MARISSA BYCH, IR: FORWARD-LOOKING STATEMENT

Good afternoon, and welcome to PacBio's third quarter 2026 earnings conference call. With me today are Mark Van Oene, President and Chief Executive Officer, and Bill Meyer, Chief Accounting Officer.

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.

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 release, 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 because certain items that impact these measures, including restructuring and related charges, settlement charges and costs related to the disposition of short-read assets, are out of our control or cannot be reasonably predicted at this time, and their probable significance cannot be determined.

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. And with that, I'll now turn the call over to Mark.

MARK VAN OENE: BUSINESS UPDATES

Thank you, and good afternoon, everyone.

In the third quarter, we continued the launch of SPRQ-Nx chemistry. Over half of Revio consumables revenue came from customers using SPRQ-Nx, and by quarter end, two-thirds of our Revio installed base had opted to upgrade their software. Adoption continues to climb globally, and we expect the vast majority of the installed base to opt in by year end.

SPRQ-Nx is also driving higher utilization. Some customers are running the same pool of samples three times. Others are running different samples of each acquisition as they adapt SPRQ-Nx into their workflows. Our $345 U.S. list price per 20x HiFi human genome has also helped us finalize multiple strategic deals that validate our thesis on the role of PacBio HiFi in clinical genomics and in AI. I will cover those in detail shortly.

We are focused on improving our commercial execution. **In the third quarter, we delivered $40.6 million in revenue**, a step up from $38.4 million in the prior year period and $39 million in the second quarter. Revio placements grew 15% year over year. We continued to see customers expand their Revio fleets with multi-system orders to take on large projects and programs, enabled by the economics and advancement of SPRQ-Nx. Consumables grew sequentially as customers committed to several large strategic programs.

Looking closer at our consumables performance in the quarter… **Total consumable revenue was $20.8 million**, up from $20.1 million last quarter. The sequential improvement reflects the SPRQ-Nx transition, which remains a process as customers validate multi-use workflows, consume existing SPRQ inventory, and establish routine reorder patterns.

Within consumables, we continue to see adoption in the clinical market... We expect clinical shipments to keep growing as customers move to full commercialization of their tests.

Revio pull-through was approximately $204,000 this quarter, and we remain on track for full-year consumables pull-through of ~$200,000 to $225,000 per Revio system due to the pace of demand we are experiencing today. In the third quarter, we saw the first wave of SPRQ-Nx consumables reorders as accounts work through their inventory. We expect more reorders in the coming months, and we anticipate higher pull-through in 2027 and beyond as improved cost per genome economics support higher utilization.

Turning to instruments. Instrument revenue in the third quarter was $13.2 million, an increase of 16% from $11.3 million in the third quarter of 2025. We placed 15 Revio systems, bringing cumulative shipments to

381. An additional ten systems went to Berry Genomics for a major genomics study in China on birth defects. Berry is building a multiple system Revio fleet to sequence HiFi genomes at scale. This deal extends a pattern we have seen of large customers expanding their fleets because SPRQ-Nx made larger programs economically viable. We also continue to see specific clinical customers exit R&D mode and move into routine production sequencing with our HiFi technology. In Q3, 53% of Revio placements were to new customers, and 27% were sold as part of multi-instrument purchase orders.

We were especially pleased to support a return to growth for Vega following the August launch of SPRQ-Nx on Vega, which increases output 50% from 60GB to 90GB. For the quarter, we placed 35 Vega systems, up 9% year over year and 35% sequentially, bringing cumulative shipments to 235. U.S. public health labs, a segment we deliberately built out, continued to purchase Vega systems this quarter, and we expect more consistent utilization from these accounts as they ramp. Over 90% of Vega shipments in Q3 went to new customers. We believe the launch has strengthened Vega's value proposition and gives us a clear path to higher utilization as the installed base develops. However, we continue to see uneven capital purchasing trends, particularly in the Americas, given the academic and government funding environment.

Growing in the clinical market remains a central focus for us. Europe remains our strongest clinical market in part because its healthcare systems are consolidated. Rare disease is a good example where our opportunity goes beyond replacing the clinical exome. Consolidating the multiple tests required for rare disease onto a single HiFi workflow makes economic sense for European labs that see a few thousand patients per year.

In the third quarter, we brought our success from European labs to the U.S., with our early success resting on economics. We are showing that faster, more complete results in one workflow lower operating cost. It remains early days, and we believe we have the right to win in this market opportunity.

This brings me to the strategic deals that are actively expanding our footprint. Customers are now using PacBio technology and data as infrastructure for large genomics programs, national research initiatives, biological AI, and therapeutic discovery. We believe SPRQ-Nx is putting us at the start of an inflection.

I will start with the clinical market, a high-priority segment for us. **Most recently, GeneDx announced plans to add long-read whole genome sequencing to its genome testing portfolio.** Long-read sequencing reads longer stretches of DNA, so it captures complex variation that short-read sequencing can miss, including certain structural variants and repeat expansions. GeneDx plans to deploy long-read in rare disease, which expands our footprint in a core clinical market.

Berry Genomics is another example. The ten Revios it added support a five-year national rare disease program in China, backed by the China Birth Defect Intervention and Assistance Foundation. In the near term, the program aims to raise the diagnosis rate for patients whose disease went undiagnosed after short-read exome sequencing or genome sequencing. Over time, it is meant to build the capacity of local hospitals to diagnose rare disease and to support continued academic research. This win matters to us for three reasons. First, it puts HiFi long-read genome sequencing directly into the diagnostic workflow for patients that short reads could not solve. Second, it drives near-term consumables demand. And finally, it opens the Chinese clinical long-read market, with a path to extend this program across 40 hospitals.

We continue to hold a strong position in academic and government research, even as funding remains difficult in the U.S. **Sampled, one of our important, high-utilization Revio customers, was recently awarded a five-year contract from the Department of Veterans Affairs to provide genomics analyses for the Million Veteran Program.** The program has enrolled more than one million veterans and is one of the largest research programs of its kind in the world. Sampled has supported it for years, including long-read whole genome sequencing on our Revio systems, and we believe the renewal reflects the confidence in our work together. For PacBio, the award places HiFi sequencing inside a flagship U.S. government research program. It also shows how service providers are building Revio capacity around large, long-duration studies.

Another strategic focus for us is becoming the foundational data layer for AI models, and we are making meaningful progress. Sophisticated models need large volumes of the highest quality data, and PacBio's HiFi is exactly what they're looking for.

Our multi-year strategic collaboration with Verily Health puts PacBio at the center of biomedical AI infrastructure. Better models need deeper biological data, and right now that data is still fragmented and hard to link to clinical records. Together, we intend to connect those steps. HiFi long-read data will combine with real-world clinical data at population scale, producing AI-ready datasets for discovery and model training. The foundation is in place. HiFi whole-genome workflows already run end-to-end in Verily Pre, and Workbench serves more than 20,000 researchers. This work goes well beyond an infrastructure license. The value lies in connecting genomics, medical records, and AI. We are proud that PacBio can provide a differentiated genomic layer within those richer datasets. Since the announcement, the response has been encouraging. Biobanks, biopharma companies, and health systems have all expressed interest, as well as developers of therapeutic and biological AI models. These groups share a common need for deep, well-linked genomic data, and their interest validates PacBio's place in AI.

We also recently announced a collaboration with TychoBio, an AI drug discovery company. TychoBio plans to use HiFi and Kinnex long read RNA sequencing across more than 10,000 samples to build full length RNA datasets that connect RNA therapy designs to their effects across the transcriptome. Those datasets are expected to train models to predict on target efficacy, duration of effect, and unintended off target effects. Full length RNA is especially relevant in rare disease because it captures isoforms, splicing, variation, and transcriptome wide effects. This collaboration extends our role in rare disease beyond characterizing and diagnosing disease, and toward potentially developing therapies.

On Basecamp Research, we continue to execute on the Trillion Gene Atlas collaboration, and in the third quarter, we continued sequencing and delivering hundreds of samples every week. In Q3, Basecamp also announced $140 million in financing to advance its AI-designed therapeutic pipeline, which we believe is important external validation of the need for HiFi data at this scale.

A year ago, none of these programs were in place. Together, they show PacBio's role in AI is accelerating. As AI becomes more central to biology and medicine, the value of accurate, information-rich genomic data rises with it. With SPRQ-Nx and our upcoming high throughput launch, we have the right tools for this moment. We are seeing the earliest work showing signs that PacBio data can participate across the full continuum, from understanding disease, to diagnosing it, to designing therapies. This is an emerging opportunity, and these deals show a role for PacBio that extends well beyond sequencing.

Before I turn over the line, I would like to acknowledge and thank Jim Gibson, who has served as our Chief Financial Officer for the past year and a half. Jim has stepped down as Chief Financial Officer, and we have begun a search for a new Chief Financial Officer. We are working to execute a smooth transition, and today, I would like to welcome Bill Meyer, who has been appointed Chief Accounting Officer and will serve as our principal accounting officer, to walk through our third quarter results and full-year guidance. Bill – please go ahead.

BILL MEYER, CHIEF ACCOUNTING OFFICER: FINANCIALS

Thank you, Mark. 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 **$40.6 million in the third quarter of 2026**, compared to $38.4 million in the third quarter of 2025, reflecting 6% growth year over year.

Instrument revenue in the third quarter was $13.2 million, an increase of 16% from $11.3 million in the third quarter of 2025, primarily driven by strong Revio placements in EMEA and higher Vega shipments, partially offset by continued capital spending constraints in the Americas. We sold 15 Revio systems, up from 13 in the prior year, and 35 Vega systems, up from 32, ending the quarter with cumulative shipments of 381 Revio systems and 235 Vega systems. Revio average selling prices improved sequentially, supported by favorable customer mix and strong pricing in EMEA.

Turning to consumables, revenue of $20.8 million compared to $21.3 million in the third quarter of 2025 and increased approximately 3% sequentially from $20.1M last quarter, with annualized Revio pull-through per system at approximately $204,000. Sequential growth was driven by improving demand in the Americas and China as SPRQ-Nx adoption continued to expand. Year-over-year performance remained impacted by customers working through existing reagent inventory and transitioning to multi-use workflows, with sequencing activity growing faster than consumables purchases.

Finally, service and other revenue was $6.6 million, compared to $5.8 million in the third quarter of 2025, primarily reflecting growth in Revio service contracts as our installed base expanded, particularly in the Americas, along with continued contributions from strategic customer programs.

From a regional perspective,

Americas revenue of $18.2 million was up slightly compared to the third quarter of 2025. Instrument revenue declined approximately 24%, as ongoing NIH and broader academic funding uncertainty continued to weigh on capital purchasing decisions. This was offset by approximately 9% consumables growth, driven by commercial customers and increased sequencing activity across the installed base. Although broadly, capital spending remained constrained, we also continued to see demand for Vega among public health laboratories, while broader capital spending remained constrained.

Asia Pacific revenue of $8.3 million decreased 13% compared to the third quarter of 2025 but increased 19% sequentially, reflecting improving activity in China, including the Berry Genomics birth defects program. China consumables grew approximately 10% year over year, supported by SPRQ-Nx adoption and growing demand from sequencing service providers. Regional performance continued to be impacted by the completion of a significant population sequencing program, funding constraints in Japan and Korea, and customers transitioning existing reagent inventories.

EMEA revenue of $14.0 million increased 30% compared to the third quarter of 2025, driven by strong Revio placements at favorable pricing and continued clinical adoption. EMEA accounted for the majority of

Revio placements, including a multi-system order at a leading European clinical institution, while growing sequencing activity and clinical utilization demonstrated continued demand for HiFi. Consumables revenue remained impacted by the SPRQ-Nx transition despite higher sequencing activity, and we continue to view EMEA's clinical engagement model as an important driver of future growth.

Moving down the P&L,

Third quarter non-GAAP gross profit of $14.6 million represented a non-GAAP gross margin of 36%, compared to a non-GAAP gross profit of $16.2 million or a gross margin of 42% in the third quarter of 2025. Non-GAAP gross margin declined primarily due to higher memory costs and Vega manufacturing transition costs.

Non-GAAP operating expenses were $47.0 million in the third quarter of 2026, a 13% decrease from $53.9 million in the third quarter of 2025. The year-over-year decline reflects continued expense discipline across the organization, while maintaining investment in our highest strategic priorities. Operating expenses in the third quarter included $8.0 million of non-cash share-based compensation compared to $10.1 million in the prior year period.

Regarding head count, we ended the quarter with 445 employees compared to 485 at the end of 2025 and 491 at the end of the third quarter of 2025.

Non-GAAP net loss was $32.8 million, representing $0.11 per share in the third quarter of 2026, compared to a non-GAAP net loss of $36.8 million, representing $0.12 per share in the third quarter of 2025.

We ended the third quarter with approximately $199.4 million in unrestricted cash, cash equivalents and investments, compared with $279.5 million at December 31, 2025.

Turning to our full year outlook, we are narrowing our full year revenue guidance to $155 to $160 million.

We expect SPRQ-Nx adoption to continue building through the end of the year as customers complete workflow validation and transition existing reagent inventories. We continue to assume no meaningful recovery in academic and government funding, particularly in the Americas, and a gradual recovery in China.

We continue to expect non-GAAP gross margin to be in the range of 35% to 37% for 2026.

Turning to our cash outlook, we continue to expect to end the year with approximately $175 million to $185 million in cash.

We now expect **non-GAAP operating expenses to be in the range of $203 - $207 million** from the prior range of $215 million to $220 million due to savings from our restructuring.

Looking ahead, we continue to expect cash burn to step down meaningfully in 2027, supported by a lower operating expense base compared to 2025. This reflects $15 million to $20 million in expected annual savings from reduced compensation-related expenses following our restructuring, and an additional $15 million to $20 million in annual savings as development spending on our high-throughput platform winds down.

We continue to expect to achieve cash flow breakeven in 2028.

I will now turn the call back to Mark for closing remarks.

MARK VAN OENE: CLOSING REMARKS

Thanks, Bill. The third quarter gave us clear proof points on PacBio's strategic direction and our potential for growth.

Our team recently returned from ASHG in Montreal, where customer interest in HiFi was strong. We received significant interest from attendees following GeneDx's decision to add long-read whole genome sequencing to its testing portfolio, and we hosted an engaging dialogue with Dr. Alex Hoischen from Radboud University in the Netherlands, highlighting his experience with the new chemistry and the implications of improving workflow and economics.

Back to our Q3 accomplishments – our commercial execution improved, and we completed important deals in clinical and Bio AI customer segments. This work will take time to translate to meaningful revenue and, ultimately, cash generation, but our strong early traction with SPRQ-Nx gives me real confidence in where PacBio is headed. I am excited to lead the company as we expand HiFi sequencing across the academic and medical communities and ultimately enable the promise of genomics to better human health.

With that, we will open the line. Bill and I are available for questions.