Kelly Gura (Investor Relations)
Good afternoon, and welcome to PacBio's fourth quarter and full year 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, and good afternoon, everyone. Our fourth quarter results exceeded expectations and were highlighted by all-time record consumable revenue and strong instrument placements, for both the Revio and Vega platforms. Our strength in consumables also drove gross margins higher. We believe that the momentum built as we exited 2025 will continue in 2026 and that we are well positioned to execute on our strategy to drive both revenue growth and gross margin expansion in 2026.

As previously announced, fourth quarter revenue grew 14% year-over-year and 16% quarter-over-quarter to $44.6 million. Our sequential step up was driven by increased Revio and Vega sales as well as record consumables, reflecting meaningful traction across a range of clinical sequencing applications. For the year, we recorded $160 million in total revenue, representing 4% growth over 2024.

Consumable revenue drove the majority of our growth both on a quarterly and full year basis. In Q4, consumables revenue grew 15% year-over-year, reaching another record, and in fact, three of the past four quarters were record consumables quarters. We were especially pleased by the 55% growth in consumables for clinical and hospital customers in 2025. Our growth in the clinical market was largely driven by a combination of our whole genome sequencing applications in rare disease and targeted applications that leverage our PureTarget kit. This traction has helped offset the continued significant pressure that our customers are experiencing with regards to the academic funding environment, which has adversely impacted our instrument sales in 2025.

Turning to instruments, we shipped 21 Revio and 42 Vega systems in the fourth quarter, bringing our cumulative shipments to 331 and 147 systems, respectively. Taking a closer look at Revio, placements were impacted throughout the year due to the challenging funding environment, particularly in the Americas. That said, we were pleased to see strong momentum in the fourth quarter with an increase in both shipments and pull-through per system compared to the third quarter. In 2025, approximately 20% of Revio orders were for customers who bought more than one system, and these multi-system orders give us confidence that our customers believe they will scaling up in 2026.

We also saw solid ordering trends for our Vega platform in the fourth quarter, particularly in EMEA. Some of the strength in Vega was due to orders that were delayed in the third quarter, but we are also seeing momentum in the Vega sales pipeline, which should result in placement growth in 2026. One of the key strategies behind the development of the Vega platform was to create a more accessible HiFi sequencing platform so we could reach new customers. We are pleased to see that strategy working as approximately 65% of the Vega placements in 2025 were to new-to-PacBio customers, demonstrating this instrument is successfully expanding the ecosystem of HiFi long-read sequencing users.

From a regional perspective, Americas revenue increased 3%, Asia Pacific revenue increased 4%, and EMEA revenue increased 45% year-over-year in Q4. Each region benefitted from higher Vega instrument shipments and Revio consumables, and we were particularly pleased with the strong growth in EMEA as more of our clinical customers shifted from pilot testing to broader clinical adoption.

As we look ahead to 2026, we believe that our growth will accelerate as clinical adoption of HiFi continues. However, we are not anticipating that the academic funding environment will improve significantly. Considering these factors, we expect 2026 revenue to be in the range of $165 million to $180 million, representing approximately 8% growth at the midpoint of $172 million. Jim will share more details on our outlook and underlying assumptions later on.

Now, let's take a closer look at our consumable growth over the last few years. In 2025, we delivered 19% consumable shipment growth, supported by our human-focused markets. When looking at our

performance across non-human markets, we have grown in the low single digits, primarily due to funding challenges in the academic segment, as well as the industrial and agricultural markets, which has historically been a meaningful portion of our business. We expect to see growth in this segment accelerate as these end markets start to recover.

Within our human-focused markets, we have delivered a strong three-year CAGR of 23%, primarily driven by the launch of the Revio system, which offers greater scale than previous systems, and our focus on driving adoption of clinical applications, including the launch of our PureTarget family of products. As I mentioned earlier, we delivered 55% growth in consumables to clinical and hospital customers in 2025. We plan to continue investing in this area in the years ahead, with initial focus on rare disease, oncology, and carrier screening.

Rare disease genomics represents one of the largest and most historically underpenetrated opportunities in precision medicine. More than 300 million people globally are living with rare disease, yet for decades, a significant portion of patients have remained undiagnosed or misdiagnosed due to fundamental limitations in existing sequencing approaches.

HiFi is increasingly becoming a trusted backbone for rare disease genomics because it delivers highly accurate, comprehensive views of the genome that capture substantially all classes of variants in a single assay. As a result, researchers and clinicians are now able to move beyond incremental improvements and meaningfully improve diagnostic yield, disease understanding, and therapeutic development. Importantly, this opportunity is still in its early innings. We believe adoption today represents only a small fraction of the potential patient population, but momentum is building as institutions validate the clinical and economic value of long-read sequencing. I'll briefly walk through a few examples that demonstrate the value HiFi is bringing to these customers.

At University of Washington Medicine, HiFi is being used to study sudden unexplained death in childhood with the goal of preventing the loss of hundreds of children per year. The program has begun sequencing 200 families supported by the Sudden Unexplained Death in Childhood Foundation, out of a broader cohort of more than 2,000 families.

At Ambry Genetics, HiFi is being implemented in the ONCE study this quarter to assess the impact of long-read sequencing on diagnostic yields in patients with previously negative exomes and genomes. Ambry expects to enroll approximately 1,000 patients in 2026, highlighting the growing role of HiFi as a diagnostic tool.

Through our collaboration with n-Lorem and EspeRare, HiFi is being used to comprehensively characterize the genomes of patients across dozens of ultra-rare diseases and to support the development of targeted antisense oligonucleotide therapies. This demonstrates HiFi's role not only in diagnosis, but in enabling truly individualized treatment strategies.

And, this morning, we announced the addition of HiFi to the iHope initiative, which brings long-read genomic sequencing to one of the world's largest equitable rare-disease genomic testing network. With more than 1,000 patients supported annually through 25 clinical sites across 14 countries, HiFi will continue to expand the diagnostic possibilities for thousands of families worldwide.

Taken together, we believe these examples illustrate why HiFi is uniquely positioned to become the leading sequencing technology in rare disease genomics. We look forward to continuing to support our customers as these programs scale.

As I mentioned, we are also focused on supporting the carrier screening market. The 'Babies in Focus' project aims to sequence at least 2,000 samples across selected long-read technologies. We anticipate that our service partner Eurofins Genomics UK will sequence 1,000 of these samples between April and September 2026 using PacBio technology. This work is a vital step in

demonstrating the feasibility of scaling long-read sequencing for a potential national newborn screening program.

We believe our performance in this cohort will help build the evidence base for the UK's 2026-2030 spending review, positioning our technology for long-term growth within the NHS. Furthermore, the contract includes an optional extension for up to 1,000 additional samples through early 2027, providing a clear path for continued participation in this landmark study.

HiFi also delivers a meaningful productivity and economic advantage by consolidating what has historically required multiple sequential tests into a single assay. Today, many rare disease patients undergo years of serial testing, ranging from single-gene tests and panels to exomes, short-read genomes, repeat expansions, and methylation assays. This results in long turnaround times, fragmented workflows, and a significant cost for our customers.

With HiFi whole-genome sequencing, customers can replace many of these individual assays with one comprehensive test that captures substantially all variant classes upfront. This reduces time to answer from years to days, simplifies laboratory workflows, and lowers total testing costs meaningfully, while also generating a high-value dataset that can be reanalyzed as new insights emerge. Taken together, this combination of speed, workflow efficiency, and improved economics reinforces why HiFi is increasingly being adopted as a front-line solution in rare disease genomics.

We are also making great progress with our population sequencing initiatives. In 2025, we saw studies like the All of Us study, which published their first datasets on long-read sequencing in October, the Long Life Family Study that is targeting to sequence up to 7,800 samples, and the Asian Pangenome Consortium, which is targeting to sequence more than 10,000 samples and creating the most comprehensive pangenome reference ever created. We look forward to enabling many more of these large-scale studies in the future.

We are seeing rapid momentum in the scale of data being generated on our HiFi platform, alongside a growing body of peer-reviewed evidence that reinforces its value. In 2025, our customers generated more than 60% year-over-year growth in HiFi data, making HiFi one of the fastest-growing datasets in life sciences. Importantly, this growth has effectively doubled over the last 18 months and is significantly outpacing the broader market.

In parallel, cumulative peer-reviewed publications have grown to nearly 12,000, with publication growth accelerating year-over-year. We believe this combination of rapidly expanding data output and evidence is critical, particularly in areas like rare disease, where diverse, high-quality datasets are essential to uncover complex biology, improve diagnostic yields, and ultimately drive new insights for patients.

Turning to SPRQ-Nx, our next-generation consumable chemistry built around multi-use SMRT cells. We believe SPRQ-Nx represents a fundamental step forward in our ability to deliver high-quality HiFi at a highly competitive price point. By enabling reuse of the SMRT cell, historically the most expensive component of our sequencing workflow, we can amortize that cost across multiple runs, lowering the price per genome for customers while simultaneously expanding our gross margins.

SPRQ-Nx is designed to deliver the most complete view of the genome with whole-genome HiFi sequencing at scale for less than $300 per genome. Importantly, SPRQ-Nx also increases system throughput, delivering approximately 25% higher output per SMRT cell, as validated through customer-generated data in our beta program. This represents a major inflection point for our business as we deliver improved performance, higher throughput, and better economics all at the same time.

Today, we are pleased to share new and encouraging data from multiple customers participating in our SPRQ-Nx beta program. On the left, you can see a slide with data showing SPRQ-Nx has higher

yields than SPRQ when sequencing high-quality human DNA libraries. The SPRQ-Nx runs have longer insert lengths, which likely contribute to the yield difference, and also higher read quality. We continue to evaluate the chemistry across additional sample types and will share results as they become available.

On the right, one of our customers generated data supportive of long-read sequencing providing a higher diagnostic yield, shorter turnaround time, and fewer required tests, making HiFi a great choice for clinical use.

Given the success of the early beta program, in a few weeks we will expand the beta program to more customers both domestically and internationally. We look forward to launching SPRQ-Nx broadly later this year.

As we look ahead to the launch of SPRQ-Nx in 2026 and its potential to further strengthen our financial profile, it's important to recognize that this progress is building on a foundation we have already established.

Over the last few years, we have made meaningful improvements to our financial profile with improved non-GAAP gross margins and operating expenses, as well as significantly lower cash burn.

Non-GAAP gross margin has improved from 27% in 2023 to 40% in 2025, representing a 1,300 bps improvement since 2023 and 700 bps improvement in 2025 alone.

Non-GAAP operating expenses have been reduced from $355 million in 2023 to $230 million in 2025, representing a 35% reduction since 2023 and a 20% reduction year-over-year.

Cash burn, excluding financings and acquisitions, improved from $214 million in 2023 to $105 million in 2025, representing a 51% improvement since 2023 and a 44% improvement year-over-year. We ended the year with approximately $280 million in cash and investments.

These actions have significantly improved the underlying economics of the business and we believe position us for a strong year ahead as we prepare to launch additional products and drive adoption in the long-read sequencing market. I'd also like to take a moment to thank our team for their hard work and dedication over the last few years, which has made these transformational improvements possible.

Last week, we announced the sale of our short-read sequencing assets for net proceeds of approximately $48 million. This transaction meaningfully strengthens our balance sheet and further extends our cash runway. This action is a continuation of the strategic plan we outlined last April to sharpen our focus and concentrate resources on our differentiated long-read sequencing portfolio.

We believe this transaction positions us to execute more effectively on our mission to develop the world's most advanced sequencing technologies. With greater flexibility to invest in the areas where we can have the biggest impact, we are now better positioned to accelerate adoption of our long-read platforms across attractive growth markets, and execute with confidence as we enter our next phase of growth.

We remain committed to supporting our current Onso customers through this period with ongoing commercial support and consumable supply this year.

With that, I will now turn the call over to Jim to provide more details on our financial performance and outlook for 2026.

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. Unless otherwise noted, all growth rates are year-over-year.

Total revenue for the fourth quarter grew 14% to $44.6 million, compared to $39.2 million in the fourth quarter of 2024.

Consumables revenue increased 15% to $21.6 million in the fourth quarter, with annualized Revio pull through per system at approximately $242,000. The consumables growth was driven by an increase in our installed base as well as consistent system utilization, despite the difficult funding environment.

Instrument revenue increased 13% in the fourth quarter to $17.3 million, primarily driven by an increase in Vega systems, which had initially commenced shipment in Q4 2024. We ended the quarter with 331 cumulative Revio system shipments and 147 cumulative Vega system shipments. In the fourth quarter, we placed several Revio instruments with key institutions at lower prices, and we believe these strategic accounts will ultimately drive higher utilization and above-average consumable pull-through. As a result, the ASP for Revio in Q4 was approximately $482,000, which was roughly flat compared to the third quarter.

Service and other revenue increased 11% to $5.7 million in the fourth quarter, primarily driven by an increase in service contract revenue related to Revio.

From a regional perspective, Americas revenue increased 3% to $20.7 million in the fourth quarter, primarily due to an increase in Revio consumables and higher Vega instrument shipments.

Asia Pacific revenue increased 4% to $9.3 million in the fourth quarter, primarily due to increased sales related to Berry Genomics following their regulatory approval for clinical long-read sequencing in China as they enable routine clinical testing in hospitals for thalassemia as well as higher Vega instrument sales, which again partially offset lower Revio instrument shipments.

EMEA revenue increased 45% to $14.6 million in the fourth quarter. This strong growth was driven by an increase in Vega instrument shipments as well as higher Revio consumables, as more of our clinical customers shifted from pilot testing to broader clinical adoption.

For the full year 2025, total revenue grew 4% to $160.0 million, compared to $154.0 million in 2024.

Consumables revenue increased 16% to $82.0 million, primarily due to an increase in our Revio installed base as well as consistent utilization, and Vega consumables sales as customers started running samples on these instruments in the first quarter of 2025.

Instrument revenue decreased 18% to $53.8 million, primarily driven by lower Revio system shipments, partially offset by an increase in Vega systems as we commenced shipping this platform late last year.

Service and other revenue increased 36% to $24.2 million, primarily driven by an increase in service contract revenue related to Revio.

From a regional perspective, Americas revenue decreased 8% to $72.8 million, Asia Pacific revenue increased 6% to $43.2 million, and EMEA revenue increased 27% to $44.0 million, with similar trends to what we saw in Q4.

Moving down the P&L,

Non-GAAP gross margin was 40% in the fourth quarter of 2025, compared to 31% in the fourth quarter of 2024. This significant increase was driven by product mix, with consumables contributing a higher percentage of our total revenue, as well as the realization of cost improvement initiatives for Revio and Vega, and continued high yields for Revio SMRT cells. We also saw an improvement on an annual basis with full year 2025 non-GAAP gross margin of 40%, compared to 33% in full year 2024.

Non-GAAP operating expenses were $56.2 million, including $8.6 million of non-cash share-based compensation, compared to $68.6 million, including $14.8 million of non-cash share-based compensation, in the fourth quarter of 2024. This 18% reduction year-over-year was largely driven by lower headcount due to our restructuring efforts and lower non-cash share-based compensation. We have been highly disciplined on our spend as we sharpen our strategic focus on long-read sequencing, including the recent sale of our short-read assets.

On a full year basis, non-GAAP operating expenses were $229.9 million in 2025, compared to $289.2 million in 2024. Operating expenses in full year 2025 included non-cash share-based compensation of $37.7 million, compared to $65.3 million in 2024.

Regarding headcount, we ended the year with 485 employees compared to 490 at the end of the third quarter of 2025 and 16% lower compared to 575 at the end of the fourth quarter of 2024.

Non-GAAP net loss was $37.6 million in the fourth quarter of 2025, representing $0.12 per share, compared to $55.3 million in the fourth quarter of 2024, representing $0.20 per share. Non-GAAP net loss was $158.8 million in full year 2025, representing $0.53 per share, compared to $228.0 million in 2024, representing $0.83 per share.

We ended the year with $279.5 million in unrestricted cash, cash equivalents, and investments, compared with $389.9 million at the end of 2024.

Turning to our outlook for 2026, we expect full-year revenue to be in the range of $165 million to $180 million, representing approximately 8% year-over-year growth at the midpoint. At the midpoint, we assume consumables remain the primary driver of growth, supported by increasing utilization by our clinical and hospital customers as well as further expansion of the Revio and Vega installed base.

While we are encouraged by the recent NIH budget updates, academic customers remain cautious given ongoing uncertainty around funding visibility and grant timing. Our outlook assumes a continuation of the muted academic spending environment we've experienced over the last several quarters, particularly in the Americas, and we are not expecting a broad recovery in capital spending for these academic customers.

Moving down the P&L, we expect to see a 100 to 400 basis point improvement in non-GAAP gross margin in 2026. Factors that will positively impact gross margin will include higher consumables mix and the introduction of SPRQ-Nx in the second half of the year. In spite of continued Revio and Vega cost-reduction initiatives, there may be potential headwinds with the compute associated with the instruments, as we are currently seeing significant volatility with components such as memory costs.

We expect non-GAAP operating expenses to slightly improve compared to 2025 levels as we continue to tightly manage operating expenses and invest in our next-generation sequencing platform.

With improving revenue mix, expanding gross margins, and disciplined cost management, we believe the company remains on a clear path toward cash flow breakeven.

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

Christian Henry (President and CEO)
Thanks, Jim.

2026 is shaping up to be an exciting year for PacBio. We are focused on enabling HiFi to become the sequencing standard of care through five key initiatives.

- First, we plan to dramatically improve the economics of HiFi and increase penetration across our key markets through the successful launch of our SPRQ-Nx chemistry and multi-use SMRT cells.
- Second, we plan to accelerate clinical adoption across rare disease, oncology, and carrier screening, supporting new as well as our existing customers as they ramp up their utilization of HiFi.
- Third, we plan to continue to enable population-scale sequencing studies. We have hundreds of thousands of samples in various stages of negotiation and approval, and while these studies have long sales cycles, we expect these studies to drive our growth in the longer-term.
- Fourth, we are enabling next-generation informatics by scaling multiomic HiFi data and applying AI to unlock unique biological insights. For example, several of our customers have been awarded funding through Google's AI for Science initiative, where researchers are leveraging HiFi data alongside AI to address some of the most complex challenges in biology. We believe the depth, accuracy, and completeness of HiFi data, amplified by AI, positions us to unlock new biological insights.
- And, finally, we will continue to drive innovation, which is part of our core mission.

We look forward to updating you on our progress across each of these initiatives as we progress through the year.

Additionally, we are excited to participate in the upcoming AGBT conference in the coming weeks and hope to connect with many of you there.

With that, we will now open it up for questions. Operator?

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

(in thousands, except per share amounts)	Three Months Ended December 31, 2025	September 30, 2025	December 31, 2024
Revenue:			
Product revenue	$ 38,965	$ 32,597	$ 34,098
Service and other revenue	5,680	5,844	5,126
Total revenue	44,645	38,441	39,224
Cost of Revenue:			
Cost of product revenue [1]	24,204	19,204	23,476
Cost of service and other revenue	3,681	3,078	3,469
Amortization of acquired intangible assets	183	183	2,221
Loss on purchase commitment [1]	11	75	—
Total cost of revenue	28,079	22,540	29,166
Gross profit	16,566	15,901	10,058
Operating Expense:			
Research and development [1]	22,879	22,846	27,466
Sales, general and administrative [1]	34,051	31,099	41,641
Impairment charges [2]	—	—	91,300
Change in fair value of contingent consideration [3]	—	—	(1,950)
Amortization of acquired intangible assets	833	833	4,629
Total operating expense	57,763	54,778	163,086
Operating loss	(41,197)	(38,877)	(153,028)
Gain on debt restructuring [4]	—	—	154,407
Interest expense	(1,740)	(1,739)	(2,757)
Other income, net	2,768	2,999	4,065
(Loss) income before income taxes	(40,169)	(37,617)	2,687
Income tax provision	202	383	316
Net (loss) income	$ (40,371)	$ (38,000)	$ 2,371
Net (loss) income per share:			
Basic	$ (0.13)	$ (0.13)	$ 0.01
Diluted	$ (0.13)	$ (0.13)	$ (0.49)
Weighted average shares outstanding used in calculating net (loss) income per share			
Basic	301,907	300,844	282,999
Diluted	301,907	300,844	306,892

(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) Goodwill and in-process research and development ("IPR&D") impairment charges during the three months ended December 31, 2024 were related to a significant increase in the carrying value of the reporting unit resulting primarily from the troubled debt restructuring, and changes in the timing and amount of expected future cash flows due to macroeconomic uncertainties, among other factors.

(3) Change in fair value of contingent consideration during the three months ended December 31, 2024 was due to fair value adjustments of a milestone payment payable upon the achievement of a milestone event.

(4) Gain on debt restructuring during the three months ended December 31, 2024, represents the gain resulting from the November 2024 convertible notes exchange transaction.

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

(in thousands, except per share amounts)	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	Twelve Months Ended December 31, 2025	Twelve Months Ended December 31, 2024
Revenue:				
Product revenue	$ 38,965	$ 34,098	$ 135,758	$ 136,149
Service and other revenue	5,680	5,126	24,247	17,865
Total revenue	44,645	39,224	160,005	154,014
Cost of Revenue:				
Cost of product revenue [1]	24,204	23,476	89,763	92,284
Cost of service and other revenue [1]	3,681	3,469	15,390	14,057
Amortization of acquired intangible assets	183	2,221	4,894	9,393
Loss on purchase commitment [1]	11	—	4,178	998
Total cost of revenue	28,079	29,166	114,225	116,732
Gross profit	16,566	10,058	45,780	37,282
Operating Expense:				
Research and development [1]	22,879	27,466	97,307	134,922
Sales, general and administrative [1]	34,051	41,641	141,493	175,017
Impairment charges [2]	—	91,300	15,000	184,500
Change in fair value of contingent consideration [3]	—	(1,950)	(18,700)	(850)
Amortization of acquired intangible assets [4]	833	4,629	364,541	18,006
Total operating expense	57,763	163,086	599,641	511,595
Operating loss	(41,197)	(153,028)	(553,861)	(474,313)
Gain on debt restructuring [5]	—	154,407	—	154,407
Interest expense	(1,740)	(2,757)	(6,954)	(13,412)
Other income, net	2,768	4,065	14,757	23,783
(Loss) income before income taxes	(40,169)	2,687	(546,058)	(309,535)
Income tax provision	202	316	318	316
Net (loss) income	$ (40,371)	$ 2,371	$ (546,376)	$ (309,851)
Net (loss) income per share:				
Basic	$ (0.13)	$ 0.01	$ (1.82)	$ (1.13)
Diluted	$ (0.13)	$ (0.49)	$ (1.82)	$ (1.59)
Weighted average shares outstanding used in calculating net (loss) income per share				
Basic	301,907	282,999	299,959	274,488
Diluted	301,907	306,892	299,959	288,366

(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 of $15.0 million during the twelve months ended December 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 and IPR&D impairment charges during the three months ended December 31, 2024 were related to a significant increase in the carrying value of the reporting unit resulting primarily from the troubled debt restructuring, and changes in the timing and amount of expected future cash flows due to macroeconomic uncertainties, among other factors. Additional goodwill impairment charge of $93.2 million included in the twelve months ended December 31, 2024 was related to a sustained decrease in the Company's share price, among other factors.

(3) Change in fair value of contingent consideration during the twelve months ended December 31, 2025 and the three and twelve months ended December 31, 2024 was due to fair value adjustments of a milestone payment payable upon the achievement of a milestone event.

(4) Balance for the twelve months ended December 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.

(5) Gain on debt restructuring during the three and twelve months ended December 31, 2024, represents the gain resulting from the November 2024 convertible notes exchange transaction.

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

(in thousands)	December 31, 2025	December 31, 2024
Assets		
Cash and investments	$ 279,506	$ 389,931
Accounts receivable, net	35,448	27,524
Inventory, net	49,285	58,755
Prepaid expenses and other current assets	10,793	18,781
Property and equipment, net	24,146	30,505
Operating lease right-of-use assets, net	41,695	16,091
Restricted cash	1,552	2,222
Intangible assets, net	15,124	389,572
Goodwill	317,761	317,761
Other long-term assets	8,773	9,305
Total Assets	$ 784,083	$ 1,260,447
Liabilities and Stockholders' Equity		
Accounts payable	$ 20,770	$ 16,590
Accrued expenses	33,646	22,595
Deferred revenue	19,865	19,764
Operating lease liabilities	57,040	24,940
Contingent consideration liability	—	18,700
Convertible senior notes, net	645,382	647,494
Other liabilities	2,031	3,770
Stockholders' equity	5,349	506,594
Total Liabilities and Stockholders' Equity	$ 784,083	$ 1,260,447