

Caylene Parrish (Investor Relations)

Good afternoon and welcome to PacBio's first quarter 2026 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 Investors 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 Investors 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 providing 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 Form 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 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 US GAAP. Reconciliations between historical US 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 Investors 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 and good afternoon, everyone.

Our first quarter of 2026 was highlighted by record consumable revenue, greater than 100% year-over-year growth in consumable shipments to clinically focused accounts, and significant progress on our strategic objectives, including entering our first significant AI related project with Basecamp Research. On the other hand, instrument revenue, particularly Vega, was lower than we had expected. This was driven by continuing pressure on academic funding, particularly in the United States. Additionally, we were unable to deliver some products to the Middle East because of the conflict in the region.

I'll start by diving into our consumable performance. Once again, we achieved record consumable revenue, marking our third consecutive record quarter. In Q1, this was highlighted by more than 100% year-over-year growth in shipments to clinically focused accounts. This growth offset the fact that some customers held off consumable shipments to wait for the SPRQ-Nx commercial launch. Overall, consumable revenue grew 9% year-over-year, and clinical shipments now represent a mid-teens percentage of total consumable shipments, doubling year-over-year. We expect clinical shipments to continue growing as customers transition from testing and validation to full commercialization. Consumable pull-through was within our expected range of \$225 - \$250K per Revio system. Additionally, there was strong demand to participate in our SPRQ-Nx early access program during the quarter.

Turning to Instruments. We shipped 15 Revio systems in the first quarter, compared to 12 in the first quarter of 2025. While Revio demand remains constrained by the funding environment in the Americas, we are encouraged by the fact that half of Revio placements went to new customers globally, and we continued to see multi-system orders from clinical accounts building their capacity. We ended the quarter with cumulative Revio shipments of 346 systems.

We shipped 27 Vega systems in the first quarter, compared to 28 in the first quarter of 2025. The revenue contribution from Vega was impacted by two primary factors: lighter demand in the United States, where academic funding remains under pressure, and promotional pricing geared toward attracting new customers. Specifically, during the quarter, we launched a limited-time Vega promotion to expand our Vega installed base and unlock several new accounts. We concluded the promotion at the end of the first quarter, and we expect Vega ASPs to normalize in the second quarter. The good news is the more than 85% of Vega placements went to new customers this quarter, expanding the reach of HiFi sequencing. Cumulative Vega shipments stand at 174 systems.

From a regional perspective, EMEA was a highlight in the first quarter, delivering 17% year-over-year growth. We are seeing clinical customers who were in pilot and validation mode *now* make the transition into sustained, production-scale sequencing. That shift is creating demand for more Revio placements, and is driving sustained consumable pull-through. The EMEA pipeline for Revio continues to be strong, and we believe that instrument sales in EMEA will remain an important driver for our business. As we saw in 2025, we expect that EMEA will be the fastest growing region in our business in 2026.

In the Americas, we continue to aggressively shift our strategy to clinical and commercial accounts where the funding dynamics are more favorable. In fact, in Q1 our largest accounts are now commercial service providers and clinical accounts.

Revenue in Asia Pacific declined 16% year over year due primarily to our largest customers in China waiting for the commercial launch of our SPRQ-Nx kits, which are expected to ship later this month.

Looking ahead, we remain confident in delivering revenue growth for the year. Although Vega demand remains softer than we anticipated, Revio opportunities are increasing with the imminent launch of

SPRQ-Nx. As I communicated previously, we believe the introduction of SPRQ-Nx makes HiFi sequencing the most affordable long-read sequencing technology. These favorable economics have been enabled by both the multi-use SMRT cell and an increase in SMRT cell yield. We will commercialize SPRQ-Nx with the ability to use each SMRT cell three times, and our beta customers have seen double-digit improvement in yield. In fact, the beta program has gone so well that we significantly expanded the program in the first quarter. However, as I previously indicated, some of the customers are waiting for the full launch of the new chemistry, which will occur later this month.

Ultimately, we believe that SPRQ-Nx will drive demand for both more Revio systems and more consumables. But SPRQ-Nx isn't limited to Revio. Later this summer, we expect to launch the SPRQ-Nx chemistry on the Vega platform. On Vega, SPRQ-Nx will enable significantly more throughput, and it will unlock some of the key features of the SPRQ chemistry, including lower DNA input quantities. This will immediately increase utility of the platform and increase its value, which we believe will accelerate demand for Vega.

Now, I would like to highlight a few significant strategic developments from the first quarter and areas where we have made encouraging progress in support of our long-term goals.

First, we completed two significant strategic actions in the quarter. We closed the sale of our high-throughput short-read sequencing assets to Illumina, generating approximately \$48.1 million in net cash proceeds and meaningfully strengthening our balance sheet. Additionally, we resolved outstanding litigation with Personal Genomics of Taiwan. Taken together, these actions sharpen our focus, strengthen our position, and allow us to concentrate entirely on what we believe to be our true competitive advantage, long-read sequencing.

We are also making real progress in our clinical opportunity, which we believe remains the most compelling long-term driver of our business, with shipments to clinical accounts increasing more than 100% year-over-year. Our goal is clear: lower the barriers of adoption and enable clinicians worldwide to deliver more complete answers to patients and their families. Our core thesis is straightforward: HiFi is the only commercially available sequencing technology that we believe can comprehensively characterize substantially all classes of variants in a single assay. As a comparison, short-read approaches require multiple tests to achieve a similar result. As demand for comprehensive genomic testing continues to grow, we are focused on expanding the clinical utility of HiFi sequencing, because our system's faster time to answer, comprehensive genomic output, and altogether less expensive total testing cost can provide the insights that meaningfully change outcomes for patients.

Specifically, we continue to believe that the rare disease market will be a major driver for clinical adoption of Hi-Fi sequencing. Of the estimated 300 million people living with a rare disease, many remain undiagnosed or misdiagnosed, which we believe to be a reflection of the limitations of historic sequencing technologies. What makes the rare disease market particularly compelling from a business perspective is that we believe we are in the early phase of the adoption curve. Patients getting sequenced today represent a small fraction of those who could benefit. It is clear to our team that we are in the early innings of a very large opportunity, and we have the chance to make a big impact with HiFi technology.

We have made notable progress across our recently announced collaborations in rare disease. Ambry Genetics is on track to assess 1,000 patients in their ONCE study. With Ambry, we believe we are proving that HiFi has the power to find what other sequencing technologies have missed. Our collaboration with n-Lorem and EspeRare continues to advance, with HiFi sequencing across dozens of ultra-rare diseases. HiFi has the potential to help inform therapy recommendations, another important validation point for clinical utility beyond initial diagnosis. Additionally, the University of Washington program studying

sudden unexplained death in childhood by sequencing across 200 families is well underway, further building our evidence base.

As utilization of HiFi to sequence rare disease cases continues to expand, the ability to connect the data across customers and sites becomes a valuable tool for understanding each rare disease. This is why, in late February, we announced a collaboration with DNASTack to launch the first global federated HiFi whole genome dataset. Through the HiFi Solves Global Consortium, which includes nearly 30 clinical and research institutions across 15 countries, the collaboration enables secure international research and allows genomic insights to travel across borders. Members have connected or have committed to connect more than 10,000 HiFi whole genome sequences, which would form one of the largest and most diverse federated HiFi datasets dedicated to rare disease research. We expect that collaboration will accelerate discoveries for patients and further drive our strength in the clinical research setting.

Beyond rare disease, we are seeing a tremendous opportunity in the carrier and newborn screening markets. For example, in the fourth quarter of 2025, we announced the Babies in Focus project led by Eurofins Genomics UK to sequence at least 2,000 samples. This study aims to demonstrate that long-read whole genome sequencing provides clinically meaningful improvements within a newborn screening setting, particularly in detecting complex and structural variants. We believe this study will generate real-world evidence at population-scale that can justify adoption of long-read sequencing in newborns in national healthcare programs, *and* demonstrate the value created by long-read sequencing over short-read approaches. I'm happy to report that this is advancing as planned, and we expect 1,000 samples to be sequenced on the PacBio technology between April and September of this year. We believe this work is foundational toward building the evidence base for potential inclusion of long-read sequencing in a national newborn screening program in the United Kingdom.

Before I turn the call over to Jim, I want to discuss our recently signed collaboration with Basecamp Research to deeply sequence approximately 100,000 metagenomic samples. This will be the largest project using HiFi technology in the history of PacBio, and the first scaled use of HiFi for the development of a biological foundation model.

The team at Basecamp believes that model performance in biology scales disproportionately with data quality and diversity, not just model size. As a result, Basecamp is ambitiously targeting to create a Trillion Gene Atlas, which may end up expanding known genetic diversity by as much as 100-fold by sequencing up to 100+ million species globally.

The Trillion Gene Atlas will be used to train a new class of biological foundation model, Basecamp's EDEN model, which is already demonstrating the ability to move beyond simple prediction into generative biology—designing therapeutics directly from sequence and disease prompts, including gene insertion systems, antimicrobial peptides, and cell therapies with high experimental hit rates.

Basecamp selected PacBio for this groundbreaking project because HiFi technology offers the most accurate and comprehensive view of the genome, which will be critical for this new class of biological foundation model. Additionally, with the launch of SPRQ-Nx, we now have the ability to not only sequence at scale, but also offer the economics required to meet the needs of ambitious projects like the Trillion Gene Atlas.

I look forward to keeping you updated on this project as we expect sequencing to begin scaling up over the course of 2026.

I'll now hand the call over to Jim to detail our financials.

Jim Gibson (CFO)

Thank you, Christian.

I will discuss non-GAAP results, which include non-cash stock-based compensation expenses. I encourage you to review the reconciliation of GAAP to non-GAAP financial measures in our earnings press release. Unless otherwise noted, all growth rates are year-over-year.

We reported total revenue of \$37.2 million in the first quarter of 2026, roughly flat compared to \$37.2 million in the first quarter of 2025.

- Instrument revenue in the first quarter was \$9.7 million, a 12% decrease from \$11.0 million in the first quarter of 2025. The year-over-year decline was primarily driven by lower Revio ASPs as we continue to prioritize placements in strategic accounts, and lower Vega ASPs associated with our Q1 promotion. This dynamic was partially offset by an increase in Revio instruments shipped. In total, we shipped 15 Revio systems and 27 Vega systems, bringing cumulative shipments to 346 Revio systems and 174 Vega systems.
- Turning to consumables, Revenue reached a record \$21.8 million in the first quarter, up 9% from \$20.1 million in the first quarter of 2025. Annualized Revio pull-through per system was approximately \$229,000, reflecting consistent utilization across an expanding installed base.
- Finally, service and other revenue declined approximately 7% to \$5.6 million in the first quarter, compared to \$6 million in the first quarter of 2025.

From a regional perspective,

- Americas revenue of \$16.7 million increased by 2% year-over-year. The performance was primarily driven by growth in consumable revenue related to an increase in our installed base.
- For Asia Pacific, revenue of \$9.7 million decreased by 16% compared to the first quarter of 2025. The year-over-year decline reflected a weaker academic funding environment and the fact that some of our Chinese service providers are waiting for the launch of SPRQ-Nx.
- EMEA revenue of \$10.8 million increased by 17% compared to the first quarter of 2025, despite some challenges delivering product to the Middle East. The year-over-year increase was driven by consumable demand, reflecting both account expansion and higher utilization, particularly in clinical settings where increased test volumes drove incremental pull-through.

Moving down the P&L, first quarter non-GAAP gross profit of \$13.8 million represented a non-GAAP gross margin of 37%, compared to a non-GAAP gross profit of \$15.0 million or a gross margin of 40% in the first quarter of 2025.

Non-GAAP gross margin decline in the quarter was impacted by three primary factors. First, we continued to see increased computing component costs, specifically memory, which we flagged on our Q4 call as a potential headwind in 2026 and which we believe will persist throughout the year. Second, we held a temporary Q1 promotion for Vega to drive placements, which compressed instrument margins. Third, there are unique one-time dynamics at play in Q1, including inventory adjustments and warranty-related charges. We want to be clear, gross margin pressure in Q1 was primarily driven by non-recurring and timing-related factors and we expect gross margins to improve in the second quarter.

Non-GAAP operating expenses were \$49.9 million in the first quarter of 2026, representing a 19% decrease from non-GAAP operating expenses of \$61.7 million in the first quarter of 2025. Operating expenses in the first quarter of 2026 included non-cash share-based compensation of \$3.8 million, compared to \$8.0 million in the first quarter of 2025.

Regarding headcount, we ended the quarter with 492 employees compared to 485 at the end of 2025. Non-GAAP net loss was \$35.9 million representing \$0.12 per share in the first quarter of 2026, compared to a non-GAAP net loss of \$44.4 million, representing \$0.15 per share in the first quarter of 2025.

We ended the first quarter with approximately \$276 million in unrestricted cash, cash equivalents and investments, compared with \$280 million at December 31, 2025. Our cash position reflects the January closing of the sale of intellectual property and other assets related to our short-read DNA sequencing technology to Illumina, for which we received \$48.1 million in net cash proceeds.

Turning to 2026 guidance.

Given the dynamics that Christian cited, we are lowering the high-end of our outlook for 2026 revenue by \$5 million and now expect revenue in the range of \$165 to \$175 million.

Our revised outlook continues to assume that consumables are the primary driver of growth, supported by continued utilization from clinical customers and the ongoing expansion of the Revio and Vega installed base. We continue to assume no meaningful recovery in academic and government funding, particularly in the Americas.

We expect non-GAAP gross margin improvement in 2026 to be toward the lower end of our previously communicated range of 100 to 400 basis points. While higher consumables mix and the introduction of SPRQ-Nx remain important drivers of margin expansion, rising compute costs will temper the pace of margin improvement in the near term.

Non-GAAP operating expenses are expected to be in the range of \$220 to \$225 million, down from 2025 levels.

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

Christian Henry (President and CEO)

Thanks, Jim.

The first quarter certainly had its challenges, but when I look at what we have accomplished to start the year — record consumables revenue; continued sequential strength in EMEA, increasing clinical adoption; the Basecamp Trillion Gene Atlas win; and the promising result of our SPRQ-Nx beta program which will enable full commercialization later this month — I see that we are executing on the initiatives that are expected to drive meaningful, sustained growth. We are well positioned to advance the field of sequencing, making an impact for the better, and delivering long-term value across stakeholders

We believe that HiFi sequencing remains the most comprehensive and accurate way to sequence the genome. We remain focused on increasing the adoption of HiFi through both increasing the throughput of the sequencers and dramatically improving the economics of leveraging the technology through SPRQ-Nx. With these improvements, we expect to continue creating new opportunities and expanding our clinical opportunity especially. Additionally, HiFi is increasingly becoming recognized as an obvious choice as large datasets are created to train advanced AI models for drug discovery. As a result, I am confident in the trajectory of our business and growth as we advance through 2026.

We look forward to updating you as the year continues to unfold. With that, we will now open it up for questions. Operator?

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

| | Three Months Ended | | |
|---|--------------------|----------------------|---------------------|
| | March 31, 2026 | December 31, 2025 | March 31, 2025 |
| <i>(in thousands, except per share amounts)</i> | | | |
| Revenue: | | | |
| Product revenue | \$ 31,534 | \$ 38,965 | \$ 31,113 |
| Service and other revenue | 5,644 | 5,680 | 6,040 |
| Total revenue | 37,178 | 44,645 | 37,153 |
| Cost of Revenue: | | | |
| Cost of product revenue ^{(1) (3) (4)} | 19,972 | 24,204 | 26,333 |
| Cost of service and other revenue | 4,182 | 3,681 | 3,778 |
| Amortization of acquired intangible assets | 183 | 183 | 4,345 |
| Loss on purchase commitment ⁽¹⁾ | — | 11 | 4,068 |
| Total cost of revenue | 24,337 | 28,079 | 38,524 |
| Gross profit (loss) | 12,841 | 16,566 | (1,371) |
| Operating Expense: | | | |
| Research and development ⁽¹⁾ | 19,608 | 22,879 | 29,053 |
| Sales, general and administrative ^{(1) (3)} | 31,153 | 34,051 | 40,168 |
| Impairment charges ⁽²⁾ | — | — | 15,000 |
| Settlement charges ⁽³⁾ | 15,400 | — | — |
| Gain on disposal of assets ⁽⁴⁾ | (45,796) | — | — |
| Amortization of acquired intangible assets ⁽⁵⁾ | 833 | 833 | 362,042 |
| Change in fair value of contingent consideration ⁽⁶⁾ | — | — | (18,700) |
| Total operating expense | 21,198 | 57,763 | 427,563 |
| Operating loss | (8,357) | (41,197) | (428,934) |
| Interest expense | (1,740) | (1,740) | (1,737) |
| Other income, net | 2,006 | 2,768 | 4,294 |
| Loss before income taxes | (8,091) | (40,169) | (426,377) |
| Income tax provision (benefit) | 184 | 202 | (302) |
| Net loss | \$ (8,275) | \$ (40,371) | \$ (426,075) |
| Net loss per share: | | | |
| Basic | \$ (0.03) | \$ (0.13) | \$ (1.44) |
| Diluted | \$ (0.03) | \$ (0.13) | \$ (1.44) |
| Weighted average shares outstanding used in calculating net loss per share: | | | |
| Basic | 305,819 | 301,907 | 296,858 |
| Diluted | 305,819 | 301,907 | 296,858 |

⁽¹⁾ Balances for the three months ended December 31, 2005 and March 31, 2025 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 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.
- (3) Includes litigation settlement charges and related legal fees in connection with the binding term sheet entered into with Personal Genomics of Taiwan, Inc during the three months ended March 31, 2026.
- (4) Balances for the three months ended March 31, 2026 Include amounts related to the disposition of short-read assets, including the gain on the sale of certain assets related to our short-read DNA sequencing technology and related clustering, sequencing reagent, and detection technologies, and related non-recurring customer transition costs.

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

| <i>(in thousands)</i> | March 31, 2026 | December 31, 2025 |
|---|---------------------------|------------------------------|
| Assets | | |
| Cash and investments | \$ 275,962 | \$ 279,506 |
| Accounts receivable, net | 29,350 | 35,448 |
| Inventory, net | 51,022 | 49,285 |
| Prepaid expenses and other current assets | 13,164 | 10,793 |
| Property and equipment, net | 24,376 | 24,146 |
| Operating lease right-of-use assets, net | 40,846 | 41,695 |
| Restricted cash | 1,590 | 1,552 |
| Intangible assets, net | 14,104 | 15,124 |
| Goodwill | 317,761 | 317,761 |
| Other long-term assets | 14,190 | 8,773 |
| Total Assets | \$ 782,365 | \$ 784,083 |
| Liabilities and Stockholders' Equity | | |
| Accounts payable | \$ 13,609 | \$ 20,770 |
| Accrued expenses | 33,904 | 33,646 |
| Deferred revenue | 19,884 | 19,865 |
| Operating lease liabilities | 59,281 | 57,040 |
| Convertible senior notes, net | 644,107 | 645,382 |
| Other liabilities | 9,214 | 2,031 |
| Stockholders' equity | 2,366 | 5,349 |
| Total Liabilities and Stockholders' Equity | \$ 782,365 | \$ 784,083 |

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

| | Three Months Ended | | |
|---|--------------------|----------------------|--------------------|
| | March 31, 2026 | December 31, 2025 | March 31, 2025 |
| <i>(in thousands, except per share amounts)</i> | | | |
| GAAP net loss | \$ (8,275) | \$ (40,371) | \$ (426,075) |
| Change in fair value of contingent consideration ⁽¹⁾ | – | – | (18,700) |
| Settlement charges ⁽²⁾ | 16,804 | – | – |
| Amortization of acquired intangible assets | 1,016 | 1,016 | 7,128 |
| Disposition of short-read assets ⁽³⁾ | (45,490) | – | – |
| Income tax benefit ⁽⁴⁾ | – | – | (546) |
| Restructuring ⁽⁵⁾ | – | 1,776 | 393,788 |
| Non-GAAP net loss | <u>\$ (35,945)</u> | <u>\$ (37,579)</u> | <u>\$ (44,405)</u> |
| GAAP basic net loss per share | \$ (0.03) | \$ (0.13) | \$ (1.44) |
| Change in fair value of contingent consideration ⁽¹⁾ | – | – | (0.06) |
| Settlement charges ⁽²⁾ | 0.05 | – | – |
| Amortization of acquired intangible assets | – | – | 0.02 |
| Disposition of short-read assets ⁽³⁾ | (0.15) | – | – |
| Restructuring ⁽⁵⁾ | – | 0.01 | 1.33 |
| Other adjustments and rounding differences | 0.01 | – | – |
| Non-GAAP basic net loss per share | <u>\$ (0.12)</u> | <u>\$ (0.12)</u> | <u>\$ (0.15)</u> |
| GAAP gross profit (loss) | \$ 12,841 | \$ 16,566 | \$ (1,371) |
| Amortization of acquired intangible assets | 183 | 183 | 4,345 |
| Settlement charges ⁽²⁾ | 500 | – | – |
| Disposition of short-read assets ⁽³⁾ | 306 | – | – |
| Restructuring ⁽⁵⁾ | – | 1,072 | 12,027 |
| Non-GAAP gross profit | <u>\$ 13,830</u> | <u>\$ 17,821</u> | <u>\$ 15,001</u> |
| GAAP gross profit (loss) % | 35 % | 37 % | (4) % |
| Non-GAAP gross profit % | 37 % | 40 % | 40 % |
| GAAP total operating expense | \$ 21,198 | \$ 57,763 | \$ 427,563 |
| Change in fair value of contingent consideration ⁽¹⁾ | – | – | 18,700 |
| Settlement charges ⁽²⁾ | (16,304) | – | – |
| Amortization of acquired intangible assets | (833) | (833) | (2,783) |
| Disposition of short-read assets ⁽³⁾ | 45,796 | – | – |
| Restructuring ⁽⁵⁾ | – | (704) | (381,761) |
| Non-GAAP total operating expense | <u>\$ 49,857</u> | <u>\$ 56,226</u> | <u>\$ 61,719</u> |

- (1) Change in fair value of contingent consideration was due to fair value adjustments of a milestone payment payable upon the achievement of a milestone event.
- (2) Includes litigation settlement charges and related legal fees in connection with the binding term sheet entered into with Personal Genomics of Taiwan, Inc.
- (3) Balance includes amounts related to the disposition of short-read assets, including the gain on the sale of certain assets related to our short-read DNA sequencing technology and related clustering, sequencing reagent, and detection technologies, and related non-recurring customer transition costs.
- (4) A deferred income tax benefit during the three months ended March 31, 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.
- (5) Restructuring-related costs incurred in connection with the 2025 plan during the three months ended December 31, 2025 and March 31, 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.