

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

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

**For the quarterly period ended June 30, 2024**

**Commission file number 001-39482**



**GeneDx Holdings Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**85-1966622**

(I.R.S. Employer Identification No.)

**333 Ludlow Street, North Tower; 6th Floor  
Stamford, Connecticut 06902**

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(888) 729-1206**

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Class A common stock, par value \$0.0001 per share	WGS	The Nasdaq Stock Market LLC
Warrants to purchase one share of Class A common stock, each at an exercise price of \$379.50 per share	WGSWW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 Act). Yes  No

The registrant had 26,935,897 shares of Class A common stock, par value \$0.0001, outstanding at July 22, 2024.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report, including matters discussed under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” may constitute forward-looking statements for purposes of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, (the “Exchange Act”), and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. The words “anticipate,” “believe,” “estimate,” “may,” “expect” and similar expressions are generally intended to identify forward-looking statements. Our actual results may differ materially from the results anticipated in these forward-looking statements due to a variety of factors, including, without limitation, those discussed under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this report, as well as other factors which may be identified from time to time in our other filings with the Securities and Exchange Commission (the “SEC”), or in the documents where such forward-looking statements appear. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. Such forward-looking statements include, but are not limited to, statements about:

- our estimates of the sufficiency of our existing capital resources combined with future anticipated cash flows and future capital requirements to finance our operating requirements, and capital expenditures;
- our expectations for generating revenue, incurring losses, and becoming profitable on a sustained basis;
- unforeseen circumstances or other disruptions to normal business operations arising from general economic and political conditions such as recessions, fluctuating inflation and interest rates, supply chain interruptions and manufacturing constraints, public health emergencies, natural disasters, acts of terrorism or other uncontrollable events;
- our expectations regarding our ability to scale to profitability, our plans to pursue a new strategic direction, and the cost savings and impact on our gross margins from exiting our reproductive and women’s business and our somatic tumor testing business;
- our ability to successfully implement our business strategy;
- our expectations or ability to enter into service, collaboration and other partnership agreements;
- our expectations or ability to build our own commercial infrastructure to scale market and sell our products;
- actions or authorizations by the U.S. Food and Drug Administration (“FDA”), or other regulatory authorities;
- risks related to governmental regulation and other legal obligations, including privacy, data protection, information security, consumer protection, and anti-corruption and anti-bribery;
- our ability to obtain and maintain intellectual property protection for our product candidates;
- our ability to compete against existing and emerging technologies;
- third-party payor reimbursement and coverage decisions, negotiations and settlements;
- our reliance on third-party service providers for our data programs;
- our accounting estimates and judgments, including our expectations regarding the adequacy of our reserves for third party payor claims and our conclusions regarding the appropriateness of the carrying value of intangible assets;
- our stock price and its volatility;
- the agreement in principle to resolve a pending class action lawsuit; and
- our ability to attract and retain key personnel.

The forward-looking statements contained in this report reflect our views and assumptions only as of the date that this report is signed. Except as required by law, we assume no responsibility for updating any forward-looking statements.

We qualify all of our forward-looking statements by these cautionary statements. In addition, with respect to all of our forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

**Part I - Financial Information****Item 1. Condensed Consolidated Financial Statements**

**GeneDx Holdings Corp.**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except share and per share amounts)

	June 30, 2024 (Unaudited)	December 31, 2023
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 56,076	\$ 99,681
Marketable securities	50,784	30,467
Accounts receivable	25,500	32,371
Due from related parties	693	445
Inventory, net	10,322	8,777
Prepaid expenses and other current assets	18,792	10,598
Total current assets	162,167	182,339
Operating lease right-of-use assets	25,624	26,900
Property and equipment, net	31,339	32,479
Intangible assets, net	165,613	172,625
Other assets	4,357	4,413
Total assets	\$ 389,100	\$ 418,756
<b>Liabilities and Stockholders' Equity:</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 51,959	\$ 37,456
Due to related parties	1,213	1,379
Short-term lease liabilities	4,001	3,647
Other current liabilities	11,097	16,336
Total current liabilities	68,270	58,818
Long-term debt, net of current portion	52,160	52,688
Long-term lease liabilities	60,800	62,938
Other liabilities	12,660	14,735
Deferred taxes	1,167	1,560
Total liabilities	195,057	190,739
Commitments and contingencies (Note 9)		
<b>Stockholders' Equity:</b>		
Preferred Stock, \$0.0001 par value: 1,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2024 and December 31, 2023	—	—
Class A common stock, \$0.0001 par value: 1,000,000,000 shares authorized, 26,926,383 and 25,978,863 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	2	2
Additional paid-in capital	1,543,182	1,527,778
Accumulated deficit	(1,349,600)	(1,300,188)
Accumulated other comprehensive income	459	425
Total stockholders' equity	194,043	228,017
Total liabilities and stockholders' equity	\$ 389,100	\$ 418,756

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**GeneDx Holdings Corp.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)**  
(in thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
<b>Revenue</b>				
Diagnostic test revenue	\$ 69,439	\$ 46,635	\$ 130,543	\$ 88,485
Other revenue	1,075	2,071	2,393	3,360
Total revenue	70,514	48,706	132,936	91,845
<b>Cost of services</b>				
Gross profit	42,952	18,757	80,363	33,993
Research and development	10,902	17,138	22,469	31,730
Selling and marketing	16,585	15,182	32,670	28,634
General and administrative	25,170	37,341	47,615	81,030
Impairment loss	—	—	—	2,120
Other operating expenses, net	874	718	1,848	2,465
Loss from operations	(10,579)	(51,622)	(24,239)	(111,986)
<b>Non-operating income (expenses), net</b>				
Change in fair value of warrants and earn-out contingent liabilities	(4,409)	3,547	(10,510)	94
Interest expense, net	(894)	1,074	(1,491)	1,039
Other expense, net	(13,481)	86	(13,444)	2,802
Total non-operating income, net	(18,784)	4,707	(25,445)	3,935
Loss before income taxes	(29,363)	(46,915)	(49,684)	(108,051)
Income tax benefit	190	196	272	343
Net loss	\$ (29,173)	\$ (46,719)	\$ (49,412)	\$ (107,708)
<b>Other comprehensive loss, net of tax</b>				
Unrealized gain related to available for sale securities, net	168	—	34	—
Comprehensive loss	\$ (29,005)	\$ (46,719)	\$ (49,378)	\$ (107,708)
<b>Weighted average shares outstanding of Class A common stock</b>				
Basic and diluted net loss per share, Class A common stock	\$ (1.10)	\$ (1.84)	\$ (1.88)	\$ (4.73)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**GeneDx Holdings Corp.**  
**Condensed Consolidated Statements of Stockholders' Equity (Unaudited)**  
(in thousands, except share amounts)

	Three months ended June 30, 2024						
	Class A Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Total stockholders' equity	
	Shares	Par value					
<b>Balance at March 31, 2024</b>	26,122,348	\$ 2	\$ 1,527,351	\$ (1,320,427)	\$ 291	\$ 207,217	
Net loss	—	—	—	(29,173)	—	(29,173)	
Common stock issued pursuant to stock option exercises	27,069	—	137	—	—	137	
Common stock issued pursuant to Perceptive warrant exercise	645,414	—	12,586	—	—	12,586	
Stock-based compensation expense	—	—	3,108	—	—	3,108	
Other comprehensive loss, net of tax	—	—	—	—	168	168	
Vested restricted stock units converted to common stock	131,552	—	—	—	—	—	
<b>Balance at June 30, 2024</b>	<b>26,926,383</b>	<b>\$ 2</b>	<b>\$ 1,543,182</b>	<b>\$ (1,349,600)</b>	<b>\$ 459</b>	<b>\$ 194,043</b>	
	Six months ended June 30, 2024						
	Class A Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Total stockholders' equity	
	Shares	Par value					
<b>Balance at December 31, 2023</b>	25,978,863	\$ 2	\$ 1,527,778	\$ (1,300,188)	\$ 425	\$ 228,017	
Net loss	—	—	—	(49,412)	—	(49,412)	
Common stock issued pursuant to stock option exercises	31,946	—	161	—	—	161	
Common stock issued pursuant to Perceptive warrant exercise	645,414	—	12,586	—	—	12,586	
Stock-based compensation expense	—	—	2,657	—	—	2,657	
Other comprehensive loss, net of tax	—	—	—	—	34	34	
Vested restricted stock units converted to common stock	270,160	—	—	—	—	—	
<b>Balance at June 30, 2024</b>	<b>26,926,383</b>	<b>\$ 2</b>	<b>\$ 1,543,182</b>	<b>\$ (1,349,600)</b>	<b>\$ 459</b>	<b>\$ 194,043</b>	
	Three months ended June 30, 2023						
	Class A Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Total stockholders' equity	
	Shares	Par value					
<b>Balance at March 31, 2023</b>	24,193,436	\$ 2	\$ 1,513,877	\$ (1,185,410)	\$ —	\$ 328,469	
Net loss	—	—	—	(46,719)	—	(46,719)	
Stock-based compensation expense	—	—	107	—	—	107	
Vested restricted stock units converted to common stock	159,780	—	—	—	—	—	
Issuance of Class A common shares in registered direct offering, net of issuance costs	676,868	—	7,564	—	—	7,564	
Issuance of Class A common shares for first Milestone Payment	701,460	—	6,692	—	—	6,692	
Fractional shares issued upon Reverse Stock Split	29,603	—	—	—	—	—	
<b>Balance at June 30, 2023</b>	<b>25,761,147</b>	<b>\$ 2</b>	<b>\$ 1,528,240</b>	<b>\$ (1,232,129)</b>	<b>\$ —</b>	<b>\$ 296,113</b>	
	Six months ended June 30, 2023						
	Class A Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Total stockholders' equity	
	Shares	Par value					
<b>Balance at December 31, 2022</b>	11,773,065	\$ 1	\$ 1,378,125	\$ (1,124,421)	\$ —	\$ 253,705	
Net loss	—	—	—	(107,708)	—	(107,708)	
Common stock issued pursuant to stock option exercises	50,444	—	265	—	—	265	
Stock-based compensation expense	—	—	156	—	—	156	
Vested restricted stock units converted to common stock	213,955	—	—	—	—	—	
Issuance of Class A common shares in registered direct offering, net of issuance costs	676,868	—	7,564	—	—	7,564	
Issuance of Class A common shares for first Milestone Payment	701,460	—	6,692	—	—	6,692	
Fractional shares issued upon Reverse Stock Split	29,603	—	—	—	—	—	
Issuance of Class A common shares in underwritten public offering, net of issuance costs	12,315,752	1	135,438	—	—	135,439	
<b>Balance at June 30, 2023</b>	<b>25,761,147</b>	<b>\$ 2</b>	<b>\$ 1,528,240</b>	<b>\$ (1,232,129)</b>	<b>\$ —</b>	<b>\$ 296,113</b>	

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**GeneDx Holdings Corp.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
(in thousands)

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Net loss	\$ (49,412)	\$ (107,708)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	10,466	18,968
Stock-based compensation expense	2,657	156
Change in fair value of warrants and contingent liabilities	10,510	(94)
Deferred tax benefit	(272)	(343)
Provision for excess and obsolete inventory	109	2,620
Legal reserves	13,450	—
Change in third party payor reserves	1,066	(4,308)
Gain on sale of assets	—	(2,954)
Gain on debt forgiveness	—	(2,750)
Impairment loss	—	2,120
Other	1,738	412
Change in operating assets and liabilities:		
Accounts receivable	6,871	10,174
Inventory	(1,654)	(486)
Accounts payable and accrued expenses	(10,359)	(25,399)
Other assets and liabilities	(6,088)	531
Net cash used in operating activities	(20,918)	(109,061)
<b>Investing activities</b>		
Consideration on escrow paid for GeneDx acquisition	—	(12,144)
Purchases of property and equipment	(1,795)	(2,762)
Proceeds from sales of assets	—	3,634
Purchases of marketable securities	(29,381)	—
Proceeds from sales of marketable securities	598	—
Proceeds from maturities of marketable securities	8,720	—
Development of internal-use software assets	—	(461)
Net cash used in investing activities	(21,858)	(11,733)
<b>Financing activities</b>		
Proceeds from offerings, net of issuance costs	—	143,002
Exercise of stock options	161	266
Long-term debt principal payments	—	(2,000)
Finance lease payoff and principal payments	(990)	(1,222)
Net cash (used in) provided by financing activities	(829)	140,046
Net (decrease) increase in cash, cash equivalents and restricted cash	(43,605)	19,252
Cash, cash equivalents and restricted cash, at beginning of period	100,668	138,303
Cash, cash equivalents and restricted cash, at end of period	\$ 57,063	\$ 157,555
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest	\$ 4,033	\$ 946
Cash paid for taxes	\$ 557	\$ 1,003
Stock consideration paid for purchase of business	\$ —	\$ 6,692
Stock consideration paid pursuant to exercise of Perceptive warrant	\$ 12,586	\$ —
Purchases of property and equipment in accounts payable and accrued expenses	\$ 501	\$ 109
Assets acquired under capital leases obligations	\$ 689	\$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

## GeneDx Holdings Corp.

### Notes to Unaudited Condensed Consolidated Financial Statements

#### 1. Organization and Description of Business

GeneDx Holdings Corp., through its subsidiary GeneDx, LLC, is a leading genomics company—one that sits at the intersection of diagnostics and data science, pairing decades of genomic expertise with an ability to interpret clinical data at scale. The Company is focused on delivering personalized and actionable health insights to inform diagnosis, direct treatment and improve drug discovery. The Company believes it is well-positioned to accelerate the use of genomics and leverage large-scale clinical data to enable precision medicine as the standard of care. With a focus in pediatric and rare diseases, the Company believes it has a competitive advantage in these two areas and can deliver on its vision today. GeneDx LLC serves healthcare professionals who work with their patients and bills third-party payors across the United States.

Unless otherwise stated herein or unless the context otherwise requires, references in these notes to:

- “GeneDx Holdings” refers to GeneDx Holdings Corp., a Delaware corporation (f/k/a Sema4 Holdings Corp. (“Sema4 Holdings”));
- “Legacy GeneDx” refers to GeneDx, LLC, a Delaware limited liability company (formerly, GeneDx, Inc., a New Jersey corporation), which we acquired on April 29, 2022 (the “Acquisition”);
- “Legacy Sema4” refers to Mount Sinai Genomics, Inc. d/b/a as Sema4, a Delaware corporation, which consummated the business combination with CM Life Sciences, Inc. (“CMLS”) on July 22, 2021 (the “Business Combination”); and
- “we,” “us” and “our,” the “Company” and “GeneDx” refer, as the context requires, to:
  - Legacy Sema4 prior to the Business Combination, and GeneDx Holdings and its consolidated subsidiaries following the consummation of the Business Combination; and
  - Legacy GeneDx prior to the Acquisition, and GeneDx Holdings and its consolidated subsidiaries following the consummation of the Acquisition.

#### 2. Summary of Significant Accounting Policies

##### *Basis of Presentation*

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and pursuant to the accounting disclosure rules and regulations of the SEC regarding interim financial reporting. Accordingly, the condensed consolidated financial statements do not include all of the information and footnotes required by U.S. GAAP. These condensed financial statements consolidate the operations and accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated. Unless otherwise noted, all tabular dollars are in thousands, except per share amounts. Certain reclassifications have been made to the prior year condensed consolidated financial statements in order to conform to the current year’s presentation.

In the opinion of management, the condensed consolidated financial statements reflect all normal recurring adjustments considered necessary for a fair statement of the financial position and the results of operations of the Company for the interim periods presented. Interim results are not necessarily indicative of the results of operations or cash flows for a full year or any subsequent interim period. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”).

##### *Emerging Growth Company*

The Company is an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012. In addition, the Company was previously a “smaller reporting company”, as defined in Item 10(f)(1) of the U.S. Securities and Exchange Commission’s Regulation S-K and currently takes advantage of certain of the scaled disclosures available to smaller reporting companies. As such, the Company is eligible for exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including reduced reporting, including the reporting of two fiscal years of financial statements, not being required to provide an auditor attestation of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, and extended transition periods to comply with new or revised accounting standards for public business entities. The Company has elected to avail itself of this exemption and, therefore, will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.



**Use of Estimates**

The preparation of our condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the related disclosures at the date of the condensed consolidated financial statements as well as the reported amounts of revenues and expenses during the periods presented. The Company bases these estimates on current facts, historical and anticipated results, trends and various other assumptions that it believes are reasonable in the circumstances, including assumptions as to future events. These estimates include, but are not limited to, the transaction price for certain contracts with customers, potential or actual claims for recoupment from third-party payors, the valuation of stock-based awards, the valuation of warrant liabilities, income taxes and intangible assets. Changes in estimates are recorded in the period in which they become known. Actual results could differ materially from those estimates, judgments and assumptions.

**Summary of Significant Accounting Policies**

The Company’s significant accounting policies are described in Note 2, “*Summary of Significant Accounting Policies*” to the consolidated financial statements included in the 2023 Form 10-K. There have been no material changes to the Company’s critical accounting policies and estimates in the current period.

**Concentration of Credit Risk and Other Risks and Uncertainties**

The Company assesses both the self-pay patient and, if applicable, the third-party payor that reimburses the Company on the patient’s behalf when evaluating concentration of credit risk. Significant patients and payors are those that represent more than 10% of the Company’s total revenues for the period or accounts receivable balance at each respective balance sheet date. The significant concentrations of accounts receivable as of June 30, 2024 and December 31, 2023 were primarily from large managed care insurance companies, institutional billed accounts, and data arrangements. The Company does not require collateral as a means to mitigate customer credit risk.

For each significant payor, revenue as a percentage of total revenues and accounts receivable as a percentage of total accounts receivable are as follows:

	Revenue				Accounts Receivable	
	Three months ended June 30,		Six months ended June 30,		June 30,	December 31,
	2024	2023	2024	2023	2024	2023
Payor A <sup>(1)</sup>	21%	14%	20%	14%	*	*
Payor B	29%	28%	29%	26%	*	10%

\* Less than 10%

(1) This payor group includes multiple individual plans and the Company calculates and presents the aggregated value from all plans, which is consistent with the Company’s portfolio approach used in accounting for diagnostic test revenue.

The Company is subject to a concentration of risk from a limited number of suppliers for certain reagents and laboratory supplies. One supplier accounted for approximately 16% and 14% of purchases for the three months ended June 30, 2024 and 2023, respectively, and 12% and 14% for the six months ended June 30, 2024 and 2023, respectively. A second supplier accounted for approximately 13% and 13% of purchases for the three months ended June 30, 2024 and 2023, respectively, and 10% and 11% for the six months ended June 30, 2024 and 2023, respectively. This risk is managed by maintaining a target quantity of surplus stock. Alternative suppliers are available for some or all of these reagents and supplies.

**Recently Issued Accounting Pronouncements Not Yet Adopted**

In December 2023, the Financial Accounting Standards Board (the “FASB”) issued ASU 2023-09, *Income Taxes – Improvements to Income Tax Disclosures* (“ASU 2023-09”). The standard requires additional disclosures around disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 will be effective for annual periods beginning after December 15, 2024, with early adoption permitted. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. The Company does not expect the adoption of ASU 2023-09 to have a material impact on its consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). The standard requires enhanced segment reporting disclosures, including significant segment expenses and other segment items. Additionally, the standard requires public entities to provide in interim periods all disclosures about a reportable segment’s profit or loss and assets that are currently required annually. ASU 2023-07 will be effective for annual periods beginning after December 15, 2023, and for interim periods beginning after December 15, 2024, with early adoption permitted. The guidance will

be applied retrospectively to all periods presented in financial statements unless it is impractical to do so. The Company does not expect the adoption of ASU 2023-07 to have a material impact on its consolidated financial statements and related disclosures.

### 3. Revenue Recognition

#### *Disaggregated Revenue*

The following table summarizes the Company's disaggregated revenue by payor category:

	Three months ended June 30,					
	2024			2023		
	GeneDx	Legacy Sema4	Consolidated	GeneDx	Legacy Sema4	Consolidated
Diagnostic test revenue:						
Patients with third-party insurance	\$ 50,462	\$ 1,590	\$ 52,052	\$ 27,093	\$ 3,480	\$ 30,573
Institutional customers	16,695	—	16,695	15,748	—	15,748
Self-pay patients	692	—	692	314	—	314
Total diagnostic test revenue	67,849	1,590	69,439	43,155	3,480	46,635
Other revenue	1,075	—	1,075	2,071	—	2,071
Total	\$ 68,924	\$ 1,590	\$ 70,514	\$ 45,226	\$ 3,480	\$ 48,706

	Six months ended June 30,					
	2024			2023		
	GeneDx	Legacy Sema4	Consolidated	GeneDx	Legacy Sema4	Consolidated
Diagnostic test revenue:						
Patients with third-party insurance	\$ 93,340	\$ 2,551	\$ 95,891	\$ 49,976	\$ 5,926	\$ 55,902
Institutional customers	33,369	—	33,369	31,808	—	31,808
Self-pay patients	1,283	—	1,283	775	—	775
Total diagnostic test revenue	127,992	2,551	130,543	82,559	5,926	88,485
Other revenue	2,393	—	2,393	3,360	—	3,360
Total	\$ 130,385	\$ 2,551	\$ 132,936	\$ 85,919	\$ 5,926	\$ 91,845

#### *Reassessment of Variable Consideration*

Subsequent changes to the estimate of the transaction price, determined on a portfolio basis when applicable, are generally recorded as adjustments to revenue in the period of the change. The Company updates estimated variable consideration quarterly.

For the three months ended June 30, 2024 and 2023, the total change in estimate resulted in a net increase to revenue of \$7.2 million and \$3.5 million, respectively, resulting from 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 potential and actual settlements with third party payors. The change in estimate also included an increase in revenue related to a partial release of a previously established payor reserve, as further disclosed in the "Certain Payor Matters" section below. The quarterly change in estimate did not result in material adjustments to the Company's previously reported revenue or accounts receivable amounts.

#### *Certain Payor Matters*

As noted above, third-party payors, including government programs, may decide to deny payment or seek to recoup payments for tests performed by the Company that they contend were improperly billed, not medically necessary or against their coverage determinations, or for which they believe they have otherwise overpaid, including as a result of their own error. As a result, the Company may be required to refund payments already received, and the Company's revenues may be subject to retroactive adjustment as a result of these factors among others, including without limitation, differing interpretations of billing and coding guidance, and changes by government agencies and payors in interpretations, requirements, policies and/or "conditions of participation" in various programs. The Company processes requests for recoupment from third-party payors in the ordinary course of its business, and it is likely that the Company will continue to do so in the future. If a third-party payor denies payment for testing or recoups money from the Company in a later period, reimbursement and the associated recognition of revenue for the Company's testing services could decline.

From time to time, the Company may have an obligation to reimburse Medicare, Medicaid, and third-party payors for overpayments regardless of fault. Settlements with third-party payors for retroactive adjustments due to audits, reviews, or

investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, the Company's historical settlement activity (if any), and the Company's assessment of the probability a significant reversal of cumulative revenue recognized will occur when the uncertainty is subsequently resolved. Estimated settlements are adjusted in future periods as such adjustments become known (that is, if new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

On December 30, 2022, the Company entered into a settlement agreement with one of its third-party payors (the "Payor") in order to settle the claims related to coverage and billing matters allegedly resulting in the overpayments by the Payor to Legacy Sema4 (the "Disputed Claims"). Under the settlement agreement, \$42.0 million is to be paid by the Company to the Payor in a series of payments each year through June 30, 2026. As of June 30, 2024, \$22.0 million in scheduled payments under the agreement remain with \$10.0 million due December 2024, \$10.0 million in December 2025 and \$2.0 million in 2026. In consideration for these payments, the Payor provided releases of the Disputed Claims, effective March 31, 2023.

As a result of this matter, and in connection with a review of certain billing policies and procedures undertaken by management, the Company considered the need to establish reserves for potential recoupments of payments previously made by third-party payors. As of June 30, 2024 and December 31, 2023, \$25.1 million and \$27.0 million of liabilities were recorded in accounts payable and accrued expenses and other liabilities, respectively. The Company uses estimates, judgments, and assumptions to assess whether it is probable that a significant reversal in the amount of cumulative revenue may occur in future periods, based upon information presently available. These estimates are subject to change. In addition, as discussed above, the Company has made certain adjustments to its estimated variable consideration as result of this matter and other potential settlements with payors.

#### **Remaining Performance Obligations**

Due to the long-term nature of collaboration service agreements, the Company's obligations pursuant to such agreements represents partially unsatisfied performance obligations at June 30, 2024. The revenues under these existing long-term service agreements are estimated to be approximately \$2.1 million. The Company expects to recognize the majority of this revenue over the next nine months.

#### **Costs to Fulfill Contracts**

Costs associated with fulfilling the Company's performance obligations pursuant to its collaboration service agreements include costs for services that are subcontracted to Icahn School of Medicine at Mount Sinai ("ISMMMS"). Amounts are generally prepaid and then expensed in line with the pattern of revenue recognition. Prepayment of amounts prior to the costs being incurred are recognized on the condensed consolidated balance sheets as current or non-current assets based upon forecasted performance.

As of June 30, 2024 and December 31, 2023, deferred costs to fulfill contracts were nominal. At each period, all outstanding deferred costs were recorded as other current assets.

The cost recognized was \$0.3 million and \$0.5 million for the three months ended June 30, 2024 and 2023, respectively, and \$0.7 million and \$1.1 million for the six months ended June 30, 2024 and 2023, respectively. These costs are recorded in the cost of services in the condensed consolidated statements of operations and comprehensive loss.

#### **4. Fair Value Measurements**

The following tables set forth the fair value of financial instruments that were measured at fair value on a recurring basis:

	<b>June 30, 2024</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets:</b>				
Money market funds	\$ 15,211	\$ 15,211	\$ —	\$ —
U.S. treasury bonds	25,754	—	25,754	—
Corporate and municipal bonds	24,733	—	24,733	—
<b>Total financial assets</b>	<b>\$ 65,698</b>	<b>\$ 15,211</b>	<b>\$ 50,487</b>	<b>\$ —</b>
<b>Financial Liabilities:</b>				
Public warrant liability	\$ 453	\$ 453	\$ —	\$ —
Private warrant liability	207	—	207	—
<b>Total financial liabilities</b>	<b>\$ 660</b>	<b>\$ 453</b>	<b>\$ 207</b>	<b>\$ —</b>

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
<b>Financial Assets:</b>				
Money market funds	\$ 92,702	\$ 92,702	\$ —	\$ —
U.S. treasury bonds	6,128	—	6,128	—
Corporate and municipal bonds	24,098	—	24,098	—
<b>Total financial assets</b>	<b>\$ 122,928</b>	<b>\$ 92,702</b>	<b>\$ 30,226</b>	<b>\$ —</b>
<b>Financial Liabilities:</b>				
Public warrant liability	\$ 149	\$ 149	\$ —	\$ —
Private warrant liability	71	—	71	—
Perceptive warrant liability	2,515	—	—	2,515
<b>Total financial liabilities</b>	<b>\$ 2,735</b>	<b>\$ 149</b>	<b>\$ 71</b>	<b>\$ 2,515</b>

There were no transfers between Level 1, Level 2 and Level 3 during the three and six months ended June 30, 2024 or 2023.

The Company's marketable securities presented in the condensed consolidated balance sheet as of June 30, 2024 have maturity dates ranging from 2024 through 2027 and are classified as current assets as these investments are intended to be readily available to fund current operations. The differences between the fair value and amortized cost basis of each security are the unrealized gains or losses recorded in accumulated other comprehensive income. As of June 30, 2024, the amortized cost for maturities less than one year and greater than one year were \$37.6 million and \$12.4 million, respectively.

#### **Public and Private Warrants**

As of the consummation of the merger in July 2021 in connection with the Business Combination, there were 666,516 warrants to purchase shares of Class A common stock outstanding, including 447,223 public warrants and 219,293 private placement warrants. As of June 30, 2024, there were 666,515 warrants to purchase shares of Class A common stock outstanding, including 457,323 public warrants and 209,192 private placement warrants outstanding. Each warrant expires 5 years after the Business Combination or earlier upon redemption or liquidation, and entitles the holder to purchase one share of Class A common stock at an exercise price of \$379.50 per share, subject to adjustment, at any time commencing on September 4, 2021.

The Company may redeem the outstanding public warrants if the price per share of the Class A common stock equals or exceeds \$594.00 as described below:

- in whole and not in part;
- at a price of \$0.33 per public warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the Class A common stock equals or exceeds \$594.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three trading days before sending the notice of redemption to warrant holders.

The Company may redeem the outstanding public warrants if the price per share of the common stock equals or exceeds \$330.00 as described below:

- in whole and not in part;
- at \$3.30 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares based on the redemption date and the fair market value of the common stock;
- if, and only if, the closing price of the Class A common stock equals or exceeds \$330.00 per share (as adjusted) for any 20 trading days within the 30-trading day period ending three trading days before the Company sends the notice of redemption to the warrant holders; and
- if the closing price of the common stock for any 20 trading days within a 30-trading day period ending three trading days before the Company sends notice of redemption to the warrant holders is less than \$594.00 per share (as adjusted), the private placement warrants must also be concurrently called for redemption on the same terms as the outstanding public warrants, as described above.

The private placement warrants were issued to CMLS Holdings, LLC, Mr. Munib Islam, Dr. Emily Leproust and Mr. Nat Turner, and are identical to the public warrants underlying the units sold in the initial public offering, except that (1) the private placement warrants and the common stock issuable upon the exercise of the private placement warrants would not be transferable, assignable

or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions, (2) the private placement warrants are exercisable on a cashless basis, (3) the private placement warrants are non-redeemable (except as described above, upon a redemption of warrants when the price per share of Class A common stock equals or exceeds \$330.00) so long as they are held by the initial purchasers or their permitted transferees, and (4) the holders of the private placement warrants and the common stock issuable upon the exercise of the private placement warrants have certain registration rights. If the private placement warrants are held by someone other than the initial purchasers or their permitted transferees, the private placement warrants will be redeemable by the Company and exercisable by such holders on the same basis as the public warrants.

For the three and six months ended June 30, 2024, a gain of \$0.7 million and loss of \$0.4 million, respectively, was recorded within the change in fair value of warrants and earn-out contingent liabilities in the condensed consolidated statements of operations and comprehensive loss. The change in fair value of the warrants for the three and six months ended June 30, 2023 was a gain of \$0.2 million and \$0.2 million, respectively.

#### ***Perceptive Warrant***

On October 27, 2023 (the “Closing Date”), the Company entered into a Credit Agreement and Guaranty (the “Credit Agreement”) with Perceptive Credit Holdings IV, LP, as lender and administrative agent (“Perceptive”), which provides for a senior secured delayed draw term loan facility in an aggregate principal amount of up to \$75.0 million (the “Perceptive Term Loan Facility”). As consideration for the Credit Agreement, the Company issued to Perceptive a warrant to purchase up to 1,200,000 shares (the “Perceptive Warrant”) of its Class A common stock. 800,000 warrant shares (the “Initial Warrant Shares”) vested and became exercisable on the Closing Date and 400,000 warrant shares (the “Additional Warrant Shares” and, together with the Initial Warrant Shares, the “Warrant Shares”) will potentially vest and become exercisable on the Tranche B Borrowing Date, as defined in Note 8, “*Long-Term Debt*” included within this Quarterly Report.

On April 30, 2024 (the “Exercise Date”) Perceptive provided the Company with a notice to exercise the Initial Warrant Shares at an aggregate exercise price of \$2.5 million and, as payment of the aggregate exercise price, instructed the Company to withhold a number of Initial Warrant Shares based on their aggregate fair market value as of the Exercise Date. The fair market value price of each Initial Warrant Share was equal to the 1-day volume weighted average price (the “1-day VWAP”) of the Company’s Class A common stock on the Exercise Date, or \$16.4321. As a result, the Company issued 645,414 shares of its Class A common stock to Perceptive in satisfaction of the cashless exercise in respect of the Initial Warrant Shares. See Note 8, “*Long-Term Debt*” included within this Quarterly Report for further information.

For the three and six months ended June 30, 2024, a loss of \$5.1 million and \$10.1 million, respectively, was recorded within the change in fair value of warrants and earn-out contingent liabilities in the condensed consolidated statements of operations and comprehensive loss based on re-measurement performed through the Exercise Date.

#### ***Contingent Consideration (Legacy GeneDx)***

In connection with the Acquisition, up to \$150.0 million of contingent payments was to be payable to OPKO Health, Inc. (“OPKO”), based upon achievement of 2022 and 2023 revenue milestones (the “Milestone Payments”) pursuant to the merger agreement (the “Acquisition Merger Agreement”). The first Milestone Payment was paid out in full in April 2023 and the second Milestone Payment was valued at zero as the milestone was not met during fiscal year 2023.

During the three and six months ended June 30, 2023, a gain of \$3.3 million and loss of \$0.1 million, respectively, was recorded within the change in fair market value of warrant and earn-out contingent liabilities in the condensed consolidated statements of operations and comprehensive loss.

#### ***Connecticut Department of Economic and Community Development Funding Commitment***

The Company’s loan from the Connecticut Department of Economic and Community Development (“DECD”) is classified within Level 2 of the fair value hierarchy. The loan was recorded at its carrying value of \$6.3 million as of June 30, 2024 and December 31, 2023, with \$1.1 million recorded in other current liabilities on the condensed consolidated balance sheets at June 30, 2024. The fair value of the loan as of June 30, 2024 was \$4.9 million, which is estimated based on discounted cash flows using the yields of similar debt instruments of other companies with similar credit profiles.

## 5. Property and Equipment, net

Property and equipment, net consisted of the following:

	June 30, 2024	December 31, 2023
Capitalized software	\$ 32,171	\$ 32,171
Laboratory equipment	16,209	15,538
Leasehold improvements	14,614	14,614
Computer equipment	6,106	5,819
Building under finance lease	4,530	4,529
Equipment under finance leases	3,293	2,604
Furniture, fixtures and other equipment	550	550
Construction in-progress	3,375	3,106
Total property and equipment	80,848	78,931
Less: accumulated depreciation and amortization	(49,509)	(46,452)
Property and equipment, net	\$ 31,339	\$ 32,479

For the three months ended June 30, 2024 and 2023, depreciation and amortization expense was \$1.7 million and \$6.8 million, respectively. For the six months ended June 30, 2024 and 2023, depreciation and amortization expense was \$3.5 million and \$12.0 million, respectively.

For the three months ended June 30, 2023, the Company recorded a \$3.4 million charge to accelerate the amortization for certain capitalized software projects associated with Legacy Sema4 that are not expected to be utilized, and also recorded a \$3.0 million gain on sale of assets during the period associated with the closure of Legacy Sema4 facilities. For the six months ended June 30, 2023, the Company recorded a \$1.6 million non-cash impairment charge on the condensed consolidated statements of operations and comprehensive loss (of which \$0.8 million was allocated to the right-of-use asset associated with the sublease), which was driven by indicators of impairment related to a sublease agreement.

Depreciation and amortization expense is included within the condensed consolidated statements of operations and comprehensive loss as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of services	\$ 808	\$ 1,233	\$ 1,624	\$ 1,822
Research and development	211	4,656	407	5,508
Selling and marketing	—	—	—	2
General and administrative	693	937	1,423	4,624
Total depreciation and amortization expenses	\$ 1,712	\$ 6,826	\$ 3,454	\$ 11,956

## 6. Intangible Assets

The following table reflects, as of June 30, 2024, the carrying values and remaining useful lives of acquired intangible assets:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Weighted-Average Amortization Period (in years)
Tradenames and trademarks	\$ 50,000	\$ 6,771	\$ 43,229	13.8
Developed technology	48,000	13,000	35,000	5.8
Customer relationships	98,000	10,616	87,384	17.8
	\$ 196,000	\$ 30,387	\$ 165,613	

Amortization expense for tradenames and trademarks and developed technology of \$2.3 million and \$2.3 million was recorded in general and administrative for the three months ended June 30, 2024 and 2023, respectively, and \$4.6 million and \$4.6 million for the six months ended June 30, 2024 and 2023, respectively, within the condensed consolidated statements of operations and comprehensive loss. Amortization expense for customer relationships of \$1.2 million and \$1.2 million was recorded in selling and marketing for the three months ended June 30, 2024 and 2023, respectively, and \$2.5 million and \$2.5 million for the six months ended June 30, 2024 and 2023, respectively, within the condensed consolidated statements of operations and comprehensive loss.

## 7. Related Party Transactions

### *Related Party Revenues*

Total related party diagnostic testing revenues were \$0.5 million and \$0.8 million for the three months ended June 30, 2024 and 2023, respectively, and \$1.1 million and \$1.6 million for the six months ended June 30, 2024 and 2023, respectively. Related party revenues primarily include diagnostic testing revenues from a subsidiary of OPKO and the prices charged represent market rates.

### *Related Party Expenses*

Total related party costs are included within cost of services and other operating expenses, net in the condensed consolidated statements of operations and comprehensive loss as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of services	\$ 1,977	\$ 1,649	\$ 3,429	\$ 2,464
Other operating expenses, net	874	1,052	1,848	2,799
Total related party costs	\$ 2,851	\$ 2,701	\$ 5,277	\$ 5,263

On June 1, 2017, the Company signed a contribution and funding agreement and other agreements with ISMMS, whereby ISMMS contributed certain assets and liabilities related to the Company's operations, provided certain services to the Company, and also committed to funding the Company up to \$55.0 million in future capital contributions in exchange for equity in the Company, of which \$55.0 million was drawn as of December 31, 2019. Following the transaction, the Company commenced operations and began providing the services and performing research.

Expenses recognized pursuant to other service arrangements with ISMMS totaled \$1.1 million and \$1.4 million for the three months ended June 30, 2024 and 2023, respectively, and \$2.5 million and \$3.3 million for the six months ended June 30, 2024 and 2023, respectively. These amounts are included in either cost of services or other operating expenses, net on the condensed consolidated statements of operations and comprehensive loss depending on the particular activity to which the costs relate. Payables due to ISMMS for the other service arrangements were \$0.5 million and \$1.0 million at June 30, 2024 and December 31, 2023, respectively. These amounts are included within due to related parties on the Company's condensed consolidated balance sheets.

Additionally, the Company incurred \$5.1 million in purchases of diagnostic testing kits and materials and \$1.8 million and \$2.8 million was recorded in cost of services for the three and six months ended June 30, 2024, respectively, from an affiliate of a member of the Board of Directors who has served in the role since July 2021. The Company incurred \$1.5 million in purchases and \$0.7 million and \$0.8 million was recorded in cost of services for the three and six months ended June 30, 2023, respectively.

The prices paid represent market rates. Payables due were \$0.7 million and \$0.4 million as of June 30, 2024 and December 31, 2023, respectively.

Legacy GeneDx and OPKO entered into a Transition Services Agreement dated as of April 29, 2022 (the "OPKO TSA") pursuant to which OPKO had agreed to provide services, at cost, subject to certain limited exceptions, in order to facilitate the transactions contemplated by the Acquisition Merger Agreement, including human resources, information technology support, and finance and accounting. Services in connection with the OPKO TSA were fully completed in October 2023. The Company recognized \$0.4 million and \$1.2 million of expenses for the three and six months ended June 30, 2023, respectively, related to the agreement.

## 8. Long-Term Debt

At June 30, 2024, long-term debt matures as follows:

2024 (remainder of year)	\$	497
2025		1,211
2026		1,235
2027		1,260
2028		51,285
Thereafter		762
<b>Total debt</b>		<b>56,250</b>
Less: current portion of long-term debt		(1,100)
Less: long-term debt issuance costs		(2,990)
<b>Total long-term debt, net of current portion and debt issuance costs</b>	<b>\$</b>	<b>52,160</b>

### *Perceptive Term Loan Facility*

On October 27, 2023 (the “Closing Date”), the Company entered into the Perceptive Term Loan Facility. An initial tranche of \$50 million (the “Tranche A Loan”) was funded under the Perceptive Term Loan Facility on the Closing Date. In addition to the Tranche A Loan, the Perceptive Term Loan Facility includes an additional tranche of \$25 million (the “Tranche B Loan,” and together with the Tranche A Loan, the “Term Loans”), which will be accessible by the Company so long as the Company satisfies certain customary conditions precedent, including a specified revenue milestone (the funding date of the Tranche B Loan, the “Tranche B Borrowing Date”). The Perceptive Term Loan Facility has a maturity date of October 27, 2028 (the “Maturity Date”) and provides for an interest-only period during the term of the loan with principal due at the maturity date.

### *Interest Rate*

The Perceptive Term Loan Facility will accrue interest at an annual rate equal to the sum of (a) Term SOFR (as defined in the Credit Agreement) and (b) an applicable margin of 7.5% (the “Applicable Margin”). Accrued interest on the Term Loans is payable monthly in arrears. Upon an Event of Default (as defined in the Credit Agreement), the Applicable Margin will automatically increase by an additional 4% per annum.

### *Amortization and Prepayment*

Prior to the Maturity Date, there will be no scheduled principal payments under the Perceptive Term Loan Facility. On the Maturity Date, the Company is required to pay Perceptive the aggregate outstanding principal amount of the Term Loans and all accrued and unpaid interest thereon. The Term Loans may be prepaid at any time, subject to a prepayment premium equal to 0% to 10% of the aggregate outstanding principal amount being prepaid, depending on the date of prepayment.

### *Security Instruments and Warrant*

In connection with the Credit Agreement, the Company also entered into a Security Agreement, dated as of the Closing Date, with Perceptive, pursuant to which all of its obligations under the Credit Agreement are secured by a first lien perfected security interest on substantially all of its existing and after-acquired assets, subject to customary exceptions.

On the Closing Date, as consideration for the Credit Agreement, the Company issued the Perceptive Warrant to Perceptive, which allows them to purchase up to 1,200,000 Warrant Shares. The 800,000 Initial Warrant Shares vested and became exercisable on the Closing Date and the 400,000 Additional Warrant Shares will potentially vest and become exercisable on the Tranche B Borrowing Date. The per share exercise price for the Initial Warrant Shares is \$3.1752 (the “Initial Warrant Exercise Price”), which is equal to the 10-day volume weighted average price (the “10-day VWAP”) of the Company’s Class A common stock at the end of the business day immediately prior to the Closing Date, and the per share exercise price for the Additional Warrant Shares will be equal to the lower of (a) the Initial Warrant Exercise Price or (b) the 10-day VWAP ending on the end of the business day immediately preceding the Tranche B Borrowing Date. The Perceptive Warrant will be exercisable, in whole or in part, until the 10th anniversary of the applicable vesting date.

On April 30, 2024, Perceptive provided the Company with a notice to exercise the Initial Warrant Shares at an aggregate exercise price of \$2.5 million and instructed the Company to withhold a number of Initial Warrant Shares as payment for the aggregate exercise price. As a result, the Company issued 645,414 shares of its Class A common stock in satisfaction of the cashless exercise in respect of the Initial Warrant Shares. See Note 4, “Fair Value Measurements” included within this Quarterly Report for further information.



**Connecticut Department of Economic and Community Development Funding Commitment**

In June 2017, ISMMS assigned a loan funding commitment from the DECD to the Company (the “DECD Loan Agreement”) to support the Genetic Sequencing Laboratory Project in Branford, Connecticut, with funding based on the achievement of certain project development phases. The DECD Loan Agreement provided for a total loan commitment of \$15.5 million at a fixed annual interest rate of 2.0% for a term of 10 years. The Company was required to make interest-only payments through July 2023 and principal and interest payments commencing in August 2023. The final payment of principal and interest was due in July 2028. However, under the terms of the DECD Loan Agreement, the DECD granted a partial principal loan forgiveness of up to \$12.3 million in the aggregate. Such forgiveness was contingent upon the Company achieving certain job creation and retention milestones and \$4.5 million had been forgiven at December 31, 2022. This commitment was collateralized by a security interest in certain machinery and equipment the Company acquired from ISMMS, as defined in a separate security agreement.

In January 2023, the Company amended the DECD Loan Agreement, which resulted in the Company agreeing to pay \$2.0 million in principal, obtaining \$2.8 million in debt forgiveness for achieving its Phase 2 job milestone, and agreeing to two new forgiveness milestone targets for its Phase 3 job milestone (eligible for \$2.0 million in forgiveness) and a final phase job milestone (eligible for \$1.0 million in forgiveness) (the “2022 Amended DECD Loan Agreement”). Upon execution of this amendment, the Company paid the \$2.0 million in principal and received \$2.8 million in debt forgiveness, and the Company recognized the debt forgiveness as other (expense) income, net in the condensed consolidated statements of operations and comprehensive loss for the six months ended June 30, 2023. The terms of the 2022 Amended DECD Loan Agreement require the Company to make interest-only payments through July 2024 and principal and interest payments commencing in August 2024 through July 2029 at the same fixed annual interest rate of 2.0%. The other terms of the 2022 Amended DECD Loan Agreement remained the same.

The outstanding loan balance from the 2022 Amended DECD Loan Agreement was \$6.3 million at June 30, 2024.

**9. Purchase Commitments and Contingencies****Purchase Commitments**

The following sets forth purchase commitments with software and equipment providers as of June 30, 2024 with a remaining term of at least one year:

2024 (remainder of year)	\$	2,002
2025		7,945
2026		7,605
2027		4,556
2028		4,021
Total purchase commitments	\$	<u>26,129</u>

The Company enters into contracts with suppliers to purchase materials needed for diagnostic testing. These contracts generally do not require multi-year purchase commitments.

There have been no material changes to the lease obligations from those disclosed in Note 10, “Leases” to the consolidated financial statements included in the 2023 Form 10-K.

**Contingencies**

The Company is or may become subject to various claims and legal actions arising in the ordinary course of business. The Company does not believe that the outcome of any existing matters will have a material effect on the Company’s condensed consolidated financial statements. However, no assurance can be given that the ultimate resolution of such proceedings will not materially impact the Company’s condensed consolidated financial statements.

Except as described below, the Company was not a party to any material legal proceedings at June 30, 2024, nor is it a party to any material legal proceedings at the date of issuance of these condensed consolidated financial statements.

On September 7, 2022, a shareholder class action lawsuit was filed in the United States District Court for the District of Connecticut against the Company and certain of the Company’s current and former officers. The complaint purports to bring suit on behalf of stockholders who purchased the Company’s publicly traded securities between March 14, 2022 and August 15, 2022. Following the appointment of a lead plaintiff, an amended complaint was filed on January 30, 2023. As amended, the complaint purports to allege that the defendants made false and misleading statements about the Company’s business, operations and prospects in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), and

seeks unspecified compensatory damages, fees and costs. The defendants moved to dismiss the amended complaint on August 21, 2023. That motion is pending. The Company believes the allegations and claims made in the complaint are without merit.

On February 7, 2023, a stockholder commenced a lawsuit in the Delaware Court of Chancery. The suit is brought as a class action on behalf of stockholders of CMLS who did not redeem their shares in connection with the Business Combination between CMLS and Legacy Sema4. The suit names as defendants all directors of CMLS at the time of the transaction, including certain directors who continue to serve on the Company’s Board of Directors, as well as CMLS Holdings LLC. The Company is not named as a defendant. The complaint alleges that the July 2, 2021 proxy statement mailed to CMLS stockholders in connection with the transaction contained false and misleading statements, and purports to assert a claim of breach of fiduciary duty against all individual defendants, and a similar claim against CMLS Holdings LLC and certain individuals for breach of fiduciary duty as control persons. The suit seeks to recover unspecified damages on behalf of the alleged class, among other relief. After defendants moved to dismiss the case, the plaintiff filed an amended complaint on July 6, 2023, revising certain allegations and adding third parties as defendants. The defendants answered the amended complaint on September 15, 2023. The Company is subject to certain claims for advancement and indemnification by the individual defendants in this proceeding.

During the second quarter of 2024, the parties reached an agreement in principle through mediation to resolve all claims for approximately \$21 million. The agreement in principle is expected to be funded by the Company (based on its indemnification obligations) and available insurance of approximately \$10 million. The parties are currently in the process of negotiating the formal stipulation of settlement, which must be approved by the Court in order to be finalized. There can be no assurance that the final stipulation of settlement will be executed, that the stipulation of settlement, if executed, will include the terms and conditions currently anticipated by the Company or that such stipulation of settlement will be approved by the Court. As of June 30, 2024, the Company reserved the aforementioned settlement and associated litigation costs of approximately \$2.4 million in accounts payable and accrued expenses, and recorded insurance recoveries in prepaid expenses and other current assets on the condensed consolidated balance sheet.

On November 28, 2023, a stockholder filed a derivative suit, allegedly on behalf of the Company, based largely on the same allegations in the securities class action referenced above. The suit was filed in federal court in the District of Delaware, styled Ghazaleh v. Schadt, et al, 23-cv-01357 (D. Del.), and purports to assert claims against certain of the Company’s former and current officers and directors under Section 10(b) of the Exchange Act, and for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment and corporate waste. The Company is named only as a nominal defendant. The complaint seeks damages on the Company’s behalf, and seeks corporate governance and other relief. The parties have agreed to stay this suit in light of the securities class action referenced above, and hence no response to the complaint is currently due.

On June 25, 2024, a substantially similar stockholder derivative suit was filed in federal court in the District of Connecticut, styled Scinto v. Schadt, et al, 2:24-cv-01100 (D. Conn.). The suit, also purportedly brought on the Company’s behalf against certain of its former or current officers and directors, asserts claims for breach of fiduciary duty, unjust enrichment, corporate waste, and violations of Sections 10(b) and 14(a) of the Exchange Act. The Company is named only as a nominal defendant. The Complaint seeks damages on the Company’s behalf, as well as corporate governance reforms and other relief. The parties are discussing a stay of the case in light of the securities class action referenced above.

## 10. Stock-Based Compensation

Stock-based compensation expense is included within the condensed consolidated statements of operations and comprehensive loss as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of services	\$ 86	\$ 251	\$ 134	\$ (1,415)
Research and development	347	(675)	160	268
Selling and marketing	368	(143)	348	(80)
General and administrative	2,307	675	2,015	1,383
Total stock-based compensation expense <sup>1,2</sup>	\$ 3,108	\$ 108	\$ 2,657	\$ 156

<sup>1</sup> The Company recorded an aggregate reversal of stock-based compensation of \$0.1 million and \$7.5 million during the three months ended June 30, 2024 and 2023, respectively, and \$3.3 million and \$15.6 million during the six months ended June 30, 2024 and 2023, respectively, due to forfeiture activities upon employee terminations.

<sup>2</sup> Includes \$78 thousand of expense related to the 2021 Employee Stock Purchase Plan during the three and six months ended June 30, 2024.

The Company maintains the 2021 Equity Incentive Plan (as amended, the “2021 Plan”), which allows for grants of stock-based awards. No awards granted under the 2021 Plan are exercisable after 10 years from the date of grant, and the awards granted under the 2021 Plan generally vest over a four-year period on a graded vesting basis; however, the Company also granted certain

RSUs with vesting terms beginning 12 months from the grant date and vesting immediately on the grant date. On January 1 of each year through 2031, the aggregate number of shares of Class A common stock reserved for issuance under the 2021 Plan may be increased automatically by the number of shares equal to 5% of the total number of shares of all classes of common stock issued and outstanding immediately preceding December 31. In January 2024, the number of Class A common stock reserved for future issuance under the 2021 Plan automatically increased by 1,298,943 shares.

The Company also maintains the 2023 Equity Inducement Plan (the “Equity Inducement Plan”), which allows for grants of equity awards of the Company’s Class A common stock to individuals who were not previously an employee or director of the Company, or following a bona fide period of non-employment, as an inducement material to such persons entering into employment with the Company.

As of June 30, 2024, there was an aggregate of 1,748,523 shares available for grants of stock options or other awards under the 2021 Plan and Equity Inducement Plan.

### Stock Options

The following table summarizes the stock option activity during the six months ended June 30, 2024:

	Stock Options	Weighted Average Exercise Price
Outstanding at December 31, 2023	497,976	\$ 42.80
Exercised	(31,946)	\$ 5.06
Forfeited/Expired	(88,219)	\$ 63.45
Outstanding at June 30, 2024	377,811	\$ 41.21
Options exercisable at June 30, 2024	307,061	\$ 34.56

At June 30, 2024, unrecognized stock-based compensation cost related to the unvested portion of the Company’s stock options was \$1.1 million, which is expected to be recognized on a graded-vesting basis over a weighted-average period of 1.2 years.

### Restricted Stock Units (RSUs)

The following table summarizes the time-based RSU activity during the six months ended June 30, 2024:

	Restricted Stock Units	Weighted Average Grant Date Fair Value Per Unit
Outstanding at December 31, 2023	1,507,877	\$ 15.48
Granted	1,178,465	\$ 11.17
Vested	(270,160)	\$ 19.20
Forfeited	(236,255)	\$ 18.63
Outstanding at June 30, 2024	2,179,927	\$ 12.17

### Employee Stock Purchase Plan

The 2021 Employee Stock Purchase Plan (the “2021 ESPP”) authorizes the issuance of shares of Class A common stock pursuant to purchase rights granted to employees. On January 1 of each year through 2031, the aggregate number of shares of Class A common stock reserved for issuance under the 2021 ESPP may be increased automatically by the number of shares equal to 1% of the total number of shares of all classes of common stock issued and outstanding immediately preceding December 31.

The 2021 ESPP became open for enrollment in April 2024. Under the 2021 ESPP, eligible employees may purchase shares of the Company’s Class A common stock at a discount through payroll deductions during each discrete six-month offering period. The purchase price under each discrete offering period is equal to 85% of the lesser of the fair market value of the Class A common stock on the first and last day of the offering period.

The first offering period will be completed on October 31, 2024. As such, the Company has not issued any shares under the 2021 ESPP during the three and six months ended June 30, 2024. A total of 596,604 shares of Class A common stock were reserved for future issuance under the 2021 ESPP as of June 30, 2024.

## 11. Income Taxes

Income tax benefit for the six months ended June 30, 2024 and 2023 was \$0.3 million and \$0.3 million, respectively. Income taxes for these periods are recorded at the Company’s estimated annual effective income tax rate, subject to adjustments for

discrete events should they occur. The Company's estimated annual effective tax rate was 0.48% and 0.33% for the six months ended June 30, 2024 and 2023, respectively.

The difference between the Company's effective tax rates in 2024 and 2023 compared to the U.S. statutory tax rate of 21% is primarily due to changes in valuation allowances associated with the Company's assessment of the likelihood of the recoverability of deferred tax assets. The Company currently has valuation allowances against a significant portion of its deferred tax assets primarily related to its net operating loss carryforwards and tax credit carryforwards.

## 12. Net Loss per Share

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net loss attributable to common stockholders	\$ (29,173)	\$ (46,719)	\$ (49,412)	\$ (107,708)
<b>Denominator:</b>				
Basic and diluted weighted-average common shares outstanding	26,617,955	25,418,358	26,340,063	22,754,948
Basic and diluted loss per share	\$ (1.10)	\$ (1.84)	\$ (1.88)	\$ (4.73)

The following table summarizes the outstanding shares of potentially dilutive securities that were excluded from the computation of diluted net loss per share attributable to common stockholders for the period presented as the effect would be anti-dilutive:

	June 30,	
	2024	2023
Outstanding options and RSUs to purchase Class A common stock	2,557,738	2,597,876
Outstanding warrants	666,515	666,515
Outstanding earn-out shares	—	555,216
Outstanding earn-out RSUs	—	21,196
Outstanding 2021 ESPP shares	29,267	—
Total	3,253,520	3,840,803

## 13. Restructuring Costs

Total restructuring costs were \$0.2 million and \$1.6 million for the three months ended June 30, 2024 and 2023, respectively, and \$1.1 million and \$2.3 million for the six months ended June 30, 2024 and 2023, respectively. The table below provides certain information concerning restructuring activity during the six months ended June 30, 2024:

	Reserve Balance at December 31, 2023	Charged to Costs and Expenses	Payments and Other	Reserve Balance at June 30, 2024
Severance	\$ 1,853	\$ 1,091	\$ (2,217)	\$ 727

On October 30, 2023, the Company announced a continued strategic realignment of its organization to key priorities which includes the elimination of approximately 50 positions impacted on August 23, 2023, and approximately 35 positions impacted on October 30, 2023. Together these actions reduced the size of the Company's workforce by 10% from the total number that existed at the time of the August reduction in force. In total, the Company announced cost saving initiatives, including but not limited to these reductions in force, that are expected to result in an excess of \$40 million in annual cost reduction. The Company expects that all remaining cash severance payments will be complete in less than one year.

**14. Supplemental Financial Information**

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on the condensed consolidated balance sheets to the total of the same amounts shown on the condensed consolidated statements of cash flows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	\$ 56,076	\$ 99,681
Restricted cash (included in other assets)	987	987
<b>Total</b>	<b>\$ 57,063</b>	<b>\$ 100,668</b>

Restricted cash as of June 30, 2024 and December 31, 2023 primarily consists of money market deposit accounts that secure an irrevocable standby letter of credit that serves as collateral for security deposit operating leases.

Prepaid expenses and other current assets consisted of the following:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Prepaid expenses	\$ 7,441	\$ 8,640
Other current assets	11,351	1,958
<b>Total</b>	<b>\$ 18,792</b>	<b>\$ 10,598</b>

Accounts payable and accrued expenses consisted of the following:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Accounts payable	\$ 8,134	\$ 10,238
Accrued purchases	7,293	12,154
Legal reserves	23,450	25
Reserves for refunds to insurance carriers and others	13,082	15,039
<b>Total</b>	<b>\$ 51,959</b>	<b>\$ 37,456</b>

Other current liabilities consisted of the following:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Accrued compensation	\$ 8,156	\$ 12,465
Accrued severance	727	1,853
Other	2,214	2,018
<b>Total</b>	<b>\$ 11,097</b>	<b>\$ 16,336</b>

Other liabilities consisted of the following:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Warrant liability	\$ 660	\$ 2,735
Third party payor reserve	12,000	12,000
<b>Total</b>	<b>\$ 12,660</b>	<b>\$ 14,735</b>

**Capital Raise**

On January 31, 2023, the Company raised approximately \$150.0 million in gross proceeds and announced the closing of an underwritten public offering of 9,962,316 shares of its Class A common stock and a concurrent registered direct offering of 2,353,436 shares of its Class A common stock. The net offering proceeds received after deducting underwriters' discounts and commissions payable by the Company were approximately \$135.4 million. On April 17, 2023, following the Company's receipt of stockholder approval for the issuance, the Company issued the remaining 676,868 shares of the Company's Class A common stock in its previously announced registered direct offering for gross proceeds of approximately \$7.6 million.

**15. Segment Reporting**

The Company's structure is aligned with how the chief operating decision maker ("CODM") reviews the business, makes investing and resource allocation decisions and assesses operating performance. The Company's two reportable segments are: (i)

GeneDx inclusive of Legacy GeneDx and Legacy Sema4 data revenues and associated costs and (ii) Legacy Sema4 diagnostics. The GeneDx segment primarily provides pediatric and rare disease diagnostics with a focus on whole exome and genome sequencing and, to a lesser extent, data and information services. The Legacy Sema4 diagnostics segment provided reproductive and women's health and somatic oncology diagnostic testing and screening products and has been completely shut down.

The CODM evaluates segment performance based on revenue and adjusted gross profit.

	Three months ended June 30,					
	2024			2023		
	GeneDx	Legacy Sema4	Total	GeneDx	Legacy Sema4	Total
Revenue	\$ 68,924	\$ 1,590	\$ 70,514	\$ 45,226	\$ 3,480	\$ 48,706
Adjusted cost of services	26,523	145	26,668	28,452	—	28,452
Adjusted gross profit <sup>(1)</sup>	42,401	1,445	43,846	16,774	3,480	20,254

*Reconciliations:*

Depreciation and amortization	808	—	808	1,233	—	1,233
Stock-based compensation	86	—	86	251	—	251
Restructuring charges	—	—	—	13	—	13
Gross profit	\$ 41,507	\$ 1,445	\$ 42,952	\$ 15,277	\$ 3,480	\$ 18,757

	Six months ended June 30,					
	2024			2023		
	GeneDx	Legacy Sema4	Total	GeneDx	Legacy Sema4	Total
Revenue	\$ 130,385	\$ 2,551	\$ 132,936	\$ 85,919	\$ 5,926	\$ 91,845
Adjusted cost of services	50,622	145	50,767	55,278	2,080	57,358
Adjusted gross profit <sup>(1)</sup>	79,763	2,406	82,169	30,641	3,846	34,487

*Reconciliations:*

Depreciation and amortization	1,624	—	1,624	1,709	113	1,822
Stock-based compensation	134	—	134	556	(1,971)	(1,415)
Restructuring charges	48	—	48	56	31	87
Gross profit	\$ 77,957	\$ 2,406	\$ 80,363	\$ 28,320	\$ 5,673	\$ 33,993

(1) Adjusted cost of services and adjusted gross profit exclude depreciation and amortization expense, stock-based compensation expense and restructuring costs.

Management manages assets on a total company basis, not by reporting segment. The CODM does not regularly review any asset information by reporting segment and, accordingly, the Company does not report asset information by reporting segment.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report and our audited consolidated financial statements and the related notes in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”). This discussion contains forward-looking statements and involves numerous risks and uncertainties. Actual results may differ materially from the results described in or implied by the forward-looking statements. You should carefully read the section entitled “Risk Factors” to gain an understanding of the important factors that could cause actual results to differ materially from these forward-looking statements.*

### **Overview**

We are a leading genomics company—one that sits at the intersection of diagnostics and data science, pairing decades of genomic expertise with an ability to interpret clinical data at scale. We are focused on delivering personalized and actionable health insights to inform diagnosis, direct treatment and improve drug discovery. We believe we are well-positioned to accelerate the use of genomics and leverage large-scale clinical data to enable precision medicine as the standard of care. Our focus is in pediatric and rare diseases, two areas in which we believe we have competitive advantage and can deliver on our vision today.

See Note 1, “*Organization and Description of Business*” included in this Quarterly Report for more information on the Company’s history.

### **Factors Affecting Our Performance**

We believe several important factors have impacted, and will continue to impact, our performance and results of operations. While each of these areas presents significant opportunities for us, they also pose significant risks and challenges that we must address. See the section titled “*Item 1A. Risk Factors*” in this Quarterly Report and in our 2023 Form 10-K, which is incorporated by reference in this Quarterly Report, for further information.

#### ***Number of Resulted Tests***

A test is resulted once the appropriate workflow is completed and details are provided to the ordered patients or healthcare professional for reviews, which corresponds to the timing of our revenue recognition. We believe the number of resulted tests in any period is important and useful to our investors because it directly correlates with long-term patient relationships and the size of our genomic database.

#### ***Success Obtaining and Maintaining Reimbursement***

Our ability to increase the number of billable tests and our revenue therefrom will depend on our success in achieving reimbursement for our tests from third-party payors. Reimbursement by a payor may depend on several factors, including a payor’s determination that a test is appropriate, medically necessary, cost-effective, and has received prior authorization. The commercial success of our current and future products, if approved, will depend on the extent to which our customers receive coverage and adequate reimbursement from third-party payors. Since each payor makes its own decision as to whether to establish a policy or enter into a contract to provide coverage for our tests, as well as the amount it will reimburse us for a test, seeking these approvals is a time-consuming and costly process.

In cases where we or our partners have established reimbursement rates with third-party payors, we face additional challenges in complying with their procedural requirements for reimbursement. These requirements often vary from payor to payor and are reassessed by third-party payors regularly. As a result, in the past we have needed additional time and resources to comply with the requirements.

Third-party payors may decide to deny payment or seek to recoup payments for tests performed by us that they contend were improperly billed, not medically necessary or against their coverage determinations, or for which they believe they have otherwise overpaid. As a result, we may be required to refund payments already received, and our revenues may be subject to retroactive adjustment as a result of these factors among others.

We expect to continue to focus our resources on increasing the adoption of, and expanding coverage and reimbursement for, our current and any future tests we may develop or acquire. If we fail to expand and maintain broad adoption of, and coverage and reimbursement for, our tests, our ability to generate revenue and our future business prospects may be adversely affected.

### ***Ability to Lower the Costs Associated with Performing our Tests***

Reducing the costs associated with performing our diagnostic tests is both our focus and a strategic objective. We source, and will continue to source, components of our diagnostic testing workflows from third parties. We also rely upon third-party service providers for data storage and workflow management.

### ***Increasing Adoption of our Services by Existing and New Customers***

Our performance depends on our ability to retain and broaden the adoption of our services with existing customers as well as our ability to attract new customers. Our success in retaining and gaining new customers is dependent on the market's confidence in our services and the willingness of customers to continue to seek more comprehensive and integrated genomic and clinical data insights.

### ***Investment in Platform Innovation to Support Commercial Growth***

We are seeking to leverage and deploy our platforms to develop a pipeline of future disease-specific research and diagnostic and therapeutic products and services. We have limited experience in the development or commercialization of clinical or research products in connection with our database and platform.

We operate in a rapidly evolving and highly competitive industry. Our business faces changing technologies, shifting provider and patient needs, and frequent introductions of rival products and services. To compete successfully, we must accurately anticipate technology developments and deliver innovative, relevant, and useful products, services, and technologies on time. As our business evolves, the competitive pressure to innovate will encompass a wider range of products and services. We must continue to invest significant resources in research and development, including investments through acquisitions and partnerships. These investments are critical to the enhancement of our current diagnostics and health information and data science technologies from which existing and new service offerings are derived.

We expect to incur significant expenses to advance these development efforts, but they may not be successful. New potential services may fail at any stage of development and, if we determine that any of our current or future services are unlikely to succeed, we may abandon them without any return on our investment. If we are unsuccessful in developing additional services, our growth potential may be impaired.

### **Key Performance Indicators**

We use the following key financial and operating metrics to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. These key financial and operating metrics should be read in conjunction with the following discussion of our results of operations and financial condition together with our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this report.

The principal focus of our commercial operations is to offer our diagnostic tests through both our direct sales force and laboratory distribution partners. Test volume correlates with genomic database size and long-term patient relationships. Thus, test volumes drive database diversity and enable potential identification of variants of unknown significance and population-specific insights. The number of tests resulted and the mix of test results, with a focus on driving whole exome and whole genome sequencing, are key indicators that we use to assess the operational efficiency of our business. Once the appropriate workflow is completed, the test is resulted and details are provided to ordered patients or healthcare professionals for reviews.

During the six months ended June 30, 2024, we resulted 112,926 tests, compared to the six months ended June 30, 2023, in which we resulted approximately 107,706 tests.

### **Key Components of Results of Operations**

#### ***Revenue***

##### ***Diagnostic Test Revenue***

The majority of our revenue is derived from genetic and genomic diagnostic testing services for three groups of customers: healthcare professionals working with patients with third-party insurance coverage or without third-party insurance coverage, institutional clients such as hospitals, clinics, state governments and reference laboratories, and self-pay patients. The amount of revenue recognized for diagnostic testing services depends on a number of factors, such as contracted rates with our customers and third-party insurance providers, insurance reimbursement policies, payor mix, historical collection experience, price concessions and other business and economic conditions and trends. To date, the majority of our diagnostic test revenue has been earned from orders received for patients with third-party insurance coverage. Our ability to increase our diagnostic test revenue



will depend on our ability to increase our market penetration, obtain contracted reimbursement coverage from third-party payors, enter into contracts with institutions, and increase our reimbursement rate for tests performed.

#### *Other Revenue*

We also generate revenue from collaboration service agreements with biopharma companies and other third parties, pursuant to which we provide health information and patient identification support services. Certain of these contracts provide non-refundable payments, which we record as contract liabilities, and variable payments based upon the achievement of certain milestones during the contract term.

With respect to existing collaboration and service agreements, our revenue may fluctuate period to period due to the pattern in which we may deliver our services, our ability to achieve milestones, the timing of costs incurred, changes in estimates of total anticipated costs that we expect to incur during the contract period, and other events that may not be within our control. Our ability to increase our revenue will depend on our ability to enter into contracts with third-party partners.

#### *Cost of Services*

The cost of services reflect the aggregate costs incurred in performing services, which include expenses for reagents and laboratory supplies, personnel-related expenses (comprising salaries and benefits) and stock-based compensation for employees directly involved in revenue generating activities, shipping and handling fees, costs of third-party reference lab testing and phlebotomy services, if any, and allocated genetic counseling, facility and IT costs associated with delivery services. Allocated costs include depreciation of laboratory equipment, facility occupancy, and information technology costs. The cost of services are recorded as the services are performed.

We expect the cost of services to generally increase in line with the anticipated growth in diagnostic testing volume and services we provide under our collaboration service agreements. However, we expect the cost per test to decrease over the long term due to the efficiencies we may gain from improved utilization of our laboratory capacity, automation, and other value engineering initiatives. These expected reductions may be offset by new tests which often have a higher cost per test during the introductory phases before we can gain efficiencies. The cost per test may fluctuate from period to period.

#### *Research and Development Expenses*

Research and development expenses represent costs incurred to develop our technology and future test offerings. These costs are principally associated with our efforts to develop the software we use to analyze data and process customer orders. These costs primarily consist of personnel-related expenses (comprising salaries and benefits), stock-based compensation for employees performing research and development, innovation and product development activities, costs of reagents and laboratory supplies, costs of consultants and third-party services, equipment and related depreciation expenses, non-capitalizable software development costs, research funding to our research partners as part of research and development agreements and allocated facility and information technology costs associated with genomics medical research. Research and development costs are generally expensed as incurred and certain non-refundable advanced payments provided to our research partners are expensed as the related activities are performed.

We generally expect our research and development expenses to continue to increase as we innovate and expand the application of our platforms. However, we expect research and development expenses to decrease as a percentage of revenue in the long term, although the percentage may fluctuate from period to period due to the timing and extent of our development and commercialization efforts and fluctuations in our compensation-related charges.

#### *Selling and Marketing Expenses*

Selling and marketing expenses primarily consist of personnel-related expenses (comprising salaries and benefits) and stock-based compensation for employees performing commercial sales, account management, marketing, and certain genetic counseling services. Selling and marketing costs are expensed as incurred.

We generally expect our selling and marketing expenses will continue to increase in absolute dollars as we expand our commercial sales and marketing and counseling teams and increase marketing activities. However, we expect selling and marketing expenses to decrease as a percentage of revenue in the long term, subject to fluctuations from period to period due to the timing and magnitude of these expenses.

#### *General and Administrative Expenses*

General and administrative expenses primarily consist of personnel-related expenses (comprising salaries, billing and benefits) and stock-based compensation for employees in executive leadership, legal, finance and accounting, human resources,

information technology, and other administrative functions. In addition, these expenses include office occupancy and information technology costs. General and administrative costs are expensed as incurred.

We generally expect our general and administrative expenses to continue to increase in absolute dollars as we increase headcount and incur costs associated with operating as a public company, including expenses related to legal, accounting, and regulatory matters, maintaining compliance with requirements of Nasdaq and of the SEC, and director and officer insurance premiums. We expect these expenses to decrease as a percentage of revenue in the long term as revenue increases, although the percentage may fluctuate from period to period due to fluctuations in our compensation-related charges.

### Comparison of the three months ended June 30, 2024 and 2023

The following table sets forth our results of operations for the periods presented:

	Three months ended June 30,			
	2024	2023	\$ Change	% Change
<b>Revenue</b>				
Diagnostic test revenue	\$ 69,439	\$ 46,635	\$ 22,804	49 %
Other revenue	1,075	2,071	(996)	(48)%
Total revenue	70,514	48,706	21,808	45 %
<b>Cost of services</b>				
	27,562	29,949	(2,387)	(8)%
Gross profit	42,952	18,757	24,195	129 %
<i>Gross margin</i>	<i>61 %</i>	<i>39 %</i>		
Research and development	10,902	17,138	(6,236)	(36)%
Selling and marketing	16,585	15,182	1,403	9 %
General and administrative	25,170	37,341	(12,171)	(33)%
Other operating expenses, net	874	718	156	22 %
Loss from operations	(10,579)	(51,622)	41,043	(80)%
<b>Non-operating income (expenses), net</b>				
Change in fair value of warrants and earn-out contingent liabilities	(4,409)	3,547	(7,956)	(224)%
Interest expense, net	(894)	1,074	(1,968)	NM
Other expense, net	(13,481)	86	(13,567)	NM
Total non-operating income, net	(18,784)	4,707	(23,491)	(499)%
Loss before income taxes	(29,363)	(46,915)	17,552	(37)%
Income tax benefit	190	196	(6)	(3)%
Net loss	\$ (29,173)	\$ (46,719)	\$ 17,546	(38)%

NM – Not Meaningful

### Revenue

Total revenue increased by \$21.8 million, or 45%, to \$70.5 million for the three months ended June 30, 2024, from \$48.7 million for the three months ended June 30, 2023.

Diagnostic test revenue increased by \$22.8 million, or 49%, to \$69.4 million for the three months ended June 30, 2024, from \$46.6 million for the three months ended June 30, 2023. The increase primarily reflected an increase in Legacy GeneDx diagnostic testing revenues driven by a \$22.0 million, or 77%, increase in whole exome and genome sequencing revenues resulting from a 52% increase in test volumes, partially coupled with higher whole exome and genome average reimbursement rates.

Other revenue decreased by \$1.0 million, or 48%, to \$1.1 million for the three months ended June 30, 2024, from \$2.1 million for the three months ended June 30, 2023. The decrease reflected the milestone achievement of partnership revenues recognized in the second quarter of 2023, which did not recur in the second quarter of 2024.

**Gross Profit**

Gross profit increased by \$24.2 million or 129%, to \$43.0 million for the three months ended June 30, 2024, from \$18.8 million for the three months ended June 30, 2023, driven by a combination favorable volume mix shift to higher margin whole exome and genome tests, improvement in exome average reimbursement rates and continued cost per test leverage.

**Research and Development**

Research and development expense decreased by \$6.2 million, or 36%, to \$10.9 million for the three months ended June 30, 2024, from \$17.1 million for the three months ended June 30, 2023. The decrease was primarily attributable to a \$1.0 million decrease in stock compensation expense resulting from forfeitures of unvested equity awards of terminated employees and a decrease in depreciation expense of \$4.4 million related to the discontinued Legacy Sema4 business.

**Selling and Marketing**

Selling and marketing expense increased by \$1.4 million, or 9%, to \$16.6 million for the three months ended June 30, 2024, from \$15.2 million for the three months ended June 30, 2023. The increase reflects our investment to support growth in our commercial team.

**General and Administrative**

General and administrative expense decreased by \$12.2 million, or 33%, to \$25.2 million for the three months ended June 30, 2024, from \$37.3 million for the three months ended June 30, 2023. The decrease was primarily attributable to lower current expenses related to professional services, software and information technology related costs, insurance costs and personnel-related costs as a result of the discontinued Legacy Sema4 business.

**Other Operating Expenses, Net**

Other operating expenses, net were \$0.9 million for the three months ended June 30, 2024 as compared with \$0.7 million for the three months ended June 30, 2023. This increase reflected a gain recognized on the sale of certain assets sold as a result of an auction held during the second quarter of 2023. This was partially offset by decreased services costs following the expiration of the transition services agreement with OPKO in October 2023.

**Non-Operating Income, Net**

Non-operating income, net decreased by \$23.5 million. The current quarter results primarily include legal reserves, net of insurance, of approximately \$13.4 million and a non-cash charge of \$5.1 million associated with the exercise of the Perceptive Warrant. The prior year quarter results included a non-cash gain of \$3.3 million related to the Milestone Payment for the contingent liability and net interest income driven by higher cash balances driven by the capital raise in the first quarter of 2023.

See Note 4, “Fair Value Measurements” to our condensed consolidated financial statements for further information on the changes in fair value of our warrant and earn-out contingent liabilities. Also see Note 9, “Purchase Commitments and Contingencies” to our condensed consolidated financial statements for further information.

**Comparison of the six months ended June 30, 2024 and 2023**

The following table sets forth our results of operations for the periods presented:

	<b>Six months ended June 30,</b>			
	<b>2024</b>	<b>2023</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Revenue</b>				
Diagnostic test revenue	\$ 130,543	\$ 88,485	\$ 42,058	48 %
Other revenue	2,393	3,360	(967)	(29)%
Total revenue	132,936	91,845	41,091	45 %
Cost of services	52,573	57,852	(5,279)	(9)%
Gross profit	80,363	33,993	46,370	136 %
<i>Gross margin</i>	<i>60 %</i>	<i>37 %</i>		
Research and development	22,469	31,730	(9,261)	(29)%
Selling and marketing	32,670	28,634	4,036	14 %
General and administrative	47,615	81,030	(33,415)	(41)%
Impairment loss	—	2,120	(2,120)	NM
Other operating expenses, net	1,848	2,465	(617)	(25)%
Loss from operations	(24,239)	(111,986)	87,747	(78)%
<b>Non-operating income (expenses), net</b>				
Change in fair value of warrants and earn-out contingent liabilities	(10,510)	94	(10,604)	NM
Interest expense, net	(1,491)	1,039	(2,530)	NM
Other expense, net	(13,444)	2,802	(16,246)	NM
Total non-operating income, net	(25,445)	3,935	(29,380)	(747)%
Loss before income taxes	(49,684)	(108,051)	58,367	(54)%
Income tax benefit	272	343	(71)	(21)%
Net loss	\$ (49,412)	\$ (107,708)	\$ 58,296	(54)%

NM – Not Meaningful

**Revenue**

Total revenue increased by \$41.1 million, or 45%, to \$132.9 million for the six months ended June 30, 2024, from \$91.8 million for the six months ended June 30, 2023.

Diagnostic test revenue increased by \$42.1 million, or 48%, to \$130.5 million for the six months ended June 30, 2024, from \$88.5 million for the six months ended June 30, 2023. The increase primarily reflected an increase in Legacy GeneDx diagnostic testing revenues driven by a \$43.5 million, or 85%, increase in whole exome and genome sequencing revenues resulting from a 68% increase in test volumes coupled with improved whole exome and genome average reimbursement, partially offset by lower revenues from the now discontinued Legacy Sema4 business.

Other revenue decreased by \$1.0 million, or 29%, to \$2.4 million for the six months ended June 30, 2024, from \$3.4 million for the six months ended June 30, 2023. The decrease reflects the milestone achievement of partnership revenues recognized in the six months ended June 30, 2023, which did not recur in the six months ended June 30, 2024.

**Gross Profit**

Gross profit increased by \$46.4 million for the six months ended June 30, 2024, driven by a combination of lower cost of services from the now discontinued Legacy Sema4 business and improved margins from Legacy GeneDx. The gross profit performance from Legacy GeneDx reflected favorable volume mix shift to higher margin whole exome and genome tests, partially offset by lower average cost per test associated with these tests.

**Research and Development**

Research and development expense decreased by \$9.3 million, or 29%, to \$22.5 million for the six months ended June 30, 2024, from \$31.7 million for the six months ended June 30, 2023. The decrease was primarily attributable to lower current period

compensation costs as a result of headcount reduction actions and a decrease in depreciation expense of \$5.1 million related to the discontinued Legacy Sema4 business.

### ***Selling and Marketing***

Selling and marketing expense increased by \$4.0 million, or 14%, to \$32.7 million for the six months ended June 30, 2024, from \$28.6 million for the six months ended June 30, 2023. The increase reflects our investment to support growth in our commercial team.

### ***General and Administrative***

General and administrative expense decreased by \$33.4 million, or 41%, to \$47.6 million for the six months ended June 30, 2024, from \$81.0 million for the six months ended June 30, 2023. The decrease was attributable to lower current expenses related to professional services, software and information technology related costs, insurance costs, fixed asset depreciation and personnel-related costs as a result of the discontinued Legacy Sema4 business.

### ***Impairment Loss***

The non-cash charge of \$2.1 million for the six months ended June 30, 2023 reflected the impairment of certain capital and right-of-use asset leases. See Note 6, “*Property and Equipment, net*” to our condensed consolidated financial statements for further information.

### ***Other Operating Expenses, Net***

Other operating expenses, net were \$1.8 million for the six months ended June 30, 2024 as compared with \$2.5 million for the six months ended June 30, 2023. The decrease in expense reflected decreased services costs following the expiration of the transition services agreement with OPKO in October 2023. This was partially offset by the impact of a gain recognized on the sale of certain assets sold as a result of an auction held during the six months ended June 30, 2023, which did not recur in the six months ended June 30, 2024.

### ***Non-Operating Income, Net***

Non-operating income, net, decreased by \$29.4 million. The current period results primarily include legal reserves, net of insurance, of approximately \$13.4 million, and non-cash charges of \$5.1 million associated with the exercise of the Perceptive Warrant exercised and \$5.4 million driven by the significant increase in fair value of our public and private placement warrants and Perceptive Warrant driven primarily by the increase in our share price as of June 30, 2024. See Note 4, “*Fair Value Measurements*” to our condensed consolidated financial statements for further information on the changes in fair value of our warrant and earn-out contingent liabilities. Also see Note 9, “*Purchase Commitments and Contingencies*” to our condensed consolidated financial statements for further information.

The prior year results included net interest income driven by higher cash balances driven by the capital raise in the first quarter of 2023 and the principal loan forgiveness of \$2.8 million under the amendment to the DECD loan. See Note 8, “*Long-Term Debt*” to our condensed consolidated financial statements for further information.

### **Reconciliation of Non-GAAP Financial Measures**

In addition to our results determined in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP” or “GAAP”), we believe the following non-GAAP measures are useful in evaluating our operating performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

Non-GAAP financial measures have limitations as analytical tools and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. We may in the future incur expenses similar to the adjustments in the presentation of non-GAAP financial measures. Other limitations include that non-GAAP financial measures do not reflect:

- all expenditures or future requirements for capital expenditures or contractual commitments;
- changes in our working capital needs;
- the costs of replacing the assets being depreciated, which will often have to be replaced in the future;
- the non-cash component of employee compensation expense; and
- the impact of earnings or charges resulting from matters we consider not to be reflective, on a recurring basis, of our ongoing operations.

### ***Adjusted Gross Profit and Adjusted Gross Margin***

Adjusted gross profit is a non-GAAP financial measure that we define as revenue less cost of services, excluding depreciation and amortization expense, stock-based compensation expense and restructuring costs. We define adjusted gross margin as our adjusted gross profit divided by our revenue. We believe these non-GAAP financial measures are useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

The following is a reconciliation of gross profit to our adjusted gross profit and of our gross margin to adjusted gross margin for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 70,514	\$ 48,706	\$ 132,936	\$ 91,845
Cost of services	27,562	29,949	52,573	57,852
Gross profit	\$ 42,952	\$ 18,757	\$ 80,363	\$ 33,993
Gross margin	60.9 %	38.5 %	60.5 %	37.0 %
Add:				
Depreciation and amortization expense	\$ 808	\$ 1,233	\$ 1,624	\$ 1,822
Stock-based compensation expense	86	251	134	(1,415)
Restructuring costs <sup>(1)</sup>	—	13	48	87
Adjusted gross profit	\$ 43,846	\$ 20,254	\$ 82,169	\$ 34,487
Adjusted gross margin	62.2 %	41.6 %	61.8 %	37.5 %

(1) Represent costs incurred for restructuring activities, which include severance costs to impacted employees and third-party consulting costs incurred during the periods presented.

### ***Adjusted Net Loss***

Adjusted net loss is a non-GAAP financial measure that we define as net loss adjusted for depreciation and amortization, stock-based compensation expenses, impairment loss, restructuring costs, gain on sale of assets, other (income) expense, net, impairment loss, provision for excess and obsolete inventory associated with Legacy Sema4, gain on debt forgiveness and change in fair market value of warrant and earn-out contingent liabilities. We believe Adjusted net loss is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain factors that may vary from company to company for reasons unrelated to overall operating performance.

The following is a reconciliation of our net loss to Adjusted net loss for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (29,173)	\$ (46,719)	\$ (49,412)	\$ (107,708)
Depreciation and amortization expense	5,218	10,332	10,466	18,968
Stock-based compensation expense	3,108	108	2,657	156
Impairment loss <sup>(1)</sup>	—	—	—	2,120
Restructuring costs <sup>(2)</sup>	248	1,637	1,091	2,339
Change in fair value of financial liabilities <sup>(3)</sup>	4,409	(3,547)	10,510	(94)
Gain on sale of assets	—	(2,954)	—	(2,954)
Provision for excess and obsolete inventory associated with Legacy Sema4	—	2,620	—	2,620
Gain on debt forgiveness <sup>(4)</sup>	—	—	—	(2,750)
Other <sup>(5)</sup>	13,450	(3,324)	13,450	(4,360)
Adjusted net loss	\$ (2,740)	\$ (41,847)	\$ (11,238)	\$ (91,663)

(1) Represents the impairment of certain capital and right-of-use asset leases.

(2) Represent costs incurred for restructuring activities, which include severance and third-party consulting costs.

(3) Represents the change in fair value of the liabilities associated with our public warrants, private placement warrants, Perceptive Warrant and the earn-out shares.

(4) Represents principal loan forgiveness under the amendment to the DECD loan.

(5) For the three and six months ended June 30, 2024, represents reserves net of insurance for a certain litigation matter. See Note 9 “Purchase Commitments and Contingencies” to our condensed consolidated financial statements for further information.

### Liquidity and Capital Resources

Management believes that our cash and cash equivalents and available-for-sale marketable securities provide us with sufficient liquidity for at least twelve months from the filing date of this Quarterly Report.

Accordingly, our condensed consolidated financial statements included in this Quarterly Report have been prepared on a basis that assumes we will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business. Nevertheless, we may also seek additional funding in the future through the sale of common or preferred equity or convertible debt securities, drawing on the additional \$25 million tranche of the term loan under the Perceptive term loan facility, the entry into other credit facilities or another form of third-party funding or by seeking other debt financing. See Note 8, “Long-Term Debt” to our condensed consolidated financial statements for further information regarding the Perceptive term loan facility.

We have an effective shelf registration statement that we filed with the SEC in August of 2022, registering \$300 million shares of our Class A common stock and other securities. As of June 30, 2024, \$150 million of securities remained available under this registration statement.

On April 29, 2024, we entered into a sales agreement (the “Sales Agreement”) with TD Securities (USA) LLC (“TD Cowen”), pursuant to which we may, but are not obligated to, offer and sell, from time to time, shares of our Class A common stock with an aggregate offering price up to \$75.0 million through TD Cowen, as sales agent, subject to the terms and conditions described in the Sales Agreement and SEC rules and regulations (our “ATM offering”). As of June 30, 2024, no sales of Class A common stock had been made pursuant to this Sales Agreement.

### Material Cash Requirements for Known Contractual Obligations and Commitments

We anticipate fulfilling our contractual obligations and commitments with existing cash and cash equivalents and available-for-sale marketable securities, which amounted to \$106.9 million at June 30, 2024, through additional capital raised to finance our operations, including pursuant to our ATM offering, or through an additional tranche of \$25 million under the Perceptive credit facility, which is subject to certain conditions. See “Liquidity and Capital Resources” for further information.

As discussed in the notes to our condensed consolidated financial statements, in 2022, we entered into a settlement agreement with one of our third-party payors in order to settle the claims related to coverage and billing matters allegedly resulting in overpayments by the payor to Legacy Sema4. Under the settlement agreement, \$42 million is to be paid by us to the payor in a series of payments each year through June 30, 2026. In consideration for the payments, the payor provided releases of the disputed claims, effective March 31, 2023.

For more information regarding this matter, see Note 4, “Revenue Recognition” to our consolidated financial statements included in our 2023 Form 10-K and Note 3, “Revenue Recognition,” to our condensed consolidated financial statements included within this Quarterly Report, respectively.

## Cash Flows

	Six months ended June 30,	
	2024	2023
Net cash used in operating activities	\$ (20,918)	\$ (109,061)
Net cash used in investing activities	(21,858)	(11,733)
Net cash (used in) provided by financing activities	(829)	140,046

### Operating Activities

Net cash used in operating activities during the six months ended June 30, 2024 was \$20.9 million, driven by lower cash expenditures associated with the current year period net loss as compared with the prior year period, which reflected improved gross margin profitability, as well as the realization of cost savings from exiting the Legacy Sema4 business and other cost reduction initiatives.

Net cash used in operating activities during the six months ended June 30, 2023 was \$109.1 million, driven by higher cash expenditures associated with the prior year net loss, which reflected the costs associated with the exiting of the Legacy Sema4 business.

### Investing Activities

Net cash provided by investing activities during the six months ended June 30, 2024 was \$21.9 million, which included purchases of marketable securities of \$29.4 million, partially offset by \$9.3 million in proceeds from the sales and maturities of marketable securities.

Net cash used in investing activities during the six months ended June 30, 2023 was \$11.7 million, which was primarily attributable to the \$12.1 million in consideration on escrow paid for the Legacy GeneDx Acquisition.

### Financing Activities

Net cash used in financing activities during the six months ended June 30, 2024 was \$0.8 million, which reflected finance lease payments.

Net cash provided by financing activities during the six months ended June 30, 2023 was \$140.0 million, which was primarily driven by the \$143.0 million net proceeds from our January 2023 underwritten public offering and concurrent registered direct offering, net of issuance costs, which was offset partially a payment of \$2.0 million on the DECD loan and \$1.2 million of finance lease payments.

### Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about items that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our critical accounting policies and estimates are described in Note 2, “Summary of Significant Accounting Policies” to the consolidated financial statements included in the 2023 Form 10-K. There have been no material changes to our critical accounting policies and estimates in the current period. For further information, see Note 2, “Summary of Significant Accounting Policies” to our condensed consolidated financial statements.



## **Filer Status**

### ***Loss of Smaller Reporting Company Status***

Because the market value of our shares of Class A common stock held by non-affiliates was between \$250 million and \$700 million as of June 30, 2024 and our revenue for the year ended December 31, 2023 was more than \$100 million, we will continue to be deemed an accelerated filer under the Exchange Act as of December 31, 2024. However, we are no longer a “smaller reporting company” and will no longer be eligible to rely on the scaled disclosure exemptions available to smaller reporting companies starting with our first quarterly report on Form 10-Q in 2025.

### ***JOBS Act Accounting Election***

We are an “emerging growth company” within the meaning of the Jumpstart Our Business Startups Act (the “JOBS Act”). The JOBS Act allows an emerging growth company to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. We have elected to use this extended transition period and, as a result, our financial statements may not be comparable to companies that comply with public company effective dates. We also intend to rely on other exemptions provided by the JOBS Act, including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

We will remain an emerging growth company until the earliest of (1) September 1, 2025, (2) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.235 billion, (3) the last day of the fiscal year in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our Class A common stock held by non-affiliates exceeded \$700.0 million as of the last business day of the second fiscal quarter of such year or (4) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

### **Recent Accounting Pronouncements**

Additional information on recent accounting pronouncements can be found in Note 2, “*Summary of Significant Accounting Policies*” to our consolidated financial statements included within our 2023 Form 10-K, and Note 2, “*Summary of Significant Accounting Policies*” to our condensed consolidated financial statements.

### **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. Our cash, cash equivalents, available-for-sale marketable securities and restricted cash consists of bank deposits and money market funds, which totaled \$107.8 million at June 30, 2024 and \$131.1 million at December 31, 2023, respectively. Such interest-bearing instruments carry a degree of risk. However, because our investments are primarily high-quality credit instruments with short-term durations with high-quality institutions, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A 100-basis point change in interest rates would not have a material effect on the fair market value of our cash, cash equivalents and restricted cash.

We are also exposed to interest rate risk on our variable rate debt associated with the Perceptive term loan facility. Changes in interest rates can impact future interest payments we are obligated to pay.

See Note 8, “*Long-Term Debt*” to our condensed consolidated financial statements for further information.

### **Item 4. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2024. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2024 because of the material weakness in internal control over financial reporting at December 31, 2023 that we previously identified in Item 9A. “*Controls and Procedures*” of our Annual Report on Form 10-K for the year ended December 31, 2023 had not been fully remediated at June 30, 2024.

Notwithstanding the material weakness in internal control over financial reporting, our management has concluded that our condensed consolidated financial statements included in the Quarterly Report on Form 10-Q are fairly stated in all material respects in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

*Previously Reported Material Weakness*

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis.

As described in more detail in Item 9A. “*Controls and Procedures*” of our Annual Report on Form 10-K for the year ended December 31, 2023, the material weakness identified related to the fact that our accounting and operating systems lacked controls over access, and program change management that are needed to ensure access to financial data is adequately restricted to appropriate personnel, including consideration of the appropriate segregation of duties. As a result, it is possible that our business process controls that depend on the accuracy and completeness of data or financial reports generated by our information technology system could be adversely affected due to the lack of operating effectiveness of the information technology general controls (“ITGCs”).

*Remediation Plan*

Our management is actively engaged and committed to taking the steps necessary to remediate the material weakness over user access and program change management in order to establish a strong internal control environment. Remediation actions undertaken during 2023 and planned are described in more detail in Item 9A. “*Controls and Procedures*” of our Annual Report on Form 10-K for the year ended December 31, 2023.

While significant progress has been made to strengthen the design and operating effectiveness of our ITGCs, management has concluded that as of June 30, 2024, there was not a sufficient period of time available to sufficiently test nor conclude that enhanced internal controls were fully implemented and operating effectively. We will continue to monitor the effectiveness of ITGC remediation actions in connection with future assessments of the effectiveness of internal control over financial reporting and disclosure controls and procedures. Assessment results will be used to validate the efficacy of our ITGC remediation efforts and identify any additional actions necessary to ensure ongoing design and operating effectiveness.

*Changes in Internal Control Over Financial Reporting*

There was no change in our internal control over financial reporting that occurred during the six months ended June 30, 2024 covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We are continuing to take steps to remediate the material weakness in our internal control over financial reporting, as discussed above.

*Inherent Limitation on the Effectiveness of Internal Control*

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures, or our internal controls, will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected.

## Part II - Other Information

### Item 1. Legal Proceedings

Information required under this Item is contained above in Part I. Financial Information, Item 1, Note 9, “Purchase Commitments and Contingencies,” included within this Quarterly Report and is incorporated herein by reference.

### Item 1A. Risk Factors

Except for as set forth below, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A “Risk Factors” of our 2023 Form 10-K and in Part II, Item 1A “Risk Factors” of our Quarterly Report for the quarterly period ended March 31, 2024, filed with the SEC on April 29, 2024, which sections are incorporated by reference herein.

***We no longer qualify as a “smaller reporting company” and as a result, we will no longer be able to avail ourselves of certain reduced reporting requirements applicable to smaller reporting companies starting with our first quarterly report in 2025.***

We currently take advantage of certain of the scaled disclosures available to smaller reporting companies. However, based on the market value of our Class A common stock held by non-affiliates as of June 30, 2024, we will no longer be eligible to rely on the scaled disclosure exemptions available to smaller reporting companies starting with our quarterly report on Form 10-Q for the quarter ending March 31, 2025.

We expect that the loss of our “smaller reporting company” status and compliance with additional requirements will increase our legal and financial compliance costs. Any failure to comply with additional requirements in a timely manner, or at all, could have an adverse effect on our business and results of operations and could cause a decline in the price of our Class A common stock.

***Changes in FDA enforcement discretion for laboratory developed tests (“LDTs”) could subject our operations to much more significant regulatory requirements.***

We currently offer an LDT version of certain tests. Historically, the FDA has exercised a policy of enforcement discretion with respect to most LDTs, whereby the FDA did not actively enforce its medical device regulatory requirements for such tests. However, at various points in recent years, FDA has indicated that it intends to end enforcement discretion for many tests offered as LDTs, and to require such tests to comply with certain FDA regulatory requirements. The FDA Commissioner and the Director of the Center for Devices and Radiological Health (“CDRH”) have expressed significant concerns regarding performance disparities between some LDTs and in vitro diagnostics that have been reviewed, cleared, authorized or approved by the FDA.

Most recently, on April 29, 2024, the FDA published a final rule on LDTs, in which FDA outlines its plans to end enforcement discretion for many LDTs in five stages over a four-year period. In Phase 1 (effective May 6, 2025), clinical laboratories would be required to comply with medical device (adverse event) reporting, correction/removal reporting, and certain quality systems complaint handling requirements. In Phase 2 (effective May 6, 2026), clinical laboratories would be required to comply with all other device requirements (e.g., registration/listing, labeling, investigational use), except for remaining quality systems requirements and premarket review. In Phase 3 (effective May 6, 2027), clinical laboratories would be required to comply with all remaining applicable quality systems requirements. In Phase 4 (effective November 6, 2027), clinical laboratories would be required to comply with premarket submission requirements for high-risk tests (i.e., tests subject to premarket approval (PMA) requirement). Finally, in Phase 5 (effective May 6, 2028), clinical laboratories would be required to comply with premarket submission requirements for moderate- and low-risk tests (i.e., tests subject to de novo or 510(k) requirement). The final rule potentially extends enforcement discretion for certain tests – e.g., LDTs approved by the New York State Department of Health, and LDTs first marketed prior to May 6, 2024 which are not modified or are modified in certain limited ways – from certain FDA regulatory requirements, provided certain important limitations have been met. We are actively reviewing the final rule to evaluate its applicability to our operations, and the extent to which we may be required to modify our operations to comply with its requirements.

On May 29, 2024, the American Clinical Laboratory Association filed a lawsuit challenging the FDA’s authority to regulate LDTs as medical devices under the Federal Food, Drug, and Cosmetic Act. The outcome of this lawsuit is uncertain at this time.

If the FDA were to determine that certain tests offered by us as LDTs are no longer eligible for enforcement discretion for any reason, including new rules, policies or guidance, or due to changes in statute, our tests may become subject to extensive FDA requirements or our business may otherwise be adversely affected. If the FDA were to actively regulate our LDTs, we could experience reduced revenue or increased costs, which could adversely affect our business, prospects, results of operations and financial condition. If required, the regulatory marketing authorization process required to bring our current or future LDTs into compliance may involve, among other things, successfully completing additional clinical validations and submitting to and obtaining clearance from the FDA for a premarket clearance (510(k)) submission or authorization for a de novo submission or approval of a premarket approval application. Furthermore, pending legislative proposals, if enacted, such as the VALID Act, could create new or different regulatory and compliance burdens on us and could have a negative effect on our ability to keep

products on the market or develop new products, which could have a material effect on our business. In the event that the FDA requires marketing authorization of our LDTs in the future, the FDA may not ultimately grant any clearance, authorization or approval requested by us in a timely manner, may limit our indication in a way that is not commercially desirable, or refuse to provide such authorization at all. In addition, if the FDA inspects our laboratory in relation to the marketing of any FDA-authorized test, any enforcement action the FDA takes might not be limited to the FDA-authorized test carried by us and could encompass our other testing services.

## **Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities**

### **Recent Sales of Unregistered Securities**

None.

### **Issuer Purchases of Equity Securities**

None.

## **Item 3. Defaults Upon Senior Securities**

None.

## **Item 4. Mine Safety Disclosures**

None.

## **Item 5. Other Information**

### **Rule 10b5-1 Plan Adoptions and Modifications**

None.

### **Supplemental Disclosure to our Annual Report on Form 10-K for the year ended December 31, 2023**

The following updates Part I, Item 1. *“Business—Government Regulation—Information Blocking Prohibition”* in our 2023 Form 10-K and in Part II, Item 5 *“Supplemental Disclosure to our Annual Report on Form 10-K for the year ended December 31, 2023”* of our Quarterly Report for the quarterly period ended March 31, 2024, filed with the SEC on April 29, 2024:

On May 1, 2020, the Office of the National Coordinator for Health Information Technology promulgated final regulations under the authority of the 21st Century Cures Act to impose new conditions to obtain and maintain certification of certified health information technology and prohibit certain covered actors, including developers of certified health information technology, health information networks/health information exchanges, and health care providers, from engaging in activities that are likely to interfere with the access, exchange, or use of electronic health information (information blocking). The final regulations further defined exceptions for activities that are permissible, even though they may have the effect of interfering with the access, exchange, or use of electronic health information. The information blocking regulations compliance date was April 5, 2021 and the HHS subsequently issues a final rule called the HTI-1 Rule that, among other things, revised the information blocking regulations, effective March 11, 2024. HHS recently released a proposed rule call the HTI-2 Proposed Rule that, among other things, will further revise the information blocking regulations, if finalized. Under the 21st Century Cures Act, health care providers that violate the information blocking prohibition will be subject to appropriate disincentives. On July 1, 2024, the HHS published in the Federal Register a final rule to establish such disincentives, effective July 31, 2024. Developers of certified information technology and health information networks/health information exchanges, however, may be subject to civil monetary penalties of up to \$1 million per violation (adjusted for inflation). The HHS Office of Inspector General has the authority to impose such penalties and on July 3, 2023, published a final rule in the *Federal Register* codifying new authority in regulation, which became effective September 1, 2023.

**Item 6. Exhibits**

The following exhibits are filed as part of, or incorporated by reference into this Quarterly Report.

<b>No.</b>	<b>Description of Exhibit</b>	<b>Filed Herewith</b>
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	X
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	X
32.1**	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	X
32.2**	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	X
101.INS	Inline XBRL Instance Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibit 101).	X

\*\* Furnished

**SIGNATURES**

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

**GENEDX HOLDINGS CORP.**

Date: July 30, 2024

Name: /s/ Katherine Stueland  
Katherine Stueland  
Title: Chief Executive Officer and Director  
(Principal Executive Officer)

Date: July 30, 2024

Name: /s/ Kevin Feeley  
Kevin Feeley  
Title: Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATIONS**  
**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Katherine Stueland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GeneDx Holdings Corp. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 30, 2024

By: /s/ Katherine Stueland  
Katherine Stueland  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATIONS**  
**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Feeley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GeneDx Holdings Corp. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 30, 2024

By: /s/ Kevin Feeley  
Kevin Feeley  
Chief Financial Officer  
(Principal Financial Officer)



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

In connection with the Quarterly Report of GeneDx Holdings Corp. (the “registrant”) on Form 10-Q for the quarterly period ended June 30, 2024, as filed with the Securities and Exchange Commission (the “Report”), I, Katherine Stueland, Chief Executive Officer of the registrant, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: July 30, 2024

By: /s/ Katherine Stueland  
Katherine Stueland  
Chief Executive Officer  
(Principal Executive Officer)

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

In connection with the Quarterly Report of GeneDx Holdings Corp. (the “registrant”) on Form 10-Q for the quarterly period ended June 30, 2024, as filed with the Securities and Exchange Commission (the “Report”), I, Kevin Feeley, Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: July 30, 2024

By: /s/ Kevin Feeley  
Kevin Feeley  
Chief Financial Officer  
(Principal Financial Officer)