Todd Friedman (Investor Relations)
Good afternoon, and welcome to PacBio's second-quarter 2025 earnings conference call.

Earlier today, we issued a press release outlining the financial results we'll be discussing on today's call, a copy of which is available on the Investor's section of our website at www.pacb.com or as furnished on Form 8-K available on the Securities and Exchange Commission website at www.sec.gov. A copy of our earnings presentation is also available on the Investor's section of our website.

With me today are:

- Christian Henry, President and Chief Executive Officer, and
- Jim Gibson, Chief Financial Officer

On today's call, we will make "forward-looking statements," including, among others, statements regarding predictions, estimates, expectations, and guidance. You should not place undue reliance on forward-looking statements because they are subject to assumptions, risks, and uncertainties that could cause our actual results to differ materially from those projected or discussed.

Please review our SEC filings, including our most recent Forms 10-Q and 10-K and our press releases to better understand the risks and uncertainties that could cause results to differ. We disclaim any obligation to update or revise these forward-looking statements except as required by law.

We will also present certain financial information on a non-GAAP basis, which is not prepared under a comprehensive set of accounting rules and should only be used to supplement an understanding of the company's operating results as reported under U.S. GAAP. Reconciliations between historical U.S. GAAP and non-GAAP results are presented in our earnings release, which is available on the Investors' section of our website. For future periods, we're unable to reconcile non-GAAP gross margin and non-GAAP operating expenses without unreasonable effort due to the uncertainty regarding, among other matters, certain acquisition-related items that may arise during the year.

A recording of today's call will be available shortly after the live call in the investor section of our website. Those electing to use the replay are cautioned that forward-looking statements may differ or change materially after the completion of the live call.

I will now turn the call over to Christian.

Christian Henry (President and CEO)

Thank you, Todd, and good afternoon, everyone. Our financial results in the second quarter demonstrate that we continue to make significant progress toward our goal of increasing the adoption of our long-read sequencing platforms and driving the company toward positive cash flows. We delivered both year-over-year and sequential revenue growth, reduced our quarterly cash burn, and we are on track to achieve the strategic initiatives we laid out earlier this year.

We reported $39.8 million in revenue, up 7% sequentially and 10% compared to Q2 of last year. This was driven by strong international growth with revenue in our APAC and EMEA regions combined up 45% compared to Q2 of 2024.

Non-GAAP gross margin was 38.3%, ahead of our expectations, driven by a favorable product mix with a better-than-expected contribution from consumables. And we ended the quarter with approximately $315 million in cash and investments, also above plan, reflecting our continued cost discipline and lower-than-expected operating expenses.

Second quarter instrument revenue was $14.2 million, up sequentially and down 4% year over year, as funding constraints, particularly with academic and government customers, continued to pressure higher-capex purchases.

Consumables were strong in the quarter, with revenue totaling $18.9 million, up 11% year over year and ahead of our expectations. Annualized Revio pull-through remained within our expected range in the low-to-mid $200,000s per system, with steady utilization across the installed base.

Our recently-launched SPRQ chemistry is driving growth and expanding HiFi adoption. Compared to prior chemistry, it increases throughput up to 33%, lowers the cost per genome, and reduces DNA input requirements four-fold. As a result, sequencing gigabase output hit an all-time high in Q2, up approximately 66% year over year.

Turning to the full-year outlook, at this point we are seeing that the impact from tariffs in China is lower than we expected last quarter. However, it continues to be difficult to predict how tariffs will ultimately impact our business, particularly in China.

Capital spending remains constrained, particularly among U.S. academic institutions, which continue to face government funding headwinds and NIH-related uncertainty.

Taking these factors into account, we are maintaining the midpoint of our full-year revenue guidance and narrowing the range to $155 million to $165 million, representing 1% to 7% growth over 2024.

At the midpoint, this assumes mid-teen growth in consumables revenue as Revio utilization continues to ramp across a growing installed base, partially offset by mid-teen decline in instrument revenue due to the current macroeconomic environment, including uncertainty around academic funding.

Despite macroeconomic headwinds, we continue to see broad adoption of our HiFi sequencing platforms across research, translational, and clinical markets.

In Q2, we shipped 15 Revio systems, and 38 Vega systems, bringing our cumulative totals to 297 Revio and 73 Vega systems. On the Revio side, 60% of placements went to brand-new customers, and one-third were to LDT, diagnostic or hospital labs, encouraging signs that HiFi is gaining share in these labs, replacing a number of legacy technologies. This is especially true in genetic and rare disease testing.

A few recent examples include:

- Variantyx, a diagnostics lab based in Boston and a new PacBio customer, that is seeking to improve key genetic disease assays by using Revio and PacBio HiFi sequencing in lieu of legacy sequencing technologies;

- GeneDx added another Revio to its fleet in Q2 and plans to incorporate our PureTarget chemistry to further advance key tests.

- Additionally, we placed additional Revio systems into hospital systems in northern Europe, where HiFi is being used to advance the understanding and improve solve rates for rare disease at scale.

Turning to Vega – the PacBio team has built a robust platform. We're extremely pleased with the systems' continued momentum and strong performance in the field.

In the second quarter, nearly 60% of Vega shipments were to new PacBio customers, and since launching in late Q4 last year, Vega has brought over 40 new labs into the PacBio ecosystem a number we expect will continue to grow.

Importantly, Vega is not just broadening our customer base, it's also expanding the range of applications HiFi can support. We're seeing strong adoption among smaller labs and new market segments, and approximately 70% of Vega customers are using the platform for non–whole genome applications, including small amplicon sequencing, targeted panels, and microbial genomics.

That's exactly the kind of accessibility and versatility we designed Vega to deliver. And it's performing exceptionally well. Customer runs consistently exceed our specifications across a range of insert sizes, with HiFi read lengths and yields often surpassing expectations.

At the Charles University in Prague, for example, one researcher shared how switching to Vega has significantly improved his lab's scientific output. By eliminating months of troubleshooting associated with incomplete short-read data, he's been able to double his publication rate while significantly improving data quality, starting projects with complete chromosomes from the outset.

With its lower capital cost, compact footprint, and integrated analysis tools, we believe Vega is opening new segments of the genomics market to PacBio, including labs and institutions that were previously out of reach for long-read platforms.

Miami University in Ohio is a great example. Researchers at the institution shared that the system was intuitive to operate, with streamlined informatics capabilities, and they plan to use the platform across a wide range of applications, including single cell, epigenetics, and immunology. They also noted that Vega is more cost-effective than the leading low-throughput short-read NGS platform, with run costs that align well with the funding models common in many academic and translational research settings.

We're also seeing growing momentum in population-scale and multi-omic initiatives around the world.

In July, PacBio HiFi technology powered the first Arab human pangenome, published in *Nature Communications*. This study uncovered millions of previously undetected variants, reinforcing the importance of long-read accuracy when it comes to capturing genetic diversity and improving reference genomes. We believe studies like this demonstrate why highly accurate, long-read sequencing is foundational to large-scale population genomics programs, especially those seeking to expand inclusion across historically underrepresented groups.

We also recently announced that PacBio has joined the 1,000 Genomes Long-Read Project, a major global effort that is expanding beyond its original nanopore-only design to now include HiFi-based sequencing. As part of this next phase, PacBio plans to contribute full-length isoform RNA data from roughly 1,000 samples using our Kinnex RNA kits and Revio systems. The program's leaders specifically selected Kinnex for its data quality, isoform resolution, and throughput, offering what we believe is a clear advantage over existing short-read and long-read transcriptomic methods. With simplified prep, low RNA input requirements, and scalable output, Kinnex is uniquely suited for large-scale, multi-population studies. This collaboration highlights how researchers are increasingly turning to HiFi and Kinnex to drive deeper insight into gene regulation and transcript diversity at population scale.

As previously mentioned, we're seeing continued progress in clinical sequencing applications as well. Quest Diagnostics, for example, announced that its Athena Diagnostics division is using PacBio HiFi sequencing to enhance its Ataxia movement disorder panel. Built on Revio and powered by our PureTarget chemistry, this assay can detect repeat expansions and complex variants that can be frequently missed by conventional short-read tests. It's a clear example of how HiFi sequencing is making its way into routine clinical workflows, enabling more comprehensive and accurate testing.

We're also expanding our clinical footprint internationally. Recently, we announced a new agreement with Haorui Gene, a leading genomics distributor in China with deep expertise bringing long-read sequencing into clinical use. Haorui has already played a pivotal role in advancing HiFi-based testing in the region. They launched a HiFi-based HLA typing product in 2022 and they've since deepened collaborations with major blood centers to expand national research efforts in rare blood classification and antigen mapping, applications that demand the high-resolution, allele-level accuracy that HiFi uniquely provides. Through this partnership, we expect to further grow our clinical presence in transfusion medicine and hematology in China.

In translational research, we were honored to be selected by Target ALS to support the largest global ALS genomics study utilizing HiFi sequencing to date. This project is expected to use Revio to generate whole genome data from thousands of ALS patient samples, aiming to uncover the complex genetic contributors to this devastating disease and generate the largest long-read open-access database for ALS.

ALS presents a challenging genetic landscape, marked by structural variants, repeat expansions, and non-coding elements, many of which are invisible to traditional sequencing. We believe HiFi's length and accuracy make it particularly capable of resolving these difficult regions, helping researchers discover new links between genetic variation and disease progression. And because the data from this study will be made broadly available, it has the potential to accelerate discoveries that lead to better diagnostics, new therapeutic targets, and ultimately, hope for people living with ALS.

And beyond HiFi adoption, we're also helping define the next generation of genomic benchmarking.

Earlier this week, a study published in *Nature Methods* introduced the Platinum Pedigree benchmark, the most comprehensive, family-based variant dataset ever released. Developed by scientists at PacBio alongside collaborators at the University of Washington, University of Utah, and others, this benchmark characterizes not just simple variants, but also complex and repeat-rich regions that have traditionally been excluded from reference datasets. This resource was used to retrain Google's DeepVariant AI model, resulting in a 34% reduction in erroneous variant calls genome-wide, with even greater improvements in the most difficult regions. It's a powerful validation of how HiFi data is improving the performance of AI-based tools and reinforcing PacBio's position as a leader in sequencing accuracy.

Looking ahead, we're also making strong progress in the development of our multi-use SMRT Cell capability, a key innovation that will allow customers to run a Revio SMRT Cell, the most expensive component of our consumable, multiple times. This is a major step toward reducing cost per genome for our customers, and at the same time, improving our own gross margin. We believe this capability will help unlock larger-scale projects, increase flexibility, and create more value for customers doing high-throughput research and clinical sequencing. We look forward to sharing more about this innovative technology at a later date.

I'll now hand the call to Jim to discuss financials before I finish with some closing remarks.

Jim Gibson (CFO)
Thank you, Christian. I will be discussing non-GAAP results, which include non-cash stock-based compensation expense. I encourage you to review a reconciliation of GAAP to non-GAAP financial measures in our earnings press release.

As discussed, we reported $39.8 million in product, service, and other revenue in the second quarter of 2025, compared to $36.0 million in the second quarter of 2024.

- Instrument revenue in the second quarter was $14.2 million, a decrease of 4% from $14.7 million in the second quarter of 2024 due to lower Revio unit shipments, partially offset by 38 Vega systems as we commenced shipping this platform late last year. We ended the quarter with 297 cumulative Revio system shipments and 73 cumulative Vega system shipments.

- Turning to consumables, revenue of $18.9 million in the second quarter increased 11% from $17.0 million in the second quarter of 2024, with annualized Revio pull-through per system at approximately $219,000. Vega consumables continue to grow sequentially with the expansion of the installed base, and we anticipate providing an expected pull-through range at a later date once there is a larger and more established installed base.

- Finally, service and other revenue grew approximately 57% to $6.7 million in the second quarter, compared to $4.3 million in the second quarter of 2024 driven by an increase in Revio service contract revenue and revenue related to a large population sequencing program in Southeast Asia[30.5].

From a regional perspective,

- Americas revenue of $17.7 million decreased 15% compared to the second quarter of 2024 with the region most affected by government funding headwinds and NIH funding uncertainty. We're pleased to see Vega making progress with this customer base as over half the systems went to academic or government customers.

- For Asia Pacific, revenue of $12.6 million increased 53% compared to the second quarter of 2024 driven by increased Revio and Vega placements and increased revenue from a population sequencing project in Southeast Asia.

- EMEA revenue of $9.5 million increased 35% compared to the second quarter of 2024. Building off momentum in the first quarter, the region continued to see strength in Revio placements in the hospital and clinical research customer base and growing demand for the Vega platform.

Moving down the P&L,

Second quarter 2025 non-GAAP gross profit of $15.2 million represented a non-GAAP gross margin of 38%, compared to a non-GAAP gross profit of $13.2 million or 37% in the second quarter of 2024 primarily due to higher consumable margins. Consumable margins improved in the quarter as a result of lower Revio consumable per unit costs. This was partially offset by lower instrument margin as we work toward shipping our production-rate Vega systems in the second half of 2025.

Non-GAAP operating expenses were $58.1 million in the second quarter of 2025, representing an 18% decrease from non-GAAP operating expenses of $71.0 million in the second quarter of 2024.
Operating expenses in the second quarter of 2025 included non-cash share-based compensation of $11.0 million, compared to $16.1 million in the second quarter of 2024. The decrease in both non-GAAP operating expenses and non-cash stock-based compensation was primarily due to the restructuring initiative we implemented earlier this year.

Regarding headcount, we ended the quarter with 491 employees compared to 575 at the end of 2024 and 581 at the end of the second quarter of 2024.

Non-GAAP net loss was $40.0 million representing $0.13 per share, in the second quarter of 2025, compared to a non-GAAP net loss of $55.2 million, representing $0.20 per share in the second quarter of 2024.

We ended the second quarter of 2025 with $314.7 million in unrestricted cash and investments, compared with $389.9 million at December 31, 2024 and $343.1 million at March 31, 2025.

Turning to guidance,

As discussed earlier, we are maintaining our revenue guidance midpoint but narrowing the range to $155 million to $165 million as we believe the prior downside scenario to China in 2025 has been significantly mitigated while the upside case continues to be pressured by the academic funding environment. Like last quarter, this continues to be an extremely dynamic macro environment, especially with respect to trade policy and uncertainty surrounding future NIH funding.

Our guidance midpoint assumes consumable revenue grows in the mid-teens compared to 2024, partially offset by a mid-teens decline in instrument revenue.

Consistent with the first half of 2025, we expect annual pull-through per Revio system to be in the low to mid-$200,000s.

In the Americas, our guidance continues to assume significant uncertainty in the broader academic research community, especially in the near term with accelerating activity in the clinical market anticipated to offset some of the potential headwinds.

For Asia Pacific, we continue to anticipate revenue growth in the region in 2025, though we expect a slight sequential decline in Q3 compared to Q2 due to modest tariff-related order acceleration in the first half of the year.

We continue to expect EMEA to be the fastest growing region in 2025 as population sequencing programs scale, whole-genome sequencing in a clinical setting grows, and we expand our customer base with Vega.

Looking at Q3 revenue we expect revenue to be roughly flat on a sequential and year-over-year basis, partially due to a sequential decline in APAC after a strong Q2.

Moving down the P&L, with the first half of 2025 coming in better than we expected and per unit cost reductions expected on Revio instrument and consumables and the Vega system in the second half, we are raising our 2025 non-GAAP gross margin guidance range and now expect it to be between 37% and 40%, and we continue to expect to exit the year above 40%.

As mentioned, we are operating in an environment with trade policy uncertainty and if the U.S. enacts tariffs on certain countries in our supply chain, we could face incremental pressure to our cost of goods in the second half of this year. As of now, our guidance does not factor in a material increase in COGS related to tariffs.

We continue to be focused on our spend and we now expect non-GAAP operating expenses to be in the range of $235 million to $240 million. We expect to continue to realize savings in 2026 and as such, anticipate 2026 non-GAAP operating expenses to be lower than in 2025.

We now expect interest and other income to be between $6 million and $8 million in 2025, and the weighted average share count for EPS for the full year to be approximately 298 million.

We continue to expect our ending balance of cash and investments to be approximately $270 million at the end of 2025. When excluding the $5 million licensing payment in Q1, this implies a $115 million cash burn in 2025 or an improvement of $72 million in adjusted cash burn compared to 2024.

We remain on track towards our plan to achieve positive cash flow by the end of 2027 and believe our $315 million in cash and investments as of June 30 will fund us through this transition.

I'll now hand it back to Christian for some final remarks.

Christian Henry (President and CEO)

To close, I want to come back to the core of why we believe the company is positioned to deliver long-term value to all its stakeholders.

HiFi technology is fundamentally different from anything else in the market. It enables researchers and clinicians to read native single DNA molecules at lengths up to 25 kilobases with exceptional accuracy, while simultaneously detecting epigenetic modifications, such as 5mC and 6mA, in the same sequencing run at no additional cost. We believe no other platform matches this level of biological insight at scale.

With SPRQ chemistry, Kinnex RNA kits, PureTarget panels, and our upcoming multi-use SMRT Cell capability, we're delivering true end-to-end solutions, reducing barriers to adoption through improved cost efficiency, higher throughput, and workflow simplicity. Together, these innovations are setting the stage for broader adoption in clinical and population-scale genomics.

We believe we are well on the path to supporting not just tens of thousands of genomes, but ultimately hundreds of thousands, and even millions.

And we're doing this with focus and financial discipline. By investing efficiently and narrowing our strategic priorities, we've meaningfully reduced our cash burn and are tracking toward our goal of turning cash flow positive as we exit 2027.

That's the opportunity ahead. That's why we've refocused on long-read innovation. And that's why we believe PacBio is well positioned to lead the next chapter of genomic medicine.

Pacific Biosciences of California, Inc.
Unaudited Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)	Three Months Ended June 30, 2025	Three Months Ended March 31, 2025	Three Months Ended June 30, 2024
Revenue:			
Product revenue	$ 33,083	$ 31,113	$ 31,746
Service and other revenue	6,683	6,040	4,267
Total revenue	39,766	37,153	36,013
Cost of Revenue:			
Cost of product revenue [(1)]	20,022	26,333	23,083
Cost of service and other revenue	4,853	3,778	3,366
Amortization of acquired intangible assets	183	4,345	2,628
Loss on purchase commitment [(1)]	24	4,068	998
Total cost of revenue	25,082	38,524	30,075
Gross profit (loss)	14,684	(1,371)	5,938
Operating Expense:			
Research and development [(1)]	22,529	29,053	38,485
Sales, general and administrative [(1)]	36,175	40,168	45,877
Impairment charges [(2)]	—	15,000	93,200
Amortization of acquired intangible assets [(3)]	833	362,042	4,222
Change in fair value of contingent consideration [(4)]	—	(18,700)	—
Total operating expense	59,537	427,563	181,784
Operating loss	(44,853)	(428,934)	(175,846)
Interest expense	(1,738)	(1,737)	(3,542)
Other income, net	4,696	4,294	6,069
Loss before income taxes	(41,895)	(426,377)	(173,319)
Income tax provision (benefit)	35	(302)	—
Net loss	$ (41,930)	$ (426,075)	$ (173,319)
Net loss per share:			
Basic	$ (0.14)	$ (1.44)	$ (0.64)
Diluted	$ (0.14)	$ (1.44)	$ (0.64)
Weighted average shares outstanding used in calculating net loss per share:			
Basic	300,162	296,858	272,385
Diluted	300,162	296,858	272,385

(1) Balances include restructuring costs. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

(2) In-process research and development ("IPR&D") impairment charge during the three months ended March 31, 2025 was driven primarily by macroeconomic factors and restructuring initiatives, including the focus on long-read innovation, resulting in changes to the timing and amounts of cash flows. Goodwill impairment charge during the three months ended June 30, 2024 was related to a sustained decrease in the Company's share price, among other factors.

(3) Balance for the three months ended March 31, 2025 includes accelerated amortization of acquired intangible assets related to restructuring initiatives. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

(4) Change in fair value of contingent consideration for the three months ended March 31, 2025 was due to fair value adjustments of a milestone payment payable upon the achievement of a milestone event.

Pacific Biosciences of California, Inc.
Unaudited Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Revenue:				
Product revenue	$ 33,083	$ 31,746	$ 64,196	$ 66,755
Service and other revenue	6,683	4,267	12,723	8,068
Total revenue	39,766	36,013	76,919	74,823
Cost of Revenue:				
Cost of product revenue [1]	20,022	23,083	46,355	45,530
Cost of service and other revenue	4,853	3,366	8,631	7,104
Amortization of acquired intangible assets	183	2,628	4,528	3,971
Loss on purchase commitment [1]	24	998	4,092	998
Total cost of revenue	25,082	30,075	63,606	57,603
Gross profit	14,684	5,938	13,313	17,220
Operating Expense:				
Research and development [1]	22,529	38,485	51,582	81,940
Sales, general and administrative [1]	36,175	45,877	76,343	89,630
Impairment charges [2]	—	93,200	15,000	93,200
Amortization of acquired intangible assets [3]	833	4,222	362,875	9,728
Change in fair value of contingent consideration [4]	—	—	(18,700)	(70)
Total operating expense	59,537	181,784	487,100	274,428
Operating loss	(44,853)	(175,846)	(473,787)	(257,208)
Interest expense	(1,738)	(3,542)	(3,475)	(7,117)
Other income, net	4,696	6,069	8,990	12,828
Loss before income taxes	(41,895)	(173,319)	(468,272)	(251,497)
Income tax provision (benefit)	35	—	(267)	—
Net loss	$ (41,930)	$ (173,319)	$ (468,005)	$ (251,497)
Net loss per share:				
Basic	$ (0.14)	$ (0.64)	$ (1.57)	$ (0.93)
Diluted	$ (0.14)	$ (0.64)	$ (1.57)	$ (0.93)
Weighted average shares outstanding used in calculating net loss per share:				
Basic	300,162	272,385	298,519	270,982
Diluted	300,162	272,385	298,519	270,982

(1) Balances include restructuring costs. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

(2) In-process research and development ("IPR&D") impairment charge during the six months ended June 30, 2025 was driven primarily by macroeconomic factors and restructuring initiatives, including the focus on long-read innovation, resulting in changes to the timing and amounts of cash flows. Goodwill impairment charge during the three and six months ended June 30, 2024 was related to a sustained decrease in the Company's share price, among other factors.

(3) Balance for the six months ended June 30, 2025 includes accelerated amortization of acquired intangible assets related to restructuring initiatives. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

(4) Change in fair value of contingent consideration during the six months ended June 30, 2025 and 2024 was due to fair value adjustments of milestone payments payable upon the achievement of the respective milestone event.

Pacific Biosciences of California, Inc.
Unaudited Condensed Consolidated Balance Sheets

(in thousands)	June 30, 2025	December 31, 2024
Assets		
Cash and investments	$ 314,735	$ 389,931
Accounts receivable, net	32,257	27,524
Inventory, net	53,839	58,755
Prepaid expenses and other current assets	12,266	18,781
Property and equipment, net	23,102	30,505
Operating lease right-of-use assets, net	43,504	16,091
Restricted cash	1,832	2,222
Intangible assets, net	17,163	389,572
Goodwill	317,761	317,761
Other long-term assets	9,011	9,305
Total Assets	$ 825,470	$ 1,260,447
Liabilities and Stockholders' Equity		
Accounts payable	$ 15,055	$ 16,590
Accrued expenses	26,541	22,595
Deferred revenue	20,572	19,764
Operating lease liabilities	52,785	24,940
Contingent consideration liability	—	18,700
Convertible senior notes, net	646,436	647,494
Other liabilities	2,592	3,770
Stockholders' equity	61,489	506,594
Total Liabilities and Stockholders' Equity	$ 825,470	$ 1,260,447

Pacific Biosciences of California, Inc.
Reconciliation of Non-GAAP Financial Measures

(in thousands, except per share amounts)	Three Months Ended June 30, 2025	Three Months Ended March 31, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
GAAP net loss	$ (41,930)	$ (426,075)	$ (173,319)	$ (468,005)	$ (251,497)
Change in fair value of contingent consideration [(1)]	—	(18,700)	—	(18,700)	(70)
Impairment charges [(2)]	—	—	93,200	—	93,200
Amortization of acquired intangible assets	1,016	7,128	6,850	8,144	13,699
Income tax benefit [(3)]	—	(546)	—	(546)	—
Restructuring [(4)]	963	393,788	18,028	394,751	18,028
Non-GAAP net loss	$ (39,951)	$ (44,405)	$ (55,241)	$ (84,356)	$ (126,640)
GAAP basic net loss per share	$ (0.14)	$ (1.44)	$ (0.64)	$ (1.57)	$ (0.93)
Change in fair value of contingent consideration [(1)]	—	(0.06)	—	(0.06)	—
Impairment charges [(2)]	—	—	0.34	—	0.34
Amortization of acquired intangible assets	—	0.02	0.03	0.03	0.05
Restructuring [(4)]	—	1.33	0.07	1.32	0.07
Other adjustments and rounding differences	0.01	—	—	—	—
Non-GAAP basic net loss per share	$ (0.13)	$ (0.15)	$ (0.20)	$ (0.28)	$ (0.47)
GAAP gross profit (loss)	$ 14,684	$ (1,371)	$ 5,938	$ 13,313	$ 17,220
Amortization of acquired intangible assets	183	4,345	2,628	4,528	3,971
Restructuring [(4)]	348	12,027	4,650	12,375	4,650
Non-GAAP gross profit	$ 15,215	$ 15,001	$ 13,216	$ 30,216	$ 25,841
GAAP gross profit (loss) %	37 %	(4)%	16 %	17 %	23 %
Non-GAAP gross profit %	38 %	40 %	37 %	39 %	35 %
GAAP total operating expense	$ 59,537	$ 427,563	$ 181,784	$ 487,100	$ 274,428
Change in fair value of contingent consideration [(1)]	—	18,700	—	18,700	70
Impairment charges [(2)]	—	—	(93,200)	—	(93,200)
Amortization of acquired intangible assets	(833)	(2,783)	(4,222)	(3,616)	(9,728)
Restructuring [(4)]	(615)	(381,761)	(13,378)	(382,376)	(13,378)
Non-GAAP total operating expense	$ 58,089	$ 61,719	$ 70,984	$ 119,808	$ 158,192

(1) Change in fair value of contingent consideration during the three months ended March 31, 2025 and six months ended June 30, 2025 and 2024 was due to fair value adjustments of milestone payments payable upon the achievement of the respective milestone event.

(2) Goodwill impairment charge during the three and six months ended June 30, 2024 was related to a sustained decrease in the Company's share price, among other factors.

(3) A deferred income tax benefit during the three months ended March 31, 2025 and six months ended June 30, 2025 is primarily related to the change in the deferred tax liability balance resulting from the accelerated amortization of acquired intangible assets and impairment of IPR&D.

(4) Restructuring costs related to the 2025 plan during the three months ended March 31, 2025 and June 30, 2025 and six months ended June 30, 2025 consist primarily of costs included in cost of revenue related to excess inventory and purchase commitment losses, as well as costs included in operating expenses related to employee separation, accelerated depreciation, IPR&D impairment, and accelerated amortization of acquired intangibles.

Restructuring costs related to the 2024 plan during the three and six months ended June 30, 2024 consist primarily of employee separation costs, accelerated amortization and depreciation for right-of-use assets, leasehold improvements, and furniture and fixtures relating to the abandonment of the San Diego office, including charges for excess inventory due to a decrease in internal demand relating to the expense reduction initiatives during the three months ended June 30, 2024.