TEMPUS

Q1 2025 Overview

Our goal in writing these quarterly letters is to provide you a summary of our financial and operating results, along with some context as to how we view those results.

We had a record quarter - our revenues in Q1 2025 were $255.7 million versus $145.8 million in Q1 2024, an increase of 75.4% on a year-over-year basis. Our Genomics business delivered $193.8 million of revenue in Q1 2025 versus $102.6 million in Q1 2024, an increase of 88.9% year-over-year. Our Data and services business delivered $61.9 million of revenue in Q1 2025 versus $43.3 million in Q1 2024, an increase of 43.2% year-over-year, with our data licensing business (Insights) growing at 58.0%.

We delivered gross profit of $155.2 million, or gross margin of 60.7%, in Q1 2025 versus $77.7 million, or 53.3% in Q1 2024, an increase of 99.8% year-over-year. Our Genomics business had 56.3% gross margin and our Data and services had 74.6% gross margin in Q1 2025. In the aggregate our gross margin was 740 basis points higher than the same quarter last year.

Our Non-GAAP Operating Expenses were $182.7 million in Q1 2025 versus $131.0 million in Q1 2024, an increase of $51.7 million year-over year, largely driven by increased investments in our core business commensurate with our growth and the acquisition of Ambry.

Our Adjusted EBITDA was ($16.2) million in Q1 2025 versus ($43.9) million in Q1 2024, an improvement of $27.8 million year-over-year. We remain on track to generate positive Adjusted EBITDA for the full year 2025.

In summary, Q1 2025 revenues and gross profit were above expectation, and our expenses were largely in line with our plan, resulting in Adjusted EBITDA that was ahead of expectation.

The business is performing well with revenues growing, margins improving, and our costs remaining in check, allowing us to demonstrate significant year-over-year operating leverage. As we approach our 10th anniversary, we are right where we want to be.

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Genomics

Following the acquisition of Ambry, and the fact that both legacy Ambry and the legacy Tempus sequencing business live within our Genomics offering, we're going to delineate between the two by referring to Tempus Genomics as "Oncology" testing (which includes solid tumor, liquid biopsies, germline, and MRD testing - basically everything ordered by an Oncologist) and Ambry Genomics as "Hereditary" testing (which includes inherited cancer risk, whole exome and genome profiling for rare conditions, including pediatrics, cardiology, neurology, and all other inherited screening - basically everything ordered by a genetic counselor).

In Oncology, we ran ~75,000 NGS tests in Q1 2025 versus ~62,700 in Q1 2024. Our Clinical Oncology revenue growth was 31.0%, as a result of improvements in average selling price (ASP), with year-over-year unit growth at 20%. In Hereditary, we ran ~78,000 tests in the last two months of Q1 2025 versus ~63,500 tests in the last two months of Q1 2024 (recall that we acquired Ambry on February 3, 2025). Our overall Hereditary revenue and unit year-over-year growth was ~23% for the same period.

All of our main assays performed well in the quarter with consistent growth across our entire portfolio.

A few notable highlights.

Our Oncology ASP's increased by ~$60, from $1,530 in Q4 2024 to $1,590 in Q1 2025, largely related to the first phase of the national launch of our xT-CDx assay in January. As a reminder, Medicare's reimbursement rate for xT-CDx (our FDA approved assay) is $4,500 compared to $2,923 for the LDT version of the assay. As we migrate more and more volume to xT-CDx , we expect continued reimbursement tailwinds throughout 2025.

Our MRD portfolio is off to a great start. In January, we submitted our tumor naive assay, xM, to MolDx for reimbursement in CRC. Our partnership with Personalis, where we distribute their tumor-informed portfolio in lung cancer, breast cancer, and patients treated with immunotherapy, also continues to gain traction in the market. While reception has been positive for both offerings, we will continue to limit volume until reimbursement is achieved - which we would anticipate starting in the back half of 2025.

With the completion of the Ambry transaction and our growing MRD offerings, we believe we have a complete "molecular menu" that allows us to meet the needs of our ordering physicians. However, performing Genomic tests is just one piece of the puzzle in ushering in

precision medicine. We have long believed that technology and data would play an important role in bringing personalized care to the clinic and helping doctors make data driven decisions. As such, we have made significant investments in our connected platform that allows us to structure large amounts of multi-modal data to provide insights to physicians in near real-time, which in turn has allowed us to become deeply integrated with providers, fueling our Genomics business.

We have taken a similar holistic approach to our R&D initiatives. Unlike some of our competitors who run very large studies with seminal readouts, we are more focused on smaller studies, with continuous readouts. Our approach has allowed us to publish more than 2,000 papers & posters to date, which demonstrates the power and effectiveness of our comprehensive suite of assays. We believe our strategy allows us to innovate quickly and manage risk more effectively than alternate strategies.

All in, our Genomics business was a bright spot in Q1 and we expect that to continue throughout the year, with healthy unit growth and rising ASPs and margins.

Data

Our Data and services business had continued strong growth in the quarter, delivering $61.9 million in revenue in Q1 2025 versus $43.3 million in Q1 2024, up 43.2% year-over-year, largely driven by our Insights business (data licensing), which grew 58.0% in the quarter. Overall Data and services gross margins were 74.6%. It's easier for small things to grow quickly; much harder when they get to scale. It's nice to see our Data business maintain healthy growth rates even at this size.

A few notable highlights.

Let's start with the biggest. In April we signed a 3 year, $200 million data licensing and modeling agreement with AstraZeneca and Pathos, in conjunction with a significant investment from AstraZeneca, to build the largest foundation model that's ever been built in oncology. The model will have access to over 300 petabytes of data, which includes rich molecular data connected to outcomes. In addition to the significant data license, they are also covering a significant amount of the compute costs necessary to train the model. When complete, each party gets a copy of the model - AZ and Pathos to advance their drug discovery efforts and Tempus to advance our diagnostic and data products. This is a non-exclusive agreement, so Tempus is free to license its data and build other models with other biopharma companies, which we expect to do in the future. As such, this represents an entirely new, and significant, use case for the proprietary multi-modal data set we have amassed.

I told our team this is probably the most important deal I have ever personally worked on. Not just as it relates to its impact on Tempus and our business, but also for its impact on patients. Foundation models, and generative AI more broadly, have the potential to make precision medicine a reality. We are closer than ever to understanding at a molecular level why patients do and don't respond to cancer treatments. As AI brings this picture into clearer focus, I can see a day when our diagnostics are so smart they ensure that every patient is on the optimal therapeutic path and that every drug company is efficiently designing trials that have a much higher likelihood of success.

In addition to the AZ/Pathos deal, we also completed the first phase of a large project for BMS leveraging the combined capabilities of our data set and organoid lab, to validate novel degrader targets. When we started Tempus, we collected phenotypic, morphological, and molecular data as the building blocks for AI models. At the time, we could see that a number of questions would arise for which existing data would be insufficient, so we began building out our patient derived biological modeling capabilities centered around organoids, as a means of adding orthogonal data. Over the past 9 years, we have collected ~4,000 tissue samples across all major epithelial subtypes and have successfully grown and cryopreserved a significant percentage of those samples. The samples are typically sequenced and connected to clinical data, which makes them ideal for drug discovery and development given the FDA's recent adoption of organoids as a proxy for animal models. We call this product "Loop".

Apps

As a reminder, our Apps product line primarily consists of applications that we build and deploy through our connected network of ~4,000 sites (yes, the number is up from our last quoted number of ~3,000 sites). Our connectivity efforts took a big leap forward with our acquisition of Deep6, which had spent years building software to help some of the nation's top providers find patients for their studies, build cohorts of interest, and advance their own analytics. Adding Deep6's product to our own allows us to offer an even broader set of features to providers, giving them yet another reason to integrate with our AI-enabled platform.

While we made progress across all of our main products (Next - closing care gaps in real-time, TIME - matching patients to trials in real-time, and Algos - deploying purely algorithmic diagnostics in real-time), I will hit a few highlights.

Next: As part of our Next product, we launched a suite of care gap algorithms in lung cancer, such as EGFR testing, across six health systems. Next uses AI to comb through multimodal patient records in real-time and identifies patients who are not receiving guideline directed

care. While early, the program is demonstrating that surfacing care gaps to physicians at the right time, changes behavior, which is not easy to do. Across our network, we have seen a 10% improvement in compliance to testing guidelines, highlighting the success of the program. We're excited to see how these algorithms perform as we roughly triple the number of healthcare systems in the program this year.

Algos: We have numerous efforts in oncology, cardiology, radiology, and pathology to build purely algorithmic diagnostics, including two digital pathology algorithms that we developed this quarter to predict biomarkers from H&E slides in NSCLC and endometrial cancer. Each of these algorithms addresses a significant clinical need, similar to those we have already launched including algorithms to predict homologous recombination deficiency status (HRD), site of tumor origin (TO), likelihood to respond to immunotherapy (IPS), etc.

We have dozens more in flight, and as we begin to garner insights from our large multimodal and foundation models, we could see that number grow exponentially. Given our scale and the breadth of our platform, we can deploy these algorithms to approximately 4,000 sites in the US, who are connected to us in some way. As more and more of these tests get the reimbursement they deserve, we believe we're uniquely positioned to benefit.

Financials

Overall, we are pleased with the financial results of the first quarter - which were ahead of our expectations. Please note that the Ambry transaction was closed on February 3, 2025, so our numbers include Ambry from that date. Both the Tempus core business and Ambry performed well during the quarter, demonstrating healthy year-over-year growth across each of our product lines. Margins continue to improve year-over-year and we continue our path towards our goal of being Adjusted EBITDA positive for full year 2025.

We are providing each of gross profit, gross margin, and operating expenses on a Non-GAAP basis to exclude stock compensation expense and related payroll taxes so they are comparable with prior periods. See "Non-GAAP Financial Measures" below.

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First Quarter 2025 Financial Results

	Three months ended March 31,		
	2025	2024	Change
	(in thousands, except percentages) (unaudited)		
GAAP Results			
Revenue	$ 255,737	$ 145,820	75.4%
Genomics gross margin	56.3%	48.5%	780 bps
Data and services gross margin	74.6%	64.7%	990 bps)
Operating expenses	$ 223,892	$ 130,971	NM(1)
Net loss	$ (68,037)	$ (64,743)	NM(1)
Non-GAAP Results			
Non-GAAP Genomics gross margin	56.8%	48.5%	830 bps
Non-GAAP Data and services gross margin	75.6%	64.7%	1100 bps
Non-GAAP Operating expenses	$ 182,717	$ 130,971	39.5%
Adjusted EBITDA	$ (16,174)	$ (43,926)	63.2%

(1) Not meaningful due to the impact of including stock compensation expense and related employer payroll taxes

Revenue

Our Q1 2025 revenues were $255.7 million, representing 75.4% year-over-year growth. Excluding legacy Ambry revenues, the core Tempus business grew 31.8%.

Our Q1 2025 Genomics revenues were $193.8 million, representing 88.9% year-over-year growth. The growth was largely driven by our Oncology business and the addition of Ambry (which we now refer to as “Hereditary”). Oncology experienced 31.0% year-over-year revenue

growth on ~20% volume growth. Oncology average reimbursement also improved to $1,590 in the quarter, a result of the migration of volume to the FDA approved version of xT and improved CMS reimbursement for xF. As expected, xT cDX represented ~20% of xT reports delivered by the end of Q1. As we continue to migrate xT volume to the cDX version, we should continue to experience reimbursement tailwinds. Hereditary contributed $63.5 million of revenue on ~78,000 tests delivered and average reimbursement of approximately $770.

Our Q1 2025 Data and services revenues were $61.9 million, representing 43.2% year-over-year growth, largely driven by strong growth in our Insights (data licensing) business - which grew 58.0% year-over-year. This growth is largely the result of us delivering on previously signed agreements, including the large data project we highlighted in our previous earnings call that was originally scheduled for Q4 2024 but was delayed into Q1 2025. Given that most of our data licensing revenue comes from long term subscriptions, we have good visibility into our expected data licensing revenues for 2025.

We also announced our expanded collaboration with AstraZeneca and Pathos AI to build the first foundation model within oncology leveraging our data. As Eric has described above, this agreement is exciting because we believe these types of models will have a tremendous impact on patient care. While not a contributor to Q1 revenues, it does increase our Total Remaining Contract Value by $200 million, resulting in a Total Remaining Contract Value as of April 30th in excess of $1 billion. Revenue associated with this agreement will be recognized over the three year term. Given AstraZeneca is our longest standing data customer and our first strategic collaboration, we're very pleased that they have expanded our relationship in such a significant manner - further validating the value of our data for biopharma. It should also be noted that this deal does not impact our current licensing arrangement with AstraZeneca which remains intact and serves a different purpose. The data being licensed here can only be used to build a foundation model, whereas AstraZeneca's current data license is for files they can bring into their environment and use for both discovery and regulatory purposes.

Gross Profit

We generated $155.2 million of gross profit in the quarter. Non-GAAP gross profit was $156.9 million in Q1 2025, representing an aggregate Non-GAAP gross margin of 61.4%. This was a 810 basis point improvement year-over-year, largely the result of increased margins in our Genomics business through ASP improvements and the addition of Ambry, along with growth in our Data and services product line, which operates at a higher margin.

Our Non-GAAP gross margin for our Genomics business was 56.8% in Q1 2025 compared to 48.5% in Q1 2024. The increase is a result of increases in average reimbursement per test and the addition of Ambry, partially offset by increases in costs associated with our xF+ panel . Our Non-GAAP gross margin for the Data and services business was 75.6% in Q1 2025, compared to 64.7% in Q1 2024, again highlighting the year-over-year growth in the Insights business.

Operating Expenses

Operating expenses for the quarter were $223.9 million compared to $131.0 million in Q1 2024. The increase in expenses is a result of the addition of Ambry's operating expenses, stock-based compensation and related employer payroll taxes of $26.5 million, amortization of intangibles from acquisition of $11.2 million and acquisition-related costs of $3.5 million.

Non-GAAP operating expenses were $182.7 million in Q1 2025 compared to $131.0 million in Q1 2024. The primary difference between GAAP and Non-GAAP relates to stock based compensation and related payroll taxes, amortization of intangibles associated with the Ambry transaction, and acquisition costs. The year-over-year increase is mostly attributable to the addition of Ambry's operating expenses, along with modest investments in the business commensurate with our growth, and increased professional services fees in the quarter. Our expenses are broken down into three categories: Non-GAAP technology expense, was $29.8 million, Non-GAAP research and development expense, was $33.7 million, and Non-GAAP selling, general and administrative expense was $119.2 million.

Adjusted EBITDA and Net Loss

Adjusted EBITDA for the quarter was ($16.2) million, compared to ($43.9) million in Q1 2024, an improvement of $27.8 million year-over-year. We plan on continuing to evaluate the level of investment we make in the business based on increases in gross profit dollars, such that we anticipate continued improvement in Adjusted EBITDA throughout the year.

Net loss for the quarter was ($68.0) million, including fair value losses of $31.8 million related to our marketable equity securities and stock compensation and related employer payroll taxes of $28.2 million. Adjusting for stock compensation, related employer payroll taxes and other non-operating items, Non-GAAP net loss for the quarter was ($41.6) million compared to ($65.3) million for Q1 2024.

We finished the quarter with ~$220.5 million of cash, cash equivalents, and marketable securities. Cash outflows were largely driven by our acquisition of Ambry, which called for an ~$100 million payment at closing, net of Ares financing received, along with increased interest

expense related to Ares' financing, and other timing related factors. In addition, we were negatively impacted by the performance of Personalis and Recursion stock, which reduced our marketable equity securities by $31.8 million. The timing related items began to normalize in April, with April's ending balance at approximately $250 million of cash, cash equivalents and marketable securities.

Guidance

We are increasing our guidance and now expect to finish 2025 with approximately $1.25 billion in revenue, and approximately $5 million in Adjusted EBITDA.

Similar to previous years, we would anticipate revenues to continue to grow during the year, with the fourth quarter being the largest given the seasonality we typically experience in the data business. Given the unique nature of our business, it's difficult to predict these numbers with complete accuracy; as such, the word approximately implies a modest range.

Thanks for your support and for joining on this journey,

Eric & Jim

Forward Looking Statements

This letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about Tempus AI, Inc. ("Tempus") and its industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this letter are forward-looking statements, including, but not limited to, Tempus' expected financial results for full year 2025 expectations concerning the growth of Tempus' business, including Hereditary; the impact of pricing and reimbursement actions on Tempus' financial results; the expectation that the collaborations with AstraZeneca and Pathos AI will result in the largest multimodal foundation model in oncology; the potential of generative AI to make precision medicine a reality; the contributions of Tempus' research and findings to the larger scientific community and the use of Tempus' products and services to advance clinical care for patients. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "going to," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. Tempus cautions you that the foregoing may not include all of the forward-looking statements made in this letter.

You should not rely on forward-looking statements as predictions of future events. Tempus has based the forward-looking statements contained in this letter primarily on its current expectations and projections about future events and trends that it believes may affect Tempus' business, financial condition, results of operations and prospects. These forward-looking statements are subject to risks and uncertainties related to: the intended use of Tempus' products and services; Tempus' financial performance; the ability to attract and retain customers and partners; managing Tempus' growth and future expenses; competition and new market entrants; compliance with new laws, regulations and executive actions, including any evolving regulations in the artificial intelligence space; the ability to maintain, protect and enhance Tempus' intellectual property; the ability to attract and retain qualified team members and key personnel; the ability to repay or refinance outstanding debt, or to access additional financing; future acquisitions, divestitures or investments, including our ability to consummate the acquisition of Ambry Genetics and Deep6 AI on the terms described herein or at all, and, if consummated, to realize the expected benefits of such acquisition; the potential adverse impact of climate change, natural disasters, health epidemics, macroeconomic conditions, and war or other armed conflict, as well as risks, uncertainties, and other factors described in the section titled "Risk Factors" in Tempus' Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission ("SEC) on February 24, 2025, as well as in other filings Tempus may make with the SEC in the future, In addition, any forward-looking statements contained in this letter are based on assumptions that Tempus believes to be reasonable as of this date. Tempus undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of this letter or to reflect new information or the occurrence of unanticipated events, except as required by law.

Non-GAAP Financial Measures

In addition to the financial information presented in accordance with accounting principles generally accepted in the United States of America (GAAP), Tempus also presents adjusted EBITDA, non-GAAP net loss, non-GAAP loss from operations and non-GAAP operating expenses (collectively, the "non-GAAP financial measures"). For definitions of each of these non-GAAP financial measures, as well as reconciliation of each non-GAAP financial measure to its most comparable GAAP financial measure, please see the section titled "Non-GAAP Financial Measures" in Tempus' first quarter earnings release and the tables accompanying such release, which can be found on Tempus' investor relations website at this link. Tempus does not provide guidance for net loss, the most directly comparable GAAP measure to Adjusted EBITDA, and similarly cannot provide a reconciliation between its forecasted Adjusted EBITDA and net loss without unreasonable effort due to the unavailability of reliable estimates for certain components of net income and the respective reconciliations. These

forecasted items are not within Tempus' control, may vary greatly between periods and could significantly impact future financial results.