65.1
Municipal bonds	16.3	—	(0.3)	16.0
Federal agency issues	20.7	—	(0.7)	20.0
U.S. government securities	11.8	—	(0.1)	11.7
Total	$ 172.4	$ —	$ (2.7)	$ 169.7

Cash, cash equivalents, and maturities of debt securities classified as available-for-sale securities were as follows at September 30, 2023:

(in millions)	Amortized cost	Estimated fair value
Cash	$ 75.3	$ 75.3
Cash equivalents	0.7	0.7
Available-for-sale:		
Due within one year	10.5	10.3
Total	$ 86.5	$ 86.3

The cost of a security sold, or amount reclassified out of accumulated other comprehensive income or loss into net loss, is determined based on the specific identification method. The Company does not intend to sell these available-for-sale debt securities, and it is not more likely than not that the Company will be required to sell these securities prior to recovery of their amortized cost basis. Additional information relating to fair value of marketable investment securities can be found in Note 4.

4. FAIR VALUE MEASUREMENTS

The fair value of the Company's financial instruments reflects the amounts that the Company estimates it will receive in connection with the sale of an asset or pay in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value hierarchy prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1—quoted prices in active markets for identical assets and liabilities.

Level 2—observable inputs other than quoted prices in active markets for identical assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Some of the Company's marketable securities primarily utilize broker quotes in a non-active market for valuation of these securities.

Level 3—unobservable inputs.

All of the Company's financial instruments are valued using quoted prices in active markets or based on other observable inputs. For Level 2 securities, the Company uses a third-party pricing service which provides documentation on an ongoing basis that includes, among other things, pricing information with respect to reference data, methodology, inputs summarized by asset class, pricing application and corroborative information. For Level 3 contingent consideration related to the acquisitions of Sividon Diagnostics GmbH ("Sividon") and Gateway Genomics, LLC ("Gateway"), the Company reassesses the fair value of expected contingent consideration and the corresponding liability each reporting period using the Monte Carlo Method, which is consistent with the initial measurement of the expected contingent consideration liability. This fair value measurement is considered a Level 3 measurement because the Company estimates projections during the expected measurement periods of approximately 11.75 years and 1.5 years for Sividon and Gateway, respectively, utilizing various potential pay-out scenarios. As of September 30, 2023, the previously recognized contingent consideration liability related to the acquisition of Gateway, which was $2.1 million as of December 31, 2022, was released due to the results of the Monte Carlo valuation and the revised forecasts. Probabilities were applied to each potential scenario and the resulting values were discounted using a rate that considers weighted average cost of capital as well as a specific risk premium associated with the riskiness of the contingent consideration itself, the related projections, and the overall business. The contingent consideration liabilities are classified as components of Accrued liabilities and Other long-term liabilities in the Company's Condensed Consolidated Balance Sheets. Changes to contingent consideration liabilities are reflected in Selling, general and administrative expense in the Company's Condensed Consolidated Statements of Operations. Changes to the unobservable inputs could have a material impact on the Company's financial statements.

The fair value of the Company's long-term debt, which it considers a Level 2 measurement, is estimated using discounted cash flow analyses, based on the Company's current estimated incremental borrowing rates for similar borrowing arrangements. The fair value of the Company's long-term debt is estimated to be $39.8 million at September 30, 2023.

The following table sets forth the fair value of the financial assets and liabilities that the Company re-measures on a regular basis:

(in millions)	Level 1	Level 2	Level 3	Total
September 30, 2023				
Money market funds (a)	$ 0.7	$ —	$ —	$ 0.7
Corporate bonds and notes	—	8.2	—	8.2
Municipal bonds	—	0.6	—	0.6
Federal agency issues	—	1.5	—	1.5
Contingent consideration	—	—	(5.1)	(5.1)
Total	$ 0.7	$ 10.3	$ (5.1)	$ 5.9

(a) Money market funds are primarily comprised of exchange traded funds and accrued interest.

(in millions)	Level 1	Level 2	Level 3	Total
December 31, 2022				
Money market funds (a)	$ 3.3	$ —	$ —	$ 3.3
Corporate bonds and notes	—	65.1	—	65.1
Municipal bonds	—	16.0	—	16.0
Federal agency issues	—	20.0	—	20.0
U.S. government securities	—	11.7	—	11.7
Contingent consideration	—	—	(6.8)	(6.8)
Total	$ 3.3	$ 112.8	$ (6.8)	$ 109.3

(a) Money market funds are primarily comprised of exchange traded funds and accrued interest.

The following table reconciles the change in the fair value of the contingent consideration during the periods presented:

(in millions)	Carrying Amount
Balance at December 31, 2022	$ 6.8
Change in fair value recognized in the Statements of Operations	(1.6)
Translation adjustments recognized in Other comprehensive loss	(0.1)
Ending balance at September 30, 2023	$ 5.1

5. PROPERTY, PLANT AND EQUIPMENT, NET

The property, plant and equipment at September 30, 2023 and December 31, 2022 were as follows:

(in millions)	September 30, 2023	December 31, 2022
Leasehold improvements	$ 96.7	$ 67.9
Equipment	142.2	124.7
Property, plant and equipment, gross	238.9	192.6
Less accumulated depreciation	(118.2)	(109.2)
Property, plant and equipment, net	$ 120.7	$ 83.4

During the nine months ended September 30, 2023, the Company incurred $5.7 million of accelerated depreciation of leasehold improvements and equipment in connection with the Company's decision to cease the use of its corporate headquarters in Salt Lake City and transition corporate support operations to its new facility in west Salt Lake City. The Company expects to designate a sub-lessee or new tenant for the facility and, therefore, has not recognized a loss on the lease as of September 30, 2023. See Note 15 for further discussion.

During the nine months ended September 30, 2022, the Company ceased the use of certain leased Salt Lake City facilities. As a result, the Company recognized a $2.1 million impairment on the property, plant and equipment associated with the leases, which consisted primarily of leasehold improvements. See Note 15 for further discussion.

The Company recorded depreciation during the respective periods as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2023	2022	2023	2022
Depreciation expense	$ 3.4	$ 2.9	$ 14.8	$ 8.5

6. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table summarizes the changes in the carrying amount of goodwill for the nine months ended September 30, 2023:

(in millions)	Total
Beginning balance	$ 286.8
Translation adjustments	(0.2)
Ending balance	$ 286.6

Intangible Assets

Intangible assets consist of amortizable assets of developed technologies, customer relationships, and trademarks. The following summarizes the amounts reported as intangible assets:

(in millions)	Gross Carrying Amount	Accumulated Amortization	Net
At September 30, 2023			
Developed technologies	$ 624.8	$ (284.1)	$ 340.7
Internally developed software	9.0	(0.1)	8.9
Customer relationships	1.6	(0.1)	1.5
Trademarks	6.1	(0.6)	5.5
Total intangible assets	$ 641.5	$ (284.9)	$ 356.6

(in millions)	Gross Carrying Amount	Accumulated Amortization	Net
At December 31, 2022			
Developed technologies	$ 625.0	$ (252.9)	$ 372.1
Customer relationships	1.6	—	1.6
Trademarks	6.1	(0.1)	6.0
Total intangible assets	$ 632.7	$ (253.0)	$ 379.7

The Company recorded amortization expense during the respective periods for these intangible assets as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2023	2022	2023	2022
Amortization of intangible assets	$ 10.7	$ 10.2	$ 32.0	$ 30.5

7. ACCRUED LIABILITIES

The Company's accrued liabilities at September 30, 2023 and December 31, 2022 were as follows:

(in millions)	September 30, 2023	December 31, 2022
Employee compensation and benefits	$ 47.0	$ 41.2
Accrued taxes payable	3.6	4.8
Refunds payable and reserves	17.3	19.3
Short-term contingent consideration	3.0	—
Accrued royalties	5.7	4.8
Legal charges pending settlement	62.8	—
Other accrued liabilities	18.2	24.2
Total accrued liabilities	$ 157.6	$ 94.3

8. LONG-TERM DEBT

On June 30, 2023, the Company entered into an asset-based revolving credit facility (the “ABL Facility”) with an initial maximum principal amount of $90.0 million, with JPMorgan Chase Bank, N.A. as administrative agent and issuing bank, the other lender parties thereto, and certain of the Company's domestic subsidiaries (the "Guarantors"). On October 31, 2023, the Company entered into an amendment to the ABL Facility to increase the maximum principal amount of the available revolving line of credit by $25.0 million for a total maximum principal commitment of $115.0 million under the ABL Facility, which was effected through a new commitment provided by a new lender, Goldman Sachs Bank USA. The ABL Facility replaced the Company's previous credit facility and matures on June 30, 2026. The obligations of the Company are guaranteed by the Guarantors, and the ABL Facility is secured by substantially all of the assets of the Company and the Guarantors. The Company had long-term debt of $40.0 million under the ABL Facility at September 30, 2023 and incurred $1.6 million of debt issuance costs during the nine months ended September 30, 2023. The proceeds of the ABL Facility were or will be used for the working capital needs and general corporate purposes of the Company and its subsidiaries, including, without limitation, consummating permitted acquisitions and refinancing existing indebtedness.

Availability under the ABL Facility is subject to a borrowing base, which is the lesser of (a) 85% of the Company's and the Guarantor's eligible accounts receivable plus certain cash held in a segregated and fully-blocked account with the administrative agent in an amount up to $20.0 million ("Eligible Cash") minus any reserves established by the administrative agent in accordance with the ABL Facility, and (b) the aggregate amount of cash collections from eligible accounts of the Company and the Guarantors for the 60 consecutive days most recently ended. Subject to certain conditions, the Company can freely withdraw cash from the Eligible Cash account, provided that any reduction in the Eligible Cash amount will have a corresponding reduction in the borrowing base.

Loans outstanding under the ABL Facility will bear interest at a rate per annum equal to, at the option of the Company, either (a) the greatest of (i) the daily Prime Rate, (ii) the daily NYFRB Rate plus 0.50%, and (iii) the monthly Adjusted Term SOFR Rate (as defined below) plus 1.00% (the "ABR") plus an applicable margin ranging from 1.00% to 1.50% depending on the aggregate average unused availability under the ABL Facility during the prior quarter or (b) term SOFR for a tenor of one, three or six months (at the Company's election) plus 0.10% (the "Adjusted Term SOFR Rate") plus an applicable margin ranging from 2.00% to 2.50% depending on the average unused availability under the ABL Facility during the prior quarter, with an ABR floor of 1.00% and an Adjusted Term SOFR Rate floor of 0.00%. Under the ABL Facility the undrawn fee ranges from 37.5 to 50 basis points based on the daily amount of the available revolving commitment. The interest rate for borrowings under the ABL Facility as of September 30, 2023 was 7.67%.

The Company may elect to prepay all or any portion of the amounts owed prior to the maturity date without premium or penalty. The ABL Facility is also subject to customary mandatory prepayments with the proceeds of unpermitted indebtedness and upon the occurrence of an over-advance. Voluntary and mandatory prepayments and all other payments of the ABL Facility must be accompanied by payment of accrued interest on the principal amount repaid or prepaid.

The ABL Facility contains customary loan terms, interest rates, representations and warranties and affirmative and negative covenants, in each case, subject to customary limitations, exceptions and exclusions. Covenants under the ABL Facility limit or restrict the Company and its subsidiaries' ability to incur liens, incur indebtedness, dispose of assets, make investments, make certain restricted payments, merge or consolidate and enter into certain speculative hedging arrangements. The ABL Facility requires the Company and the Guarantors, on a consolidated basis, to maintain minimum liquidity of $60.0 million and minimum availability of $25.0 million at all times before achieving a fixed charge coverage ratio of 1.0 to 1.0 and thereafter, to maintain a fixed charge coverage ratio of 1.0 to 1.0 until achieving availability under the ABL Facility of greater than the greater of (a) $10.6 million and (b) 12.5% of the lesser of the maximum commitment amount and the borrowing base for a period of 30 consecutive days. As of September 30, 2023, availability under the ABL Facility was $48.5 million. In addition, the ABL Facility includes a number of customary events of default. If any event of default occurs (subject, in certain instances, to specified grace periods), the principal, premium, if any, interest and any other monetary obligations on all the then-outstanding amounts under the ABL Facility may become due and payable immediately.

Under the terms of the ABL Facility, if (i) an event of default has occurred and is continuing or (ii) availability under the ABL Facility is less than the greater of (a) $12.5 million and (b) 15% of the lesser of the maximum commitment amount and the borrowing base, the Company will become subject to cash dominion, upon which the administrative agent will apply funds credited to a collection account to first prepay any outstanding protective advances, second to prepay any revolving loans and third, to cash collateralize any outstanding letter of credit exposure. Such cash dominion period will end when availability has remained in excess of the greater of (i) $12.5 million and (ii) 15% of the lesser of the maximum commitment amount and the borrowing base for a period of 45 consecutive days and no event of default is continuing.

The Company had no outstanding balances under the previous credit facility, which was replaced with the ABL Facility, as of December 31, 2022.

9. OTHER LONG-TERM LIABILITIES

The Company's other long-term liabilities at September 30, 2023 and December 31, 2022 were as follows:

(in millions)	September 30, 2023	December 31, 2022
Contingent consideration	$ 2.1	$ 6.8
Escrow liability	7.5	7.5
Legal charges pending settlement	29.0	—
Other	1.9	0.2
Total other long-term liabilities	$ 40.5	$ 14.5

Contingent consideration as of September 30, 2023 consisted of the long-term portion of contingent consideration related to the acquisition of Sividon. As of December 31, 2022, contingent consideration consisted of the long-term portion of contingent consideration related to the acquisitions of Sividon and Gateway. The previously recognized contingent consideration liability related to the acquisition of Gateway is not included in the balance as of September 30, 2023, as it is not probable that the required metrics will be met. Additionally, a corresponding amount of cash to the escrow liability of $7.5 million has been restricted for the potential payment to Gateway under the indemnity and escrow provisions of the Gateway acquisition agreement. See Note 16 for additional information on the Gateway acquisition.

10. PREFERRED AND COMMON STOCKHOLDERS' EQUITY

The Company is authorized to issue up to 5.0 million shares of preferred stock, par value $0.01 per share. There were no shares of preferred stock outstanding at September 30, 2023.

The Company is authorized to issue up to 150.0 million shares of common stock, par value $0.01 per share. There were 82.1 million shares of common stock issued and outstanding at September 30, 2023.

Shares of common stock issued and outstanding

	Nine months ended September 30,	
(in millions)	**2023**	**2022**
Beginning common stock issued and outstanding	81.2	80.0
Common stock issued upon exercise of options, vesting of restricted stock units, and purchases under employee stock purchase plan	0.9	0.9
Common stock issued and outstanding at end of period	82.1	80.9

Basic earnings per share is computed based on the weighted-average number of shares of common stock outstanding. Diluted earnings per share is computed based on the weighted-average number of shares of common stock, including the dilutive effect of common stock equivalents, outstanding. In periods when the Company has a net loss, stock awards are excluded from the calculation of diluted net loss per share as their inclusion would have an antidilutive effect.

The following is a reconciliation of the denominators of the basic and diluted earnings per share (“EPS”) computations:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	**2023**	**2022**	**2023**	**2022**
Denominator:				
Weighted-average shares outstanding used to compute basic EPS	81.9	80.7	81.6	80.4
Effect of dilutive shares	—	—	—	—
Weighted-average shares outstanding and dilutive securities used to compute diluted EPS	81.9	80.7	81.6	80.4

Certain outstanding options and restricted stock units (“RSUs”) were excluded from the computation of diluted earnings per share because the effect would have been anti-dilutive. These potential dilutive shares of common stock, which may be dilutive to future diluted earnings per share, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	**2023**	**2022**	**2023**	**2022**
Anti-dilutive options and RSUs excluded from EPS computation	5.3	4.5	5.3	4.5

Stock Repurchase Program

In June 2016, the Company’s Board of Directors authorized a share repurchase program of $200.0 million of the Company’s outstanding common stock. The Company may repurchase its common stock from time to time or on an accelerated basis through open market transactions or privately negotiated transactions as determined by the Company's management. The amount and timing of stock repurchases under the program will depend on business and market conditions, stock price, trading restrictions, acquisition activity, and other factors. As of September 30, 2023, the Company has $110.7 million remaining under its current share repurchase authorization. No shares were repurchased during the nine months ended September 30, 2023 or September 30, 2022 under this authorization.

11. STOCK-BASED COMPENSATION

On November 30, 2017, the Company's stockholders approved the adoption of the 2017 Employee, Director and Consultant Equity Incentive Plan (as amended, the "2017 Plan"). The 2017 Plan allows the Company, under the direction of the Compensation and Human Capital Committee (the "CHCC") of the Board of Directors, to make grants of restricted stock and restricted stock unit awards to employees, consultants, and directors. Stockholders have subsequently approved amendments to the 2017 Plan increasing the shares available to grant thereunder, including most recently at the Company's annual meeting of stockholders held on June 1, 2023, when stockholders approved an amendment to the 2017 Plan to increase the aggregate number of shares of common stock available thereunder for the granting of awards by an additional 4.8 million shares. As of September 30, 2023, the Company had 4.8 million shares of common stock available for grant under the 2017 Plan. If an RSU awarded under the 2017 Plan is cancelled or forfeited without the issuance of shares of common stock, the unissued or reacquired shares that were subject to the RSU will again be available for issuance pursuant to the 2017 Plan.

The number of shares, terms, and vesting periods are generally determined by the Company's Board of Directors or the CHCC on an award-by-award basis. RSUs granted to employees generally vest ratably over three or four years or as cliff vesting after three years either on the anniversary of the date on which the RSUs were granted or during the month in which such anniversary dates occur. The number of performance-based RSUs ("PSUs") awarded to certain employees may be increased or reduced based on certain additional performance and market metrics. RSUs granted to non-employee directors vest in full upon the earlier of the completion of one year of service following the date of the grant or the date of the next annual meeting of stockholders following such grant. Options granted to the Company's President and Chief Executive Officer as an inducement to his employment expire on August 13, 2027.

The performance and market conditions associated with PSU awards granted during the nine months ended September 30, 2023 include vesting that is based on revenue targets (34% weighting), adjusted earnings per share targets (33% weighting), and relative total stockholder return (33% weighting) measured against the Nasdaq Health Care Index (IXHC) using the 20-trading day averages at the beginning and end of the measurement period. The measurement period for the relative total stockholder return metric is January 1, 2023 through December 31, 2025, and the revenue and adjusted earnings per share metrics will be measured based on fiscal year 2025 results. The Company estimates the likelihood of achievement of performance conditions for all PSU awards at the end of each period. To the extent those awards or portions thereof are considered probable of being achieved, such awards or portions thereof are expensed over the performance period. The portion of the awards pertaining to relative total stockholder return represent market conditions and, accordingly, the estimated fair value of such awards are recognized over the performance period.

Stock Options

A summary of the stock option activity for the nine months ended September 30, 2023 is as follows:

(number of shares in millions)	Number of Shares	Weighted Average Exercise Price
Options outstanding at December 31, 2022	0.7	$ 13.38
Less:		
Options exercised	—	$ —
Options canceled or expired	—	$ —
Options outstanding at September 30, 2023	0.7	$ 13.38
Options exercisable at September 30, 2023	0.5	$ 13.38

As of September 30, 2023, there was $0.6 million of total unrecognized stock-based compensation expense related to stock options that will be recognized over a weighted-average period of 0.9 years. There were no options granted during the nine months ended September 30, 2023.

Restricted Stock Units

A summary of the RSU awards activity under the Company's equity plan and inducement awards, including PSU awards, for the nine months ended September 30, 2023 is as follows:

(number of shares in millions)	Number of Shares	Weighted Average Grant Date Fair Value
RSUs unvested and outstanding at December 31, 2022	3.7	$ 25.08
RSUs granted	2.1	$ 23.57
Less:		
RSUs vested	(1.0)	$ 24.95
RSUs canceled	(0.2)	$ 24.95
RSUs unvested and outstanding at September 30, 2023	4.6	$ 24.41

Employee Stock Purchase Plan

The Company also has an Employee Stock Purchase Plan that was initially approved by stockholders in 2012 and was amended and approved by the Board of Directors of the Company on September 23, 2021 and the stockholders on June 2, 2022 (the "Amended and Restated 2012 Purchase Plan"), under which 4.0 million shares of common stock were authorized. Shares are issued under the Amended and Restated 2012 Purchase Plan twice yearly at the end of each offering period and the number of shares that may be purchased by any participant during an offering period is limited to 5,000 shares. The first offering period of 2023 started on December 1, 2022 and ended on May 31, 2023. The second offering period of 2023 began on June 1, 2023 and will end on November 30, 2023. As of September 30, 2023, 1.5 million shares of common stock were available for issuance under the Amended and Restated 2012 Purchase Plan. Shares purchased under, and compensation expense associated with, the Amended and Restated 2012 Purchase Plan for the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2023	2022	2023	2022
Shares purchased under the plan	—	—	0.2	0.2
Plan compensation expense	$ 0.5	$ 0.5	$ 1.7	$ 1.4

Stock-Based Compensation Expense

Stock-based compensation expense recognized and included in the Condensed Consolidated Statements of Operations and Comprehensive Loss was allocated as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2023	2022	2023	2022
Cost of testing revenue	$ 0.4	$ 0.5	$ 1.1	$ 1.3
Research and development expense	1.2	1.0	2.9	4.4
Selling, general, and administrative expense	10.0	7.9	26.3	24.2
Total stock-based compensation expense	$ 11.6	$ 9.4	$ 30.3	$ 29.9

As of September 30, 2023, there was $76.1 million of total unrecognized stock-based compensation expense related to RSUs that is expected to be recognized over a weighted-average period of 2.3 years. The Company recognizes forfeitures as they occur. In the event that a PSU is determined to be improbable of vesting, the Company records an adjustment to reverse all previously recognized expense associated with the equity award in the current period.

12. INCOME TAXES

In order to determine the Company’s quarterly provision for income taxes, the Company used an estimated annual effective tax rate that is based on expected annual income and statutory tax rates in the various jurisdictions in which the Company operates. Certain significant or unusual items are separately recognized in the quarter during which they occur and can be a source of variability in the effective tax rate from quarter to quarter.

For the three months ended September 30, 2023, there was $0.1 million in income tax expense, or approximately 0% of pre-tax loss, compared to an income tax benefit of $9.1 million, or approximately 20.6% of pre-tax loss, for the three months ended September 30, 2022. Income tax expense for the nine months ended September 30, 2023 was $2.2 million, or approximately (1.0)% of pre-tax loss, compared to an income benefit of $18.8 million, or approximately 21.2% of pre-tax loss for the nine months ended September 30, 2022. For the three and nine months ended September 30, 2023, the Company’s effective tax rate differs from the U.S. federal statutory rate primarily due to the recognition of valuation allowances. Due to the Company's cumulative loss and the exhaustion of future taxable income from the reversal of taxable temporary differences, the Company's estimated annual effective tax rate for the current year includes a valuation allowance against the majority of the current year increase in deferred tax assets. For the three and nine months ended September 30, 2022, the Company’s effective tax rate differs from the U.S. federal statutory rate primarily due to disallowed executive compensation, stock compensation, uncertain tax positions, and asset impairments.

13. COMMITMENTS AND CONTINGENCIES

The Company is involved from time to time in various disputes, claims and legal actions, including class actions and other litigation, including the matters described below, arising in the ordinary course of business. Such actions may include allegations of negligence, product or professional liability or other legal claims, and could involve claims for substantial compensatory and punitive damages or claims for indeterminate amounts of damages. The Company is also involved, from time to time, in investigations by governmental agencies regarding its business which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. In addition, certain federal and state statutes, including the qui tam provisions of the federal False Claims Act, allow private individuals to bring lawsuits against healthcare companies on behalf of the government or private payors. The Company has received subpoenas from time to time related to billing or other practices based on the False Claims Act or other federal and state statutes, regulations or other laws.

The Company intends to defend its current litigation matters, but cannot provide any assurance as to the ultimate outcome or that an adverse resolution would not have a material adverse effect on its financial condition, results of operations or cash flows.

The Company assesses legal contingencies to determine the degree of probability and range of possible loss for potential accrual in its financial statements. When evaluating legal contingencies, the Company may be unable to provide a meaningful estimate due to a number of factors, including the proceedings may be in early stages, there may be uncertainty as to the outcome of pending appeals or motions, there may be significant factual issues to be resolved, and there may be complex or novel legal theories to be presented. In addition, damages may not be specified or the damage amounts claimed may be unsupported, exaggerated or unrelated to possible outcomes, and therefore, such amounts are not a reliable indicator of potential liability.

As of September 30, 2023, except as noted below, the Company has not recorded any material accrual for loss contingencies associated with legal proceedings or other matters or determined that an unfavorable outcome is probable and reasonably estimable in accordance with ASC 450, *Contingencies.* However, it is possible that the ultimate resolution of legal proceedings or other matters, if unfavorable, may be material to the Company's results of operations, financial condition or cash flows. Further, in the event that damages from an unfavorable resolution of one or more of these proceedings exceed the aggregate amount of the coverage limits of the Company’s insurance, or if the Company’s insurance carriers disclaim coverage, the amounts payable by the Company could also have a material adverse impact on the Company’s results of operations, financial condition or cash flows.

Securities Class Action

On September 27, 2019, a class action complaint was filed in the U.S. District Court for the District of Utah against the Company, its former President and Chief Executive Officer, Mark C. Capone, and its Chief Financial Officer, R. Bryan Riggsbee (Defendants). On February 21, 2020, the plaintiff filed an amended class action complaint, which added the Company's former Executive Vice President of Clinical Development, Bryan M. Dechairo, as an additional Defendant. This action, captioned *In re Myriad Genetics, Inc. Securities Litigation* (No. 2:19-cv-00707-DBB), is premised upon allegations that the Defendants made false and misleading statements regarding the Company's business, operations, and acquisitions. The lead plaintiff seeks the payment of damages allegedly sustained by it and the class by reason of the allegations set forth in the amended complaint, plus interest, and legal and other costs and fees. On March 16, 2021, the U.S. District Court for the District of Utah denied the Company's motion to dismiss. On December 1, 2021, the U.S. District Court for the District of Utah granted plaintiff's motion for class certification. On August 3, 2023, the Company entered into a stipulation and agreement of settlement (the "Settlement Agreement") to resolve this lawsuit. Also on August 3, 2023, the parties filed a motion seeking court approval of the settlement. Defendants continue to deny any liability.

Pursuant to the terms of the Settlement Agreement, the Company has agreed to pay a settlement amount of $77.5 million (the “Settlement Amount”), consisting of at least $20 million in cash (the “Initial Cash Amount”) and up to $57.5 million in freely tradeable shares of common stock. On September 7, 2023, pursuant to the terms of the Settlement Agreement, the Company deposited the Initial Cash Amount of $20 million into an escrow account controlled by plaintiff's counsel. Prior to the hearing on the final approval of the settlement (the “Final Approval Hearing”), the Company can elect to pay all or a portion of the remaining $57.5 million of the Settlement Amount in cash (the “Additional Cash Amount”) or shares of common stock (the “Stock Component”). The number of shares of common stock, if any, that the Company will issue in connection with the settlement (the "Settlement Shares") will be calculated by dividing the Stock Component by the volume-weighted average price of common stock for the ten consecutive trading days immediately preceding the date of the Final Approval Hearing. The Company expects that any Settlement Shares issued in connection with the settlement will be made in reliance on an exemption from registration under Section 3(a)(10) of the Securities Act of 1933, as amended, which will require court approval following a hearing on the fairness of the exchange. The Company is required to issue and deliver any Settlement Shares and/or deposit any Additional Cash Amount in the settlement fund within three calendar days of the date that final judgment is entered by the court, which is expected to occur in the fourth quarter of 2023, provided that, with respect to the Stock Component, if the volume-weighted average price of the common stock drops to a level that would require the Company to issue shares in excess of 5% of the total number of outstanding shares of common stock of the Company, then the Company will have four months from the date of the Final Approval Hearing to pay in cash any Settlement Amount that remains unpaid following payment of the Initial Cash Amount.

As part of the settlement, the settlement class has agreed to release the Company, the other defendants named in the lawsuit, and certain of their respective related parties from any and all claims, suits, causes of action, damages, demands, liabilities, or losses that are based upon, arise from, or relate to (a) the purchase, acquisition or trading of any common stock during the class period from August 9, 2017 until February 6, 2020; and (b) the allegations, transactions, facts, matters or occurrences, representations, or omissions involved, set forth, or referred to in the class action. The Settlement Agreement contains no admission of liability, wrongdoing or responsibility by any of the parties. The settlement is subject to court approval.

The Company has accrued $57.5 million for the pending settlement of this action, which is included in Accrued liabilities in the Company's Condensed Consolidated Balance Sheet as of September 30, 2023, and for which the Company has the option to settle in cash or shares.

Stockholder Derivative Actions

On August 9, 2021, a stockholder derivative complaint was filed in the Delaware Court of Chancery against the Company's former President and Chief Executive Officer, Mark C. Capone, its Chief Financial Officer, R. Bryan Riggsbee, its former Executive Vice President of Clinical Development, Bryan M. Dechairo, and certain of the Company's current and former directors, Lawrence C. Best, Walter Gilbert, John T. Henderson, Heiner Dreismann, Dennis Langer, Lee N. Newcomer, S. Louise Phanstiel, and Colleen F. Reitan (collectively, the "Individual Defendants"), and the Company, as nominal defendant. The complaint is premised upon similar allegations as set forth in the securities class action, including that the Individual Defendants made false and misleading statements regarding the Company's business and operations. The plaintiff, Donna Hickock, asserts breach of fiduciary duty and unjust enrichment claims against the Individual Defendants and seeks, on behalf of the Company, damages allegedly sustained by the Company as a result of the alleged breaches, or disgorgement or restitution, from each of the Individual Defendants, plus interest. Plaintiff Hickock also seeks legal and other costs and fees relating to this action. On November 19, 2021, this action was stayed by the Delaware Court of Chancery pending the resolution of the securities class action lawsuit.

On January 18, 2022, a stockholder derivative complaint was filed in the Delaware Court of Chancery against the Individual Defendants, and the Company, as nominal defendant. The action is premised upon similar allegations as set forth in the securities class action and the Hickock stockholder derivative action. The plaintiff, Esther Kogus, asserts that the Individual Defendants breached their fiduciary duties and also asserts unjust enrichment and aiding and abetting breaches of fiduciary duty claims against the Individual Defendants. Plaintiff Kogus seeks, on behalf of the Company, damages allegedly sustained by the Company as a result of the alleged breaches and claims, and restitution from the Individual Defendants. On behalf of herself, plaintiff Kogus seeks legal and other costs and fees relating to this action.

On March 3, 2022, the Delaware Court of Chancery consolidated the Hickock and Kogus derivative actions and stayed the consolidated action.

On September 17, 2021, a stockholder derivative complaint was filed in the U.S. District Court in the District of Delaware against the Individual Defendants, and the Company, as nominal defendant. The action is premised upon similar allegations as set forth in the securities class action and Hickock stockholder derivative action. The plaintiff, Karen Marcey, asserts that the Individual Defendants violated U.S. securities laws and breached their fiduciary duties, and also asserts unjust enrichment, waste of corporate assets and insider trading claims against all or some of the Individual Defendants. Plaintiff Marcey seeks, on behalf of the Company, damages allegedly sustained by the Company as a result of the alleged violations and restitution from the Individual Defendants, plus interest and, on behalf of herself, legal and other costs and fees relating to this action. On January 4, 2022, this action was stayed by the U.S. District Court for the District of Delaware pending the resolution of the securities class action lawsuit.

Other Legal Proceedings

On December 21, 2020, Ravgen, Inc. ("Ravgen") filed a lawsuit against the Company and its wholly owned subsidiary, Myriad Women's Health, Inc., in the U.S. District Court for the District of Delaware, alleging infringement of two Ravgen-owned patents. The lawsuit seeks monetary damages, enhancement of those damages for willfulness, injunctive relief, and recovery of attorney's fees and costs. Various third parties have filed challenges to the validity of the asserted patents with the U.S. Patent and Trademark Office, which challenges have been instituted for review. On March 14, 2022, the case was stayed pending the outcome of the first of these validity challenges. On February 13, 2023, the court lifted the stay and litigation of the case has resumed. On October 23, 2023 (the "Effective Date"), the Company and Ravgen entered into a settlement agreement pursuant to which the parties agreed to settle the lawsuit. As part of the settlement, the Company agreed to pay Ravgen a minimum of $12.75 million in three installment payments as follows: (1) the first installment of $5.0 million on or before October 31, 2023, (2) the second installment of $5.0 million on or before October 31, 2024, and (3) the third installment of $2.75 million on or before October 31, 2025. Subject to the terms of the settlement agreement, the Company also agreed to pay Ravgen an additional contingent payment of $21.25 million payable in five annual installments, with (1) the first installment of $5.0 million payable on the later of (a) 30 days after notification in writing by Ravgen of the successful conclusion in favor of Ravgen of all of Ravgen's litigations and patent reexaminations pending as of the Effective Date and (b) January 1, 2026 (the "Contingent Payment Date"); (2) the second installment of $5.0 million on the first anniversary of the Contingent Payment Date; (3) the third installment of $5.0 million on the second anniversary of the Contingent Payment Date; (4) the fourth installment of $5.0 million on the third anniversary of the Contingent Payment Date; and (5) $1.25 million on the fourth anniversary of the Contingent Payment Date. The Company has accrued $34.0 million for this action, of which $29.0 million is included in Other long-term liabilities and $5.0 million is included in Accrued liabilities in the Company's Condensed Consolidated Balance Sheet as of September 30, 2023.

On February 3, 2022, a purported class action lawsuit was filed against the Company in the U.S. District Court in the Northern District of California by Ashley Carroll. Plaintiff alleges, among other things, that the Company made false statements about the accuracy of its Prequel prenatal screening test. The complaint seeks unspecified monetary damages, as well as punitive damages and injunctive relief. On April 1, 2022, the Company filed a motion to dismiss the lawsuit. On May 2, 2022, the plaintiff amended her complaint. On June 2, 2022, the Company filed a motion to dismiss the amended complaint. On July 26, 2022, the court granted and denied in part the Company's motion to dismiss the amended complaint. As part of the court's order, plaintiff was granted leave to file a second amended complaint. The plaintiff filed a second amended complaint on August 16, 2022. On September 6, 2022, the Company filed a motion to dismiss the second amended complaint. On November 9, 2022, the Court granted and denied in part the Company's motion to dismiss the second amended complaint. On October 6, 2023, the Company and the plaintiff agreed to settle the lawsuit for an immaterial amount. The settlement agreement contains no admission of liability, wrongdoing or responsibility on the part of the Company.

From time to time, the Company receives recoupment requests from third-party payors for alleged overpayments. The Company disagrees with the contentions of the pending requests or has recorded an estimated reserve for the alleged overpayments.

14. SUPPLEMENTAL CASH FLOW INFORMATION

The Company's supplemental cash flow information for the nine months ended September 30, 2023 and September 30, 2022 are as follows:

(in millions)	Nine months ended September 30, 2023	2022
Cash paid for income taxes	$ 1.3	$ 1.6
Cash paid for interest	0.8	—
Non-cash investing and financing activities:		
Establishment of operating lease right-of-use assets and lease liabilities		
Operating lease right-of-use assets	$ 8.7	$ 46.1
Operating lease liabilities	9.2	46.1
Tenant improvement allowance not yet received	—	17.8
Purchases of property, plant and equipment in accounts payable and accrued liabilities	8.3	4.3
Capitalization of internal-use software in accounts payable and accrued liabilities	0.8	—

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the Condensed Consolidated Balance Sheets that agrees to the amounts included in the Condensed Consolidated Statements of Cash Flows.

(in millions)	Nine months ended September 30, 2023	2022
Cash and cash equivalents	$ 76.0	$ 108.7
Restricted cash	9.0	2.0
Total cash, cash equivalents, and restricted cash	$ 85.0	$ 110.7

15. LEASES

The Company leases certain office spaces and research and development laboratory facilities, vehicles, and office equipment with remaining lease terms ranging from one to fifteen years. Operating leases are included in Operating lease right-of-use assets, Noncurrent operating lease liabilities, and Current maturities of operating lease liabilities in the Condensed Consolidated Balance Sheets. Finance leases are included in Other assets, Accrued liabilities, and Other long-term liabilities in the Condensed Consolidated Balance Sheets.

Due to the increase in remote and hybrid work by the Company's employees and the Company's desire to build new advanced laboratory facilities, the Company has been executing a multi-year strategy to reset its real estate footprint. As part of that strategy, in fiscal year 2022, the Company entered into new leases in west Salt Lake City, Utah and South San Francisco, California with the intent to relocate much of its core operations to these new facilities. During the nine months ended September 30, 2023, the Company took possession of the remaining phases of the west Salt Lake City facility and recognized an additional $5.9 million right-of-use asset and corresponding lease liability, net of tenant improvement allowance not yet received. Total future rent payments under the west Salt Lake City lease are approximately $79.6 million.

The Company has also vacated certain existing facilities. During the nine months ended September 30, 2022, the Company ceased the use of one of its leased facilities in Salt Lake City. As a result, the Company recorded an impairment charge on right-of-use assets of $8.6 million and an impairment charge of $2.1 million on the related leasehold improvements. The total $10.7 million impairment is included in Goodwill and long-lived asset impairment charges in the Condensed Consolidated Statements of Operations.

During the nine months ended September 30, 2023, the Company ceased the use of its corporate headquarters in Salt Lake City and transitioned corporate support operations to its new facility in west Salt Lake City. The Company expects to designate a sub-lessee or new tenant for the facility and, therefore, has not recognized a loss on the lease as of September 30, 2023. The Company will remain liable for all rent payments until a sub-lessee or new tenant can be found.

As of September 30, 2023, except as noted above, the Company expects to continue to occupy our existing facilities until the expiration of the leases.

16. BUSINESS ACQUISITIONS

On November 1, 2022, the Company acquired all of the membership interests of Gateway, a San Diego-based personal genomics company and developer of consumer genetic tests that give families insight into their future children.

The acquisition date fair value of the consideration transferred was $68.7 million. The following table summarizes the estimated fair value of identified assets acquired and liabilities assumed at the date of acquisition.

(in thousands)	Estimated fair value
Identifiable assets acquired	
Current assets	$ 1,053
Inventory	1,900
Intangible assets	
Developed technology	10,100
Trademarks	6,100
Customer relationships	1,600
Total intangible assets	17,800
Other non-current assets	161
Total identifiable assets acquired	20,914
Liabilities assumed	
Accounts payable	(246)
Accrued liabilities	(693)
Total liabilities assumed	(939)
Net identifiable assets acquired	19,975
Goodwill	48,723
Total fair value of Purchase Price	$ 68,698

Pro Forma Information

The pro forma results presented below include the effects of Gateway acquisition as if it had been consummated as of January 1, 2022, with adjustments to give effect to pro forma events that are directly attributable to the acquisition, which includes adjustments related to the amortization of acquired intangible assets, interest income and expense, and depreciation.

The pro forma results do not reflect any operating efficiency or potential cost savings that may result from the consolidation of Gateway with the Company. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operation of the combined company would have been if the acquisition had occurred at the beginning of the period presented, nor are they indicative of future results of operations and are not necessarily indicative of results that might have been achieved had the acquisition been consummated as of January 1, 2022. The Company did not have any material, nonrecurring pro forma adjustments directly attributable to the business acquisition included in the reported pro forma earnings.

(in thousands)	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Revenue	$ 161,642	$ 511,114
Net loss	(35,666)	(71,400)

Revenue and net loss from Gateway included in the Company's Consolidated Statements of Operations during the three and nine months ended September 30, 2023 is $5.0 million and $(1.5) million, respectively, and $15.6 million and $(3.1) million, respectively.

17. ACCUMULATED OTHER COMPREHENSIVE LOSS

The functional currency of the Company's international subsidiaries is the local currency. For those subsidiaries, expenses denominated in the functional currency are translated into U.S. dollars using average exchange rates in effect during the period and assets and liabilities are translated using period-end exchange rates. The foreign currency translation adjustments are included in Accumulated other comprehensive loss as a separate component of Stockholders' equity.

The following table shows the cumulative translation adjustments included in Accumulated other comprehensive loss (in millions):

Ending balance December 31, 2022	$	(6.2)
Period translation adjustments		0.7
Reclassification of cumulative translation adjustment to income upon liquidation of an investment in a foreign entity		0.4
Ending balance September 30, 2023	$	(5.1)

18. SUBSEQUENT EVENT

On October 31, 2023, the Company entered into an amendment of the ABL Facility discussed in Note 8. Pursuant to the amendment, the Company increased the maximum principal amount of the available revolving line of credit by $25.0 million for a total maximum principal commitment of $115.0 million under the ABL Facility, which was effected through a new commitment provided by a new lender, Goldman Sachs Bank USA.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
(Dollars and shares in millions, except per share data)

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and the related notes thereto included in this Quarterly Report on Form 10-Q and the audited Consolidated Financial Statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2022 included in our Annual Report on Form 10-K filed with the SEC on March 1, 2023. "We," "us," "our," "Myriad" and the "Company" as used in this Quarterly Report on Form 10-Q refer to Myriad Genetics, Inc., a Delaware corporation, and its subsidiaries.

Cautionary Statement Regarding Forward-Looking Statements

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Quarterly Report on Form 10-Q contains such "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

Words such as "may," "anticipate," "estimate," "expects," "projects," "intends," "plans," "believes," "seek," "could," "continue," "likely," "will," "strategy" and "goal" and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of known and unknown risks and uncertainties that could cause actual results, conditions, and events to differ materially and adversely from those anticipated. These risks include, but are not limited to:

- the risk that sales and profit margins of our existing tests may decline or that we may not be able to operate our business on a profitable basis;
- risks related to our ability to achieve certain revenue growth targets and generate sufficient revenue from our existing product portfolio or in launching and commercializing new tests to be profitable;
- risks related to changes in governmental or private insurers' coverage and reimbursement levels for our tests or our ability to obtain reimbursement for our new tests at comparable levels to our existing tests;
- risks related to increased competition and the development of new competing tests;
- the risk that we may be unable to develop or achieve commercial success for additional tests in a timely manner, or at all;
- the risk that we may not successfully develop new markets or channels for our tests, including our ability to successfully generate substantial revenue outside the United States;
- the risk that licenses to the technology underlying our tests and any future tests are terminated or cannot be maintained on satisfactory terms;
- risks related to delays or other problems with constructing and operating our laboratory testing facilities;
- risks related to public concern over genetic testing in general or our tests in particular;
- risks related to regulatory requirements or enforcement in the United States and foreign countries and changes in the structure of the healthcare system or healthcare payment systems;
- risks related to our ability to obtain new corporate collaborations or licenses and acquire or develop new technologies or businesses on satisfactory terms, if at all;
- risks related to our ability to successfully integrate and derive benefits from any technologies or businesses that we license, acquire, or develop;
- the risk that we are not able to secure additional financing to fund our business, if needed, in a timely manner or on favorable terms, if it all;
- risks related to our projections or estimates about the potential market opportunity for our current and future products;
- the risk that we or our licensors may be unable to protect or that third parties will infringe the proprietary technologies underlying our tests;
- the risk of patent-infringement claims or challenges to the validity of our patents;
- risks related to changes in intellectual property laws covering our tests, or patents or enforcement, in the United States and foreign countries;
- risks related to security breaches, loss of data and other disruptions, including from cyberattacks;
- risks of new, changing and competitive technologies in the United States and internationally, and that we may not be able to keep pace with the rapid technology changes in our industry, or properly leverage new technologies to achieve or sustain competitive advantages in our products;
- the risk that we may be unable to comply with financial or operating covenants under our credit or lending agreements;

- risks related to our inability to achieve and maintain effective disclosure controls and procedures and internal control over financial reporting;
- risks related to current and future investigations, claims or lawsuits, including derivative claims, product or professional liability claims, including the risk that the court does not approve the settlement of the class action lawsuit, *captioned In re Myriad Genetics, Inc. Securities Litigation* (No. 2:19-cv-00707-DBB), and risks related to the amount of our insurance coverage limits and scope of insurance coverage with respect thereto; and
- other factors discussed under the heading "Risk Factors" contained in Item 1A of our Annual Report on Form 10-K filed with the SEC on March 1, 2023, our Quarterly Reports on Form 10-Q filed with the SEC on May 4, 2023 and August 4, 2023, and this Quarterly Report on Form 10-Q.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this Quarterly Report on Form 10-Q, or in any document incorporated by reference might not occur. Stockholders are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law. All forward-looking statements in this Quarterly Report on Form 10-Q attributable to us or to any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

General

We are a leading genetic testing and precision medicine company dedicated to advancing health and well-being for all. We provide insights that help people take control of their health and enable healthcare providers to better detect, treat, and prevent disease. We develop and offer genetic tests that help assess the risk of developing disease or disease progression and guide treatment decisions across medical specialties where critical genetic insights can significantly improve patient care and lower health care costs.

Personalized genetic data and digital and virtual consumer trends are converging to change traditional models of care. Significant growth opportunities exist to help patient populations with pressing health care needs through innovative solutions and services. Our focus is on organic growth, deployment of capital, including through opportunistic acquisitions, and the launch of new products. We are focusing our efforts in three key areas where we have specialized products, capabilities, and expertise: Oncology, Women's Health, and Pharmacogenomics. We believe our path to organic growth is driven by articulating our clinical differentiation, advancing a new commercial model in our Oncology and Women's Health businesses to reach a broader set of physicians and patients, raising awareness with patients who we believe would benefit from testing, and innovation that improves clinical outcomes, ease of use, and access. By investing in tech-enabled commercial tools, new laboratory facilities, and advanced automation, we believe we will be able to reduce complexity and cost. We plan to expand some of our current products, such as our Foresight Carrier Screen test, and launch new products, such as FirstGene, which we expect will help accelerate our growth. We intend to develop and enhance our products to support growth, improve patient and provider experience, and reach more patients of all backgrounds. We are committed to disciplined management of a key set of initiatives to fulfill our mission and drive long-term growth and profitability.

Business Updates

Our recent significant business updates and financial highlights include the following:

- Third quarter 2023 testing volumes grew 40% year-over-year and 18% year-over-year excluding the contribution from our SneakPeek Early Gender DNA Test, driven by 18% growth year-over-year in MyRisk hereditary cancer test volumes, 19% growth year-over-year in GeneSight test volumes and 20% growth year-over-year in Prenatal test volumes, excluding contributions from the SneakPeek Early Gender DNA Test.
- Revenue growth of 23% year-over-year for the quarter ended September 30, 2023.
- Ranked among Best Large Workplaces in Health Care by Fortune and received a Great Place to Work® Certification for 2023.
- Announced inclusion of breast density to MyRisk with RiskScore breast cancer risk assessment.
- Announced enhancements to the GeneSight test to personalize mental health medication treatment decisions based on smoking status.
- Achieved advancements in prostate cancer care with the addition of absolute risk reduction to Prolaris.
- Partnered with Onsite Women's Health to help more women understand breast cancer risk.
- Announced collaboration with Memorial Sloan Kettering Cancer Center to study the use of minimal residual disease testing in breast cancer.
- Issued second annual ESG report covering 2022.
- In November, Myriad named Samraat S. Raha as Chief Operating Officer, effective December 11, 2023.

Results of Operations for the Three Months Ended September 30, 2023 and 2022

The results of operations for the three months ended September 30, 2023 and 2022 are discussed below.

Revenue

	Three months ended September 30,		Change	% of total revenue	
(in millions)	2023	2022	2023	2023	2022
Testing revenues:					
Hereditary Cancer	$ 86.5	$ 70.5	$ 16.0	45%	45%
Tumor Profiling	30.2	30.8	(0.6)	16%	20%
Prenatal	39.5	22.1	17.4	20%	14%
Pharmacogenomics	35.7	33.0	2.7	19%	21%
Total revenue	$ 191.9	$ 156.4	$ 35.5	100%	100%

Test revenues increased $35.5 million for the three months ended September 30, 2023, compared to the same period in the prior year primarily due to an increase in testing volume across the majority of our products, partially offset by a decline in the average revenue per test. For the three months ended September 30, 2023, we recorded $7.1 million of revenue as a change of estimate related to previously delivered tests, as compared to the three months ended September 30, 2022, in which we recorded a $5.3 million decrease in revenue as a change of estimate related to previously delivered tests. Prenatal revenues increased $17.4 million compared to the same period in the prior year. Excluding $5.0 million of revenue from SneakPeek in the third quarter of 2023, prenatal revenues increased $12.4 million due to a 20% increase in testing volume and a 31% increase in average revenue per test, which was primarily due to a change in estimate in the quarter ended September 30, 2022. As the acquisition of Gateway Genomics, LLC (Gateway) occurred on November 1, 2022, there were no corresponding SneakPeek revenues in the prior period. Hereditary Cancer revenues increased $16.0 million compared to the same period in the prior year due to a 18% increase in testing volume. Revenue from Pharmacogenomics increased $2.7 million compared to the same period in the prior year due primarily to a 19% increase in testing volume, partially offset by a 9% decrease in the average revenue per test.

Cost of Sales

(in millions)	Three months ended September 30, 2023	2022	Change
Cost of testing revenue	$ 57.6	$ 50.4	$ 7.2
Cost of testing revenue as a % of total revenue	30.0 %	32.2 %	

Cost of testing revenue for the three months ended September 30, 2023 increased $7.2 million compared to the same period in the prior year primarily due to an increase in revenue from higher test volumes, an increase in compensation costs due to higher headcount and an increase in the average cost per employee.

Research and Development Expense

(in millions)	Three months ended September 30, 2023	2022	Change
Research and development expense	$ 24.0	$ 20.5	$ 3.5
Research and development expense as a % of total revenue	12.5 %	13.1 %	

Research and development expense for the three months ended September 30, 2023 increased by $3.5 million compared to the same period in the prior year primarily due to an increase in compensation costs, which was driven by an increase in bonus expense as well as an increase in the average number of headcount.

Selling, General and Administrative Expense

(in millions)	Three months ended September 30, 2023	2022	Change
Selling, general and administrative expense	$ 136.1	$ 130.5	$ 5.6
Selling, general and administrative expense as a % of total revenue	70.9 %	83.4 %	

Selling, general and administrative expense increased by $5.6 million for the three months ended September 30, 2023 compared to the same period in the prior year primarily due to a $12.9 million increase in compensation costs that was driven by an increase in bonus expense, in the average cost per employee, and in stock compensation. In addition, compared to the same period in the prior year, general legal costs increased $2.3 million, partially offset by a $5.4 million decrease in consulting costs and a $2.7 million decrease in fair value of contingent consideration related to the acquisition of Gateway.

Legal charges pending settlement

(in millions)	Three months ended September 30, 2023	2022	Change
Legal charges pending settlement	$ 34.3	$ —	$ 34.3
Legal charges pending settlement as a % of total revenue	17.9 %	— %	

The three months ended September 30, 2023 included $34.3 million recorded in connection with accruals for pending settlements. See Note 13, "Commitments and Contingencies" in Notes to Condensed Consolidated Financial Statements for further information. There was no corresponding legal charges pending settlement in the prior period.

Other Income (Expense), Net

(in millions)	Three months ended September 30, 2023	2022	Change
Other income (expense), net	$ (1.1)	$ 0.8	$ (1.9)

Other income (expense), net decreased for the three months ended September 30, 2023 as compared to the same period in the prior year due primarily to an increase in interest expense on outstanding debt in the current period, with no corresponding outstanding debt in the prior period, losses due to foreign currency fluctuations and losses on sales of investment securities in the current year.

Income Tax Expense (Benefit)

(in millions)	Three months ended September 30, 2023	2022	Change
Income tax expense (benefit)	$ 0.1	$ (9.1)	$ 9.2
Effective tax rate	(0.2)%	20.6 %	

Our tax rate is the product of a U.S. federal effective rate of 21.0% and a blended state income tax rate of approximately 4.2%. Certain significant or unusual items are separately recognized during the period in which they occur and can be a source of variability in the effective tax rates from period to period.

For the three months ended September 30, 2023, there was $0.1 million income tax expense and our effective tax rate was (0.2)%. For the three months ended September 30, 2023, our effective tax rate differs from the U.S. federal statutory rate primarily due to the recognition of valuation allowances. Due to the Company's cumulative loss and the exhaustion of future taxable income from the reversal of taxable temporary differences, the Company's estimated annual effective tax rate for the current year includes a valuation allowance against the majority of the current year increase in deferred tax assets. For the three months ended September 30, 2022, our effective tax rate differs from the U.S. federal statutory rate primarily due to disallowed executive compensation, uncertain tax positions, and stock compensation expenses.

Results of Operations for the Nine Months Ended September 30, 2023 and 2022

The results of operations for the nine months ended September 30, 2023 and 2022 are discussed below.

Revenue

(in millions)	Nine months ended September 30, 2023	2022	Change 2023	% of Total Revenue 2023	2022
Testing revenues:					
Hereditary Cancer	$ 238.9	$ 220.6	$ 18.3	43%	44%
Tumor Profiling	103.5	96.9	6.6	19%	19%
Prenatal	111.3	87.3	24.0	20%	17%
Pharmacogenomics	102.9	95.5	7.4	18%	19%
Autoimmune	—	0.3	(0.3)	—%	—%
Total revenue	$ 556.6	$ 500.6	$ 56.0	100%	100%

Test revenues for the nine months ended September 30, 2023 increased $56.0 million compared to the same period in the prior year due to an increase in testing volume across the majority of our products, partially offset by a decline in the average revenue per test. For the nine months ended September 30, 2023, we recorded $6.2 million of revenue as a change of estimate related to previously delivered tests, as compared to the nine months ended September 30, 2022, in which we recorded $20.1 million of revenue as a change of estimate related to previously delivered tests. Prenatal revenues increased $24.0 million compared to the same period in the prior year due primarily to revenue from SneakPeek of $15.6 million. As the acquisition of Gateway occurred on November 1, 2022, there were no corresponding SneakPeek revenues in the prior period. Excluding revenue from SneakPeak, Prenatal revenues increased due to a 14% increase in testing volume. Hereditary Cancer revenues increased $18.3 million compared to the same period in the prior year due to a 20% increase in testing volume, partially offset by a 10% decrease in the average revenue per test. Tumor Profiling revenues increased $6.6 million compared to the same period in the prior year due primarily to an increase of $10.4 million in revenue for Prolaris, partially offset by a $4.8 million decrease in revenue from MyChoice CDx. These changes were driven by a volume increase of 14% for Prolaris and a 19% decrease in volume for MyChoice CDx, respectively. The average revenue per test increased by 8% for both products. Revenues from Pharmacogenomics increased $7.4 million compared to the same period in the prior year due primarily to a 24% increase in testing volume, partially offset by a 13% decrease in the average revenue per test.

Cost of Sales

(in millions)	Nine months ended September 30, 2023	2022	Change
Cost of testing revenue	$ 174.6	$ 148.1	$ 26.5
Cost of testing revenue as a % of total revenue	31.4 %	29.6 %	

Cost of testing revenue for the nine months ended September 30, 2023 increased by $26.5 million compared to the same period in the prior year primarily due to the increase in revenue from higher test volumes, an increase in compensation costs due to higher headcount and an increase in the average cost per employee.

Research and Development Expense

(in millions)	Nine months ended September 30, 2023	2022	Change
Research and development expense	$ 67.7	$ 62.0	$ 5.7
Research and development expense as a % of total revenue	12.2 %	12.4 %	

Research and development expense for the nine months ended September 30, 2023 increased by $5.7 million compared to the same period in the prior year primarily due to an increase in compensation costs, driven by an increase in the average headcount and an increase in bonus expense.

Selling, General and Administrative Expense

(in millions)	Nine months ended September 30, 2023	2022	Change
Selling, general and administrative expense	$ 428.5	$ 368.2	$ 60.3
Selling, general and administrative expense as a % of total revenue	77.0 %	73.6 %	

Selling, general and administrative expense increased by $60.3 million for the nine months ended September 30, 2023, compared to the same period in the prior year primarily due to a $34.7 million increase in compensation costs driven by increases in the average cost per employee, commission expense due to increases in testing volume, bonus expense, and the average headcount, a $17.8 million change in general legal expenses due to the receipt of $12.0 million from insurers in the prior period to offset the previously accrued Abelli settlement and other legal expenses, a $6.3 million increase in depreciation and amortization expense due to the accelerated depreciation for certain leasehold improvements and equipment in connection with our decision to cease the use of our corporate headquarters, a $4.9 million increase in rent expense in connection with the transition to new facilities, a $4.6 million increase in sales and marketing expenses due to more in-person sales and marketing events in the current period compared to the prior period, partially offset by a $9.9 million decrease in consulting costs.

Legal charges pending settlement

(in millions)	Nine months ended September 30, 2023	2022	Change
Legal charges pending settlement	$ 111.8	$ —	$ 111.8
Legal charges pending settlement as a % of total revenue	20.1 %	— %	

The nine months ended September 30, 2023 included $111.8 million recorded in connection with accruals for pending settlements. See Note 13, "Commitments and Contingencies" in Notes to Condensed Consolidated Financial Statements for further information. There were no corresponding legal charges pending settlement charges in the prior period.

Goodwill and long-lived asset impairment charges

(in millions)	Nine months ended September 30, 2023	2022	Change
Goodwill and long-lived asset impairment charges	$ —	$ 10.7	$ (10.7)
Goodwill and long-lived asset impairment charges as a % of total revenue	— %	2.1 %	

Goodwill and long-lived asset impairment charges for the nine months ended September 30, 2022 included an $8.6 million impairment to right-of-use assets and a $2.1 million impairment to the related leasehold improvements as a result of our decision to no longer use certain of our facilities in order to consolidate space. There were no impairments recognized in the current period.

Other Income (Expense), Net

(in millions)	Nine months ended September 30, 2023	2022	Change
Other income (expense), net	$ (3.9)	$ (0.1)	$ (3.8)

Other expense increased for the nine months ended September 30, 2023, compared to the same period in the prior year driven primarily by a $2.7 million loss due to foreign currency fluctuations and a $1.5 million loss on investment securities in the current period.

Income Tax Expense (Benefit)

(in millions)	Nine months ended September 30, 2023	2022	Change
Income tax expense (benefit)	$ 2.2	$ (18.8)	$ 21.0
Effective tax rate	(1.0)%	21.2 %	

Our tax rate is the product of a blended U.S. federal effective rate of 21.0% and a blended state income tax rate of approximately 4.2%. Certain significant or unusual items are separately recognized during the period in which they occur and can be a source of variability in the effective tax rates from period to period.

Income tax expense for the nine months ended September 30, 2023 was $2.2 million, and our effective tax rate was (1.0)%. For the nine months ended September 30, 2023, our recognized effective tax rate differs from the U.S. federal statutory rate primarily due to the recognition of valuation allowances. Due to the Company's cumulative loss and the exhaustion of future taxable income from the reversal of taxable temporary differences, the Company's estimated annual effective tax rate for the current year includes a valuation allowance against the majority of the current year increase in deferred tax assets. For the nine months ended September 30, 2022, our recognized effective tax rate differs from the U.S. federal statutory rate primarily due to disallowed executive compensation expenses, uncertain tax positions, stock compensation expenses and asset impairment expenses.

Liquidity and Capital Resources

Our primary sources of liquidity are our cash, cash equivalents and marketable investment securities and our expected future cash flows from operations. Our capital deployment strategy focuses on use of resources in the key areas of research and development, technology and acquisitions. We believe that investing organically through research and development and new product development or acquisitively to support our business strategy provides the best return on invested capital.

On June 30, 2023, we entered into an asset-based revolving credit facility ("ABL Facility") with an initial maximum principal amount of $90.0 million. On October 31, 2023, we entered into an amendment to the ABL Facility pursuant to which we increased the maximum principal amount of the available revolving line of credit by $25.0 million for a total maximum principal commitment of $115.0 million under the ABL Facility. As of September 30, 2023, we had $40.0 million outstanding under the ABL Facility and availability of $48.5 million. The ABL Facility requires that we and our subsidiaries guaranteeing the indebtedness, on a consolidated basis, maintain minimum liquidity of $60.0 million and minimum availability of $25.0 million at all times before achieving a fixed charge coverage ratio of 1.0 to 1.0 and thereafter, to maintain a fixed charge coverage ratio of 1.0 to 1.0 until achieving availability under the ABL Facility of greater of (a) $10.6 million and (b) 12.5% of the lesser of the maximum commitment amount and the borrowing base for a period of 30 consecutive days.

We believe that our existing cash, cash equivalents and marketable securities of $86.3 million as of September 30, 2023, our expected cash flow from operations, and amounts available for borrowing under our ABL Facility will be sufficient to meet our anticipated cash requirements for at least the next 12 months. See Note 13, "Commitments and Contingencies" in Notes to Condensed Consolidated Financial Statements for additional information about the accrued amounts relating to ongoing litigation matters and our option to settle $57.5 million of the securities class action lawsuit in shares of our common stock. Our available capital resources, however, may be consumed more rapidly than currently expected, or may be insufficient for our business needs for many reasons, including as a result of our operational cash needs, capital expenditures, and litigation related costs not covered by, or above the limits set forth in, our insurance. In addition, we are subject to covenants under our ABL Facility which could limit our ability to incur additional indebtedness or impact our ability to pursue other financing. If we do not generate sufficient cash from operations, if our capital resources are consumed more rapidly than expected, or if we no longer have access to additional funds under our ABL Facility and we are unable to secure additional funds on acceptable terms, or at all, we may be forced to delay, scale back or eliminate some of our sales and marketing efforts, research and development activities, or other operations; or delay development of our tests in an effort to provide sufficient funds to continue our operations. If any of these events occurs, our ability to achieve our development and commercialization goals could be adversely affected.

From time to time, we enter into purchase commitments or other agreements that may materially impact our liquidity position in future periods.

Because of the technical nature of our business and our focus on science, research, and development, we are highly dependent upon our ability to attract and retain highly qualified and experienced management, scientific, and technical personnel. Loss of the services of or failure to recruit additional key management, scientific, and technical personnel and other qualified personnel who are necessary to operate our business would adversely affect our business, and it may have a material adverse effect on our business as a whole. Additionally, disruptions to our supply chain could cause shortages of critical materials required to conduct our business, which may have a material adverse effect on our business as a whole. In addition, inflation has had, and we expect it will continue to have, an impact on the costs we incur to attract and retain qualified personnel, costs to generate sales and produce diagnostic testing results, and costs of lab supplies.

The following table represents the balances of cash, cash equivalents and marketable investment securities as of the dates set forth in the table below:

(in millions)	September 30, 2023	December 31, 2022	Change
Cash and cash equivalents	$ 76.0	$ 56.9	$ 19.1
Marketable investment securities	10.3	58.0	(47.7)
Long-term marketable investment securities	—	54.8	(54.8)
Cash, cash equivalents and marketable investment securities	$ 86.3	$ 169.7	$ (83.4)

The decrease in cash, cash equivalents, and marketable investment securities was primarily driven by $56.2 million in cash used by operations, $53.2 million used for capital expenditures, and $7.3 million used for the payment of withholding tax for the issuance of common stock, net of proceeds from the issuance of common stock, partially offset by proceeds from the ABL Facility of $40.0 million.

The following table represents the Condensed Consolidated Cash Flow Statement:

(in millions)	Nine Months Ended September 30, 2023	2022	Change
Cash flows used in operating activities	$ (56.2)	$ (99.0)	$ 42.8
Cash flows provided by (used in) investing activities	43.9	(41.9)	85.8
Cash flows provided by (used in) financing activities	31.0	(5.9)	36.9
Effect of foreign exchange rates on cash, cash equivalents, and restricted cash	(0.1)	(1.3)	1.2
Net increase (decrease) in cash and cash equivalents, and restricted cash	18.6	(148.1)	166.7
Cash, cash equivalents, and restricted cash at the beginning of the period	66.4	258.8	(192.4)
Cash, cash equivalents, and restricted cash at the end of the period	$ 85.0	$ 110.7	$ (25.7)

Cash Flows from Operating Activities

We used less cash for operating activities for the nine months ended September 30, 2023, compared to the same period in the prior year, primarily due to the timing of payments for legal settlements. The prior year period included legal settlement payments of $50.0 million, net of amounts received from insurers to offset settlement costs, while the current year period included a legal settlement payment of $20.0 million. In addition, the period in the current year included the receipt of $16.3 million in tenant improvement allowance reimbursements with no corresponding receipts in the prior period.

Cash Flows from Investing Activities

The increase in cash flows from investing activities for the nine months ended September 30, 2023, compared to the same period in the prior year, was primarily due to the $114.9 million net change in cash flows from marketable securities due to sales of marketable securities for the nine months ended September 30, 2023 in comparison to the purchases of marketable securities for the nine months ended September 30, 2022.

Cash Flows from Financing Activities

The increase in cash flows from financing activities for the nine months ended September 30, 2023, compared to the same period in the prior year, was due primarily to proceeds of $40.0 million under the ABL Facility in the current period.

Effects of Inflation

Inflation has had, and may continue to have, an impact on the labor costs we incur to attract and retain qualified personnel, costs to generate sales and produce testing results, and costs of lab supplies. Inflationary costs have impacted our profitability and may continue to adversely affect our business, financial condition and results of operations. In addition, increased inflation has had, and may continue to have, an effect on interest rates. Increased interest rates may adversely affect our borrowing rate and our ability to obtain, or the terms under which we can obtain, any potential additional funding.

Critical Accounting Estimates

Critical accounting estimates are those policies which are both important to the presentation of a company's financial condition and results and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. For a further discussion of our critical accounting estimates, see our Annual Report on Form 10-K filed with the SEC on March 1, 2023. No significant changes to our accounting policies took place during the nine months ended September 30, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to interest rates and foreign currency exchange risks.

We maintain an investment portfolio in accordance with our written investment policy. The primary objectives of our investment policy are to preserve principal, maintain proper liquidity to meet operating needs and maximize yields. Our investment policy specifies credit quality standards for our investments and limits the amount of credit exposure to any single issue, issuer or type of investment.

Our investments consist of debt securities of various types and maturities of one year or less. These securities are classified as available-for-sale. Available-for-sale securities are recorded on the balance sheet at fair market value with unrealized gains or losses reported as part of Accumulated other comprehensive loss. Realized gains and losses on investment security transactions are reported on the specific-identification method. Dividend and interest income are recognized when earned. A decline in the market value of any available-for-sale security below cost that is deemed other-than-temporary results in a charge to earnings and establishes a new cost basis for the security.

Although our investment policy guidelines are intended to ensure the preservation of principal, market conditions can result in high levels of uncertainty. Our ability to trade or redeem the securities in which we invest, including certain corporate bonds, may become difficult. Valuation and pricing of these securities can also become variable and subject to uncertainty. As of September 30, 2023, we had $0.2 million in unrealized losses in our investment portfolio. We do not utilize derivative financial instruments to manage our interest rate risks.

We are exposed to interest rate risk primarily through borrowings under our ABL Facility. An incremental change in the borrowing rate of 100 basis points would increase or decrease our annual interest expense by $0.4 million based on our $40.0 million debt outstanding on our ABL Facility as of September 30, 2023.

We have been and may continue to be exposed to fluctuations in foreign currencies with regard to certain agreements with service providers. While our expenses are predominantly denominated in U.S. dollars, approximately 10% of our revenues are denominated in other currencies, primarily in Japanese yen. A hypothetical 10% change in the value of the Japanese yen relative to the U.S. dollar would result in a 1% change in our revenues. Although we also have certain operations denominated in euros, Swiss francs, and Great British pounds, among other currencies, those operations are subject to less overall market risk due to the revenue and expenses being denominated in the same currency. We do not currently utilize hedging strategies to mitigate foreign currency risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (“Disclosure Controls”) within the meaning of Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our Disclosure Controls are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Our Disclosure Controls are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our Disclosure Controls, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily applied its judgment in evaluating and implementing possible controls and procedures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, we evaluated the effectiveness of the design and operation of our Disclosure Controls, which was done under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based on the evaluation of our Disclosure Controls, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023, our Disclosure Controls were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the nine months ended September 30, 2023 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.

For information regarding certain current legal proceedings, see Note 13, "Commitments and Contingencies" in Notes to Condensed Consolidated Financial Statements, which are included herein.

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors and other cautionary statements described under the heading “Item 1A. Risk Factors” included in our Annual Report on Form 10-K filed with the SEC on March 1, 2023, our Quarterly Report on Form 10-Q filed with the SEC on May 4, 2023, our Quarterly Report on Form 10-Q filed with the SEC on August 4, 2023, and this Quarterly Report on Form 10-Q, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or future results. There have been no material changes in our risk factors from those described in our Annual Report on Form 10-K, our Quarterly Report on Form 10-Q filed with the SEC on May 4, 2023, and our Quarterly Report on Form 10-Q filed with the SEC on August 4, 2023, other than the updates to the risk factors set forth below. We may disclose changes to risk factors or additional risk factors from time to time in our future filings with the SEC.

If we do not generate sufficient cash flow from operations and are unable to secure additional funding, we may have to reduce our operations.

While we believe that our existing cash, cash equivalents and marketable securities, future cash flow from operations, and amounts available for borrowing under our ABL Facility (as defined below) will be sufficient to meet our anticipated cash requirements for at least the next 12 months, changes could occur that would consume available capital resources more quickly than we currently expect and we may need or want to raise additional financing.

On June 30, 2023, we entered into an asset-based revolving credit facility (the “ABL Facility”) with an initial maximum principal amount of $90.0 million with JPMorgan Chase Bank, N.A. as administrative agent and issuing bank, and the other lender parties thereto. On October 31, 2023, we entered into an amendment to the ABL Facility to increase the maximum principal amount of the available revolving line of credit under the ABL Facility by $25.0 million for a total maximum principal commitment under the ABL Facility of $115.0 million. As of September 30, 2023, we had $40.0 million of outstanding borrowings under the ABL Facility. The ABL Facility limits our ability to incur additional indebtedness and requires us to comply with certain minimum liquidity and minimum availability covenants.

If we do not generate sufficient cash from operations, if our capital resources are consumed more rapidly than expected, or if we no longer have access to additional funds under our ABL Facility and are unable to secure additional funding, on acceptable terms or at all, we may be forced to delay the build-out of our new laboratories, delay, scale back or eliminate some of our sales and marketing activities, research and development activities, or other operations, and potentially delay development of our tests in an effort to provide sufficient funds to continue our operations. If any of these events occur, our ability to achieve our development and commercialization goals could be adversely affected.

Our future capital requirements will depend on many factors that are currently unknown to us, including:

- the scope, progress, results and cost of development, clinical testing and pre-market studies of any new tests that we may develop or acquire;
- the progress, results, and costs to develop additional tests;
- our ability to operate our business on a profitable basis;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our current issued patents, and defending intellectual property-related claims;
- our ability to enter into collaborations, licensing or other arrangements favorable to us;
- the costs of acquiring technologies or businesses, and our ability to successfully integrate and achieve the expected benefits of our business development activities and acquisitions;
- the progress, cost and results of our international efforts;
- the costs of expanding our sales and marketing functions and commercial operation facilities in the United States and in new markets;
- the costs, timing and outcome of any litigation against us; and
- the costs to satisfy our current and future obligations.

If we are subject to litigation or other proceedings arising from a claim of infringement of the intellectual property of a third party, we might incur significant costs and delays in test introduction or we could be prevented from using technologies incorporated in our tests.

Our tests may conflict with patents that have been or may be granted to others. Our industry includes many organizations that have or are seeking to discern biomarkers and develop genomic, proteomic and other technologies. To the extent any patents are issued or have been issued to those organizations, the risk increases that the sale of our tests currently being marketed or under development may give rise to claims of patent infringement. Others may have filed and in the future are likely to file patent applications covering biomarkers that are similar or identical to our tests. Any of these patent applications may have priority over our patent applications and these entities or persons could bring legal proceedings against us seeking damages or seeking to enjoin us from testing or marketing our tests. Patent litigation is costly, and even if we prevail, the cost of such litigation could have a material adverse effect on us. If the other parties in any such actions are successful, in addition to any liability for damages, we could be required to cease the infringing activity or obtain a license. Any license required may not be available to us on commercially acceptable terms, if at all. Our failure to obtain a license to any technology that we may require to commercialize our tests could have a material adverse effect on our business. In addition, we could experience delays in product introductions or sales growth while we attempt to develop non-infringing alternatives.

We believe that there has been, and may continue to be, significant litigation in the industry regarding patent and other intellectual property rights. On December 21, 2020, Ravgen, Inc. ("Ravgen") filed a lawsuit against us and our wholly owned subsidiary, Myriad Women's Health, in the U.S. District Court for the District of Delaware, alleging infringement of two patents relating to blood collection tubes and non-invasive prenatal testing analysis. This litigation and any other intellectual property litigation that we may become involved with in the future could consume a substantial portion of our managerial and financial resources. If any such litigation is resolved adversely to us, we could be required to pay damages, cease the infringing activity or pay an ongoing licensing fee for our prenatal tests, each of which could have a material adverse effect on our financial condition, results of operations or cash flows. On October 23, 2023, the Company and Ravgen entered into a settlement agreement pursuant to which the parties agreed to settle the lawsuit. Pursuant to the terms of the settlement agreement, we are required to pay Ravgen a minimum of $12.75 million in three installment payments of $5 million, $5 million, and $2.75 million on or before October 31, 2023, October 31, 2024, and October 31, 2025, respectively. We may also be required to pay Ravgen $21.25 million in five annual installments beginning no earlier than January 1, 2026 if certain conditions are satisfied.

Additionally, third parties may claim that the branding of our products infringes the trademarks, service marks, trade names or otherwise misappropriates or dilutes those third parties’ rights. If we are found to be liable or to have infringed upon those third parties' rights, we may be required to pay damages and rebrand the infringing products. Rebranding can be expensive and time-consuming and may lead to the loss of brand equity or goodwill associated with the rebranded products.

If the government and third-party payors fail to provide coverage and adequate payment for our existing and future tests, if any, our revenue and prospects for profitability will be harmed.

In both domestic and foreign markets, sales of our tests or any future tests will depend in large part upon the availability of reimbursement from third-party payors. Such third-party payors include state and federal health care programs such as Medicare, managed care organizations, private health insurers and other organizations. These third-party payors are increasingly attempting to contain health care costs by demanding price discounts and limiting both coverage regarding which tests they will pay for and the amounts that they will pay for existing and new tests. We have experienced coverage limitations and price reductions for many of our products, including for our GeneSight Psychotropic Mental Health Medication Test, and we may continue to experience future coverage limitations and price reductions from CMS, managed care organizations, and other third-party payors. The fact that a test has been approved for reimbursement in the past, for any particular indication or in any particular jurisdiction, does not guarantee that such a test will be approved or remain approved for reimbursement, that the reimbursement amount approved for such test will not be reduced in the future, or that similar or additional tests will be approved for reimbursement in the future. Historically, we have not received reimbursement from third-party payors or payment from patients for many of our tests. Moreover, there can be no assurance that any new tests we have launched or may launch will be reimbursed at rates that are comparable to the rates that we historically obtained for our existing product portfolio. As a result, third-party payors may not cover or provide adequate payment for our current or future tests to enable us to maintain past levels of revenue or profitability with respect to such tests. Further, third-party reimbursement might not be available to enable us to maintain price levels sufficient to realize an appropriate return on investment in product development.

In addition, under PAMA, Medicare reimbursement for any given test is based on the weighted-median of the payments made by private payors for such test, rendering private payor payment levels even more significant. As a result, future Medicare payments may fluctuate more often and become subject to the willingness of private payors to recognize the value of tests generally and any given test individually. On December 10, 2021, Congress passed the Protecting Medicare and American Farmers from Sequester Cuts Act, which included a provision that delays the next PAMA reporting period for clinical laboratory tests that are not advanced diagnostic tests to January 1, 2023 through March 31, 2023. The Consolidated Appropriations Act, 2023, enacted on December 29, 2022, delayed the next PAMA reporting period for clinical laboratory tests that are not advanced diagnostic tests to January 1, 2024 through March 31, 2024. In addition, the next round of rate cuts will not be implemented until 2024, with tests receiving cuts of up to 15 percent a year from 2024 through 2026. Any declines in average selling prices of our products due to pricing pressures may have an adverse impact on our business, results of operations and financial condition.

Third-party payors may also dispute our billing or coding and may decide to deny payment or recoup payment for testing that they contend to have been not medically necessary, against their coverage determinations, or for which they have otherwise overpaid, and we may be required to refund reimbursements already received. We have also experienced delays or denials of coverage for failure to adequately comply with procedural requirements imposed by third-party payors to obtain reimbursement. We also periodically receive and respond to requests for recoupment from third-party payors in the ordinary course of business. When a third-party payor denies payment for testing, we often are not able to collect payment from the patient, and therefore, we do not receive any revenue from our testing. In addition, if a third-party payor successfully proves that payment for prior testing was in breach of contract or otherwise contrary to law, they may recoup payment, which amounts could be significant and would impact our results of operations. We may also continue to negotiate and settle with third-party payers in order to resolve allegations of overpayment.

Third-party payors, such as commercial health insurers and government payors and programs, may also adopt requirements, programs or policies that may restrict or adversely affect our business. For example, in September 2022, the California Department of Public Health (CDPH) promulgated certain regulatory amendments to the California Prenatal Screening (PNS) Program that made the PNS Program the exclusive means of obtaining cfDNA trisomy screening in California. These regulatory amendments set a price that participating laboratories would receive for each cfDNA test that was substantially lower than laboratories had previously charged, and prohibited laboratories that did not contract with CDPH from participating in the PNS Program and from offering or performing cfDNA trisomy screening in California. As we are not a participating laboratory under the PNS Program, we would have been prohibited from offering or performing our Prequel screening test in California. On September 16, 2022, we filed jointly with Laboratory Corporation of America Holdings (Labcorp) a writ petition in the Superior Court of the State of California, County of San Francisco, against the CDPH and its Director challenging CDPH's ability to make the PNS Program the exclusive means of obtaining cfDNA trisomy screening in California. On September 16, 2022, we also moved jointly with Labcorp for a preliminary injunction to enjoin the implementation and enforcement of the new exclusivity regulation. On November 2, 2022, the Superior Court granted our motion for a preliminary injunction, which allowed us to continue to offer our Prequel screening test in California. On December 17, 2022, we filed jointly with Labcorp a motion for judgment on our writ, through which we sought a permanent injunction to enjoin the implementation and enforcement of the new exclusivity regulation. On April 28, 2023, the Superior Court issued an order granting our motion for a permanent injunction to enjoin the implementation and enforcement of the new exclusivity regulation. On June 1, 2023, the Superior Court issued a final judgment and writ of mandate enjoining the implementation and enforcement of the new exclusivity regulation. The CDPH did not file a notice of appeal. As a result of the foregoing, we expect to continue to be able to offer and perform our Prequel screening test in California. However, the possibility that we might not be able to continue to offer our Prequel screening test in California had a chilling effect on sales of our Prequel screening test in California.

U.S. and foreign governments continue to propose and pass legislation designed to reduce the cost of health care. For example, in some foreign markets, the government controls the pricing of many health care products. We expect that there will continue to be federal and state proposals to implement governmental controls or impose health care requirements. In addition, the Medicare program and increasing emphasis on managed care in the United States will continue to put pressure on product pricing. Cost control initiatives could decrease the price that we would receive for any tests in the future, which would limit our revenue and profitability.

Changes in the way that the FDA regulates tests performed by laboratories like ours could result in delay or additional expense in offering our tests and tests that we may develop in the future.

Historically, the FDA has exercised enforcement discretion with respect to most laboratory developed tests (LDTs) and has generally not required laboratories that furnish LDTs to comply with the agency's requirements for medical devices (e.g., establishment registration, device listing, quality systems regulations, premarket clearance or premarket approval, and post-market controls). As of December 31, 2022, none of our products other than MyChoice CDx and BRACAnalysis CDx are marketed by us under the FDA's requirements for medical devices. In recent years, the FDA publicly announced its intention to regulate certain LDTs and issued two draft guidance documents that set forth a proposed phased-in risk-based regulatory framework that would apply varying levels of FDA oversight to LDTs. However, these guidance documents were not finalized, and in 2017, the FDA issued an informal discussion paper reflecting some of the feedback that FDA had received on the proposed LDT regulatory system. Subsequently, in October 2023, FDA issued a proposed rule to regulate LDTs under the current medical device framework and proposed to phase out the current enforcement discretion policy. The likelihood of the FDA finalizing the proposed rule following a public comment period, as well as potential litigation challenging its authority to take such action, is uncertain at this time as stakeholders prepare comments on the proposed rule and some continue to press for a comprehensive legislative solution instead of administrative agency action. Until any administrative rulemaking is finalized and regulatory changes become effective, the FDA is expected to continue to exercise enforcement discretion; although it may attempt to regulate certain LDTs on a case-by-case basis at any time, which could result in delay or additional expense in offering our tests and tests that we may develop in the future.

In addition, for several years bipartisan members of Congress have been negotiating legislation with the FDA and industry stakeholders to regulate in vitro clinical tests including LDTs under a shared FDA/CMS framework. Most recently, reform legislation entitled the Verifying Accurate, Leading-edge IVCT Development (VALID) Act received increasing congressional support. If enacted, the VALID Act would codify into law the term "in vitro clinical test" (IVCT) to create a new medical product category separate from medical devices that includes products currently regulated as in vitro diagnostics (IVDs) as well as LDTs. The framework would give the FDA the authority to ensure IVCTs are both analytically and clinically valid. CMS would retain the authority to ensure the quality of operations within laboratories. All LDTs on the market prior to enactment of the legislation would be grandfathered and not subject to the new regulation. Although the VALID Act has only been re-introduced in the current Congress, the FDA's recent publication of an LDT proposed rule that would apply the existing medical device framework to laboratory-developed products may renew stakeholder calls for a more targeted approach to modernizing federal oversight of clinical diagnostic tests. It remains possible that congressional action in this area could displace the need for the FDA to complete its recently proposed rulemaking.

It is unclear whether the VALID Act or other diagnostic reform legislation will be passed by Congress or signed into law by the President. Until the FDA finalizes its regulatory position regarding LDTs through formal notice-and-comment rulemaking, or the VALID Act or other legislation is passed reforming the federal government's regulation of LDTs, it is unknown how the FDA may attempt to regulate our tests in the future and what testing and data may be required to support any required clearance or approval of our tests by the agency. If the VALID Act is implemented as drafted, or if the FDA were to finalize the proposed rule to regulate most LDTs as medical devices, it could have a materially adverse impact on our results of operations.

FDA regulation of our GeneSight Psychotropic test could be disruptive to our business.

As described further above, the FDA has long claimed authority to regulate laboratory-developed tests but has exercised its "enforcement discretion" to limit enforcement of in vitro diagnostic regulatory requirements on this category of products. In October 2023, FDA issued a proposed rule to regulate LDTs under the current medical device framework and proposed to phase out the current enforcement discretion policy. Further, the FDA has from time to time appeared to increase its attention to the marketing of pharmacogenetic tests. For example, in late 2018, the FDA issued a safety communication regarding "genetic tests that claim results can be used to help physicians identify which antidepressant medication would have increased effectiveness or side effects compared to other antidepressant medications." This safety communication explained that the FDA had reached out to several firms marketing such pharmacogenetic tests where the FDA believed the relationship between genetic variations and a medication's effects had not been established, including a warning letter to Inova Genomics Laboratory.

In early 2019, we provided the FDA with clinical evidence and other information to support our GeneSight Psychotropic test. Later that year, the FDA requested changes to the GeneSight test offering. Although we disagreed that changes to the test were required, we submitted a proposal regarding the reporting of GeneSight test results to healthcare providers that we believed addressed the FDA's principal concerns and would not affect the benefits that we believe are provided by the GeneSight test.

Since submitting our proposal to the FDA, we engaged with our trade association in their efforts to defend the offering of pharmacogenomic tests as LDTs and to monitor broader developments across the stakeholder community. In response to public letters from the national laboratory trade association and patient groups, on February 20, 2020, the FDA announced a new "collaboration between FDA's Center for Devices and Radiological Health and Center for Drug Evaluation and Research intended to provide the agency's view of the state of the current science in pharmacogenetics." Although the announcement again asserted that some pharmacogenetic test offerings may be potentially dangerous, the agency also acknowledged that pharmacogenetic testing "offers promise for informing the selection or dosing of some medications for certain individuals" when there is sufficient evidence demonstrating a relationship between how a person's genes may impact their metabolism of a drug or how they may respond to the drug. In conjunction with the announcement, the FDA also released an updated "Table of Pharmacogenetic Associations," which lists gene-drug interactions that the agency believes are supported by FDA-approved drug labeling and/or "sufficient scientific evidence based on published literature." The Table has been updated periodically since that time. Based on our discussions with the agency and these developments, we have not implemented our proposal to the FDA regarding the GeneSight test. While we see these developments as signaling a positive shift in the FDA's approach to regulating pharmacogenetic tests, we cannot predict with certainty the outcome of this matter or its timing, or whether the ultimate form of the GeneSight Psychotropic Mental Health Medication test offering, if it must be changed, will have an adverse effect on our revenues from the test.

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

Issuer Purchases of Equity Securities

Our Board of Directors has previously authorized us to repurchase up to $200.0 million of our outstanding common stock, of which $110.7 million is still available to repurchase as of September 30, 2023. We are authorized to complete the repurchase through open market transactions or through an accelerated share repurchase program, in each case to be executed at management's discretion based on business and market conditions, stock price, trading restrictions, acquisition activity and other factors. The repurchase program may be suspended or discontinued at any time without prior notice.

No stock repurchases were made under our stock repurchase program during the nine months ended September 30, 2023.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the fiscal quarter ended September 30, 2023, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits.

10.1+	Separation and Consulting Agreement and Release of Claims, dated October 4, 2023, by and between Myriad Genetics, Inc. and Nicole Lambert.
10.2+	Employment Agreement, dated October 17, 2023, by and between Myriad Genetics, Inc. and Samraat S Raha.
31.1	Certification of Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Furnished).
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 has been formatted in Inline XBRL.

(+) Management contract or compensatory plan arrangement

SIGNATURES

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

MYRIAD GENETICS, INC.

Date: November 7, 2023

By: /s/ Paul J. Diaz

Paul J. Diaz
President and Chief Executive Officer
(Principal executive officer)

Date: November 7, 2023

By: /s/ R. Bryan Riggsbee

R. Bryan Riggsbee
Chief Financial Officer
(Principal financial officer)

Date: November 7, 2023

By: /s/ Natalie Munk

Natalie Munk
Chief Accounting Officer
(Principal accounting officer)

Exhibit 10.2

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement"), made and entered into this 17th day of October, 2023 (the "Effective Date"), by and between Myriad Genetics, Inc., a Delaware corporation (the "Company"), and Samraat S. Raha ("Executive").

WHEREAS, the Company wishes to employ Executive as its Chief Operating Officer;

WHEREAS, Executive represents that Executive has no obligation to any other person or entity which would prevent, limit or interfere with Executive's ability to do so;

WHEREAS, Executive and the Company desire to enter into a formal employment agreement on the terms and conditions set forth below; and

WHEREAS, this Agreement is the employment agreement referenced in the October 17, 2023 Offer Letter agreement between Executive and the Company ("Offer Letter").

NOW, THEREFORE, in consideration of the mutual promises, terms, provisions, and conditions contained herein, the parties agree as follows:

1. Title; Role; Duties.

(a) The Company shall employ Executive as its sole Chief Operating Officer ("COO") beginning on the Commencement Date and continuing for the Term (as such terms are defined in Section 2). Executive accepts such employment upon the terms and conditions set forth herein. During the Term, Executive shall report solely to the Company's Chief Executive Officer (the "CEO"). Executive shall have the duties, responsibilities and authorities normally associated with the position of chief operating officer of a company of a similar size and similar nature of the Company. Executive agrees to faithfully and diligently perform to the best of Executive's ability the duties and responsibilities of his position as COO, as well as any such other duties and responsibilities (which are consistent with such position) as determined by the Board of Directors of the Company (the "Board") and/or CEO from time to time. Executive's principal place of work for the Company shall be in the Company's office locations in South San Francisco, California; provided, however, that Executive shall be permitted to work remotely in accordance with Company policy as it may be amended from time to time.

(b) During the Term and except as provided below, Executive shall devote all of Executive's business time, energies and efforts to the business and affairs of the Company.

(c) Notwithstanding the foregoing, nothing contained in this Section 1 shall prevent or limit Executive's right to manage Executive's personal investments, including the right to make passive investments in the securities of: (i) any entity which Executive does not control, directly or indirectly, provided that such entity does not compete with the Company; or (ii) any publicly held entity so long as Executive's aggregate direct and indirect interest does not exceed five percent (5%) of the issued and outstanding securities of any class of securities of such publicly held entity. For avoidance of doubt, Executive shall not be required to divest any of the debt/equity securities that Executive holds as of the Effective Date provided that Executive has disclosed to the Company prior to the Effective Date any such securities that Executive would be prohibited from owning pursuant to the foregoing sentence. Subject to the consent of the Board or a committee thereof and the procedures associated with obtaining same, Executive shall be permitted to sit on boards of directors or similar governing bodies of other businesses; provided that the Company acknowledges and agrees that Executive may continue to serve on the boards on which he currently serves and that he has disclosed to the Company (and applicable committees thereof) (including without limitation Araceli Biosciences). In addition, nothing in this Section 1 shall prevent or limit Executive's involvement in civic and charitable activities so long as such activities do not interfere with Executive's duties for the Company.

2. Term; Termination.

(a) Term. Executive's employment hereunder shall commence on December 11, 2023 (the "Commencement Date") and shall continue until terminated hereunder by either party. Such term of employment shall be referred to herein as the "Term."

(b) Separation Process and Requirements. Notwithstanding the at-will nature of employment, and subject to the terms and conditions of the Company's Severance and Change of Control Agreement (the "Severance Agreement"), attached hereto as Exhibit A:

(i) In the event of a termination of employment by the Company based on Executive's Disability (as defined in the Severance Agreement), termination shall occur upon written notice by the Company to Executive that Executive's employment is being terminated as a result of Executive's Disability, which termination shall be effective on the date of such notice pursuant to the notice provisions of the Severance Agreement.

(ii) In the event of a termination of employment by the Company for Cause (as defined in the Severance Agreement), termination shall occur upon written notice by the Company to Executive (following any cure period, if applicable) that Executive's employment is being terminated for Cause, which termination shall be effective pursuant to the notice provisions of the Severance Agreement.

(iii) In the event of a termination of employment by the Company for reasons other than Disability or Cause, termination shall occur upon written notice by the Company to Executive that Executive's employment is being terminated, which termination shall be effective on the date of such notice pursuant to the notice provisions of the Severance Agreement.

(iv) In the event of a termination of employment by Executive for Good Reason (as defined in the Severance Agreement), termination shall occur upon written notice by Executive to the Company (following any cure period, if applicable) that Executive is terminating Executive's employment for Good Reason, which termination shall be effective pursuant to the notice provisions of the Severance Agreement.

(v) In the event of a termination of employment by Executive without Good Reason, termination shall occur upon written notice by Executive to the Company that Executive is terminating Executive's employment pursuant to the notice provisions of the Severance Agreement, provided that termination shall be effective at least thirty (30) days after the date of such notice, unless the Company elects an earlier effective date, which the Company may so elect in its sole discretion without such election modifying the nature of such termination.

Notwithstanding anything in this Section 2(b), the Company may at any point terminate Executive's employment for Cause (to the extent Cause exists and the applicable notice and cure periods have been satisfied) prior to the effective date of any other termination contemplated hereunder.

Any notice of termination of Executive's employment shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination.

To the extent any conflict exists between a provision of this Section 2(b) of this Agreement and a provision of the Severance Agreement, the provision of the Severance Agreement shall govern.

(c) Eligibility for Severance and Change in Control Agreement. The Company shall offer Executive, and Executive shall be eligible for benefits under, the Severance Agreement, in accordance with the terms of such Severance Agreement. Except as expressly described in the Severance Agreement, Executive shall not be eligible for any other payments or other forms of compensation or benefits in the event of a termination, and the payments and benefits expressly described in the Severance Agreement shall be the sole remedy, if any, available to Executive in the event that Executive brings any claim against the Company relating to the termination of Executive's employment under this Agreement.

(d) Resignation of All Other Positions. On termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an employee, officer, director, or manager of the Company or any of its affiliates.

3. Compensation.

(a) Base Salary. The Company shall pay Executive a base salary (the "Base Salary") at the annual rate of seven hundred fifty thousand dollars ($750,000.00), subject to withholdings and deductions in accordance with applicable law. Executive's Base Salary shall be reviewed annually and may be increased, but not decreased (other than a reduction of similar magnitude to the base salaries of Company senior executives if there is a reduction of the Company's senior executive base salaries generally), from time to time from the level then in effect. The Base Salary shall be payable in substantially equal periodic installments in accordance with the Company's payroll practices as in effect from time to time.

(b) Annual Cash Incentive Bonus. Executive shall be eligible to receive an annual cash incentive bonus (the "Annual Bonus") in a target amount equal to seventy-five percent (75%) of Executive's Base Salary. The Annual Bonus amount shall be determined as part of the Company's Management Business Objectives ("MBO") program, which includes the assessment of Executive's performance in established areas, the Company's financial performance, and other factors. The Compensation and Human Capital Committee of the Board (the "Compensation Committee") or the CEO, after consultation with Executive, shall in its sole discretion approve MBOs for Executive for each fiscal year of the Company during the Term, which MBOs may consist of individual objectives, pre-established financial performance targets for the Company such as revenue and adjusted operating income, and other objectives. The Annual Bonus shall be paid to Executive no later than March 15th of the calendar year immediately following the calendar year in which it was earned. Executive must be employed by the Company on the date that the Annual Bonus is payable in order to be eligible for such Annual Bonus.

(c) Sign-On Bonus. The Company shall pay Executive a one-time sign-on bonus (the "Sign-On Bonus") in the amount of five hundred thousand dollars ($500,000.00), payable on the Company's first regularly scheduled payroll date in January 2024, provided that if Executive voluntarily terminates employment with the Company (for any reason other than death, Disability, or Good Reason) or the Company terminates Executive's employment for Cause within two (2) years following the Commencement Date (either a "Disqualifying Termination"), then Executive shall be required to repay to the Company some or all of the Sign-On Bonus in accordance with the following terms. If the Disqualifying Termination date occurs before the first anniversary of the Commencement Date then Executive shall repay to the Company the entire amount of the Sign-On Bonus that was paid to Executive. If the Disqualifying Termination date occurs on or after the first anniversary of the Commencement Date and before the second anniversary of the Commencement Date then Executive shall repay to the Company a portion of the Sign-On Bonus amount (with such portion equal to the product of $250,000 multiplied by the difference of 1 minus the quotient of the number of days between the first anniversary of the Commencement Date and the Disqualifying Termination date, divided by 365). Any such repayment of the Sign-On Bonus shall be remitted to the Company within thirty (30) calendar days of the Disqualifying Termination and Executive authorizes and permits the Company to deduct any outstanding repayment amounts from amounts otherwise scheduled to be paid to Executive, to the extent permitted by applicable law. For avoidance of doubt, if Executive's employment terminates for any reason other than a Disqualifying Termination, Executive shall retain the entire Sign-On Bonus (or be paid the full Sign-On Bonus upon termination of employment if the Sign-On Bonus had not been previously paid to Executive).

(d) Initial RSU Grant. As a material inducement to Executive joining the Company, the Company shall grant Executive an initial one-time grant (the "Initial RSU Grant") of restricted stock units ("RSUs") with respect to the Company's common stock, $0.01 par value per share ("Common Stock"). The Initial RSU Grant shall be granted on the Commencement Date, as to a number of RSUs equal to (1) two million dollars ($2,000,000.00) divided by the closing price of a share of the Common Stock on the Nasdaq Stock Market on the last trading day before the Commencement Date and (2) two million dollars ($2,000,000.00) divided by the closing price of a share of the Common Stock on the Nasdaq Stock Market on the last trading day before the date on which the Company makes public disclosure of Executive's being hired. The RSUs shall be subject to the Company's 2017 Employee, Director and Consultant Equity Incentive Plan, as amended (the "2017 Equity Plan"), and the terms of the Company's form Restricted Stock Unit Agreement (the "RSU Agreement"), and shall vest in four (4) equal installments on each of the first four (4) anniversaries of the Commencement Date provided that Executive remains employed by the Company on such dates. The shares of Common Stock issued pursuant to the Initial RSU Grant shall be covered by an effective registration statement (either a Form S-8 or other registration statement with no less favorable effect to Executive than a Form S-8) that is on file with the Securities and Exchange Commission before the issuance of such shares.

(e) 2024 Annual Equity Grant. Executive shall also in 2024 be granted an additional equity award of RSUs valued (based on the closing price of a share of the Common Stock on the last trading day before the grant date) between two million dollars ($2,000,000.00) to three million dollars ($3,000,000.00) in accordance with the Company's annual equity grant cycle, which grant is targeted for March 2024. Such award shall consist of (i) fifty percent (50%) RSUs subject to time-based vesting conditions applicable to similarly situated senior executives of the Company and (ii) fifty percent (50%) RSUs subject to vesting upon meeting certain performance metrics and time-based vesting conditions applicable to similarly situated senior executives of the Company, in each case subject to Executive's continuous employment with the Company through each vesting date and subject to the 2017 Equity Plan, RSU Agreement, and as determined by the Company's Compensation Committee in its sole discretion.

(f) Paid Time Off. Executive may take paid time off each year, to be scheduled to minimize (to the extent reasonably possible) disruption to the Company's operations, pursuant to the terms and conditions of the Company's policies and practices as applied to the Company's senior executives.

(g) Fringe Benefits; Insurance. Executive shall be entitled to participate in all benefit, retirement, and welfare plans and fringe benefits provided to similarly situated executives of the Company, if and when the Company offers such plans and benefits, subject to the terms of each applicable plan. Executive understands that, except when prohibited by applicable law or the terms of the applicable plan, the Company's benefit and retirement plans and fringe benefits may be amended or terminated by the Company from time to time in its sole discretion. Executive shall be covered, to the same extent as similarly situated senior executives of the Company, under any Company maintained directors and officers errors and omissions liability insurance policy.

(h) Reimbursement of Expenses. The Company shall reimburse Executive for all ordinary and reasonable out-of-pocket business expenses incurred by Executive in furtherance of the Company's business in accordance with the Company's policies and procedures with respect thereto as in effect from time to time. Executive shall travel via first class or business class for all business-related travel. Without limiting the foregoing, within 30 days after the Effective Date, the Company shall pay Executive or Executive's legal counsel for legal fees in an amount not to exceed twenty thousand dollars ($20,000.00) incurred in connection with this Agreement and its exhibits and related materials. All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code") including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive's employment with the Company; (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year; (iii) the reimbursement of an eligible expense shall be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

4. Forfeiture/Clawback. Any amounts payable hereunder or in the future by the Company are subject to any policy (whether currently in existence or later adopted) established by the Company providing for clawback or recovery of amounts that were paid to Executive. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

5. Indemnification. Executive shall be entitled to indemnification with respect to Executive's services provided hereunder pursuant to Utah law, and the Company's Certificate of Incorporation, By-Laws and standard Director and Executive Officer Indemnification Agreement, attached as Exhibit B hereto.

6. Confidentiality; Restrictive Covenants; Inventions Assignment. In light of the competitive and proprietary aspects of the business of the Company, and as a condition of Executive's employment hereunder, Executive agrees to execute and abide by the Company's Employee Invention Assignment, Confidentiality, and Restrictive Covenants Agreement, attached as Exhibit C hereto.

7. Return of Property and Records. Upon the termination of Executive's employment hereunder for any reason, Executive shall: (a) return to the Company all Company confidential information and copies thereof (regardless of how such confidential information or copies are maintained) then in Executive's possession or control; and (b) deliver to the Company any property of the Company which may be in Executive's possession or control, including, but not limited to, cell phones, smart phones, laptops, products, materials, memoranda, notes, records, reports or other documents or photocopies of the same; provided that Executive may retain copies of applicable benefit plans, contracts to which he personally (*i.e.*, not in his capacity as a Company employee) is a party, and his personal contacts, calendars, and correspondence. For avoidance of doubt, Executive shall keep his cell phone number as his own personal property.

8. Certification Regarding Conflicting Obligations. Executive hereby represents and warrants that: (a) the execution of this Agreement and the performance of Executive's obligations hereunder shall not breach or be in conflict with any other agreement to which Executive is a party or is bound, or any other obligation or undertaking of Executive; (b) Executive is not subject to any covenant against competition or similar covenant, or any court order, or any other legal obligation that would restrict, limit or affect the performance of Executive's obligations hereunder; and (c) all facts Executive has presented to the Company are accurate and true in all material respects. Executive agrees that (y) Executive shall not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent; and (z) Executive shall be subject to the Company's Stock Ownership Guidelines, as such guidelines are amended from time to time.

9. Taxation. All compensation, payments and benefits provided to Executive hereunder shall be subject to applicable and customary withholdings and deductions as required under law, statute, regulation, rule or term of any employee benefit plan in which Executive participates.

10. Code Section 409A. Executive acknowledges and agrees that the Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit arising under this Agreement, including but not limited to consequences related to Code Section 409A, as set forth in greater detail in the Severance Agreement.

11. Code Section 280G. Executive and the Company are bound by the Code Section 280G provisions set forth in greater detail in the Severance Agreement.

12. Cooperation. The parties agree that certain matters in which the Executive will be involved during the Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board or the CEO, the Executive shall reasonably cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, except for any cooperation relating to any litigation or similar proceeding involving the Company, shall compensate Executive (using an hourly rate equal to Executive's final Base Salary divided by 2,080) for any time expended in excess of twenty hours under this Section 12.

13. General.

(a) Notices. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) sent by overnight courier, (iii) sent by registered mail, return receipt requested, postage prepaid; or (iv) by electronic mail. All notices, requests, consents and other communications hereunder shall be deemed to have been given either (A) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth in Executive's Employment Agreement, (B) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, (C) if sent by registered mail, on the fifth business day following the day such mailing is made or (D) if by electronic mail, then immediately upon delivery thereof to the receiving party's email address.

Notices to Executive shall be sent to:

The last known address in the Company's records or such other address as Executive may specify in writing.

Notices to the Company shall be sent to:

Myriad Genetics, Inc. 322 North 2200 West
Salt Lake City, Utah 84116
Attn: President and Chief Executive Officer Attn: Chief Legal Officer

or to such other the Company representative as the Company may specify in writing.

(b) Modifications; Amendments; Waivers; Consents. The terms of this Agreement may be modified or amended only by written agreement executed by the parties hereto. The terms of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

(c) Assignment. The Company shall require any successor to all or substantially all of the Company's business and/or assets to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Executive may not assign Executive's rights and obligations under this Agreement without the prior written consent of the Company.

(d) Governing Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Utah, without giving effect to any choice or conflict of law provision or rule. Any legal action permitted by this Agreement to enforce an award or for a claimed breach shall be governed by the laws of the State of Utah, and shall be commenced and maintained solely in any state or federal court located in the State of Utah, and both parties hereby submit to the jurisdiction and venue of any such court.

(e) Headings and Captions. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

(f) Entire Agreement. This Agreement, together with the other agreements specifically referenced herein, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement. Except as otherwise expressly provided in Section 2(b), to the extent any conflict exists between any provision of this Agreement and any other provision of any agreement between the parties (including without limitation the Offer Letter or any exhibit to this Agreement) or any Company policy, the provision of this Agreement shall govern.

(g) Counterparts. This Agreement may be executed in two or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For all purposes an electronic signature shall be treated as an original.

(h) No Mitigation. Except as required by applicable law or any Company clawback policy applicable to similarly situated senior executives, in no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under this Agreement (or its exhibits), nor shall the amount of any payment or benefit under this Agreement (or its exhibits) be reduced by any compensation earned by the Executive as a result of employment by another employer, other than as described in Section 2(c)(iv) and Section 2(e)(iv) of the Severance Agreement.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

SAMRAAT S. RAHA

By: /s/ Samraat S. Raha
Samraat S. Raha

MYRIAD GENETICS, INC.

By: /s/ Paul J. Diaz
Paul J. Diaz
President and Chief Executive Officer

Exhibit A

Severance and Change of Control Agreement

Exhibit B

Indemnification Agreement

Exhibit C

Employee Invention Assignment, Confidentiality, and Restrictive Covenants Agreement

Exhibit 31.1

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Paul J. Diaz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Myriad Genetics, Inc.;

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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023

By: /s/ Paul J. Diaz

Paul J. Diaz
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, R. Bryan Riggsbee, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Myriad Genetics, Inc.;

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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023

By: /s/ R. Bryan Riggsbee

R. Bryan Riggsbee
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Myriad Genetics, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2023

By: /s/ Paul J. Diaz

Paul J. Diaz
President and Chief Executive Officer
Principal Executive Officer

Date: November 7, 2023

By: /s/ R. Bryan Riggsbee

R. Bryan Riggsbee
Chief Financial Officer
Principal Financial and Accounting Officer