**CAYLENE PARRISH: FORWARD-LOOKING STATEMENT**

Good afternoon and welcome to PacBio's second quarter 2026 earnings conference call. With me today are Mark van Oene, President and Chief Executive Officer, Jim Gibson, Chief Financial Officer, and Christian Henry, PacBio board member and advisor.

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 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: INTRO

Thank you, and good afternoon, everyone.

Earlier today we announced that I am stepping down as President and Chief Executive Officer of PacBio and that Mark Van Oene will lead the Company as President and Chief Executive Officer, effective immediately. I will remain on the Board of Directors and become an advisor to Mark as he drives PacBio's strategy forward.

Mark joined PacBio shortly after I joined and, in that time, he has led the R&D, Operations and Commercial organizations. His deep understanding of the genomics and clinical markets will be invaluable to the company as we move deeper into supporting clinical sequencing around the globe. Additionally, his ability to successfully lead strong teams will ensure that PacBio executes into the future.

I am proud of what we have accomplished over the nearly six years that I have had the privilege of leading PacBio. We have developed and launched ground-breaking new long-read sequencers that have dramatically improved the scale and economics of long-read sequencing. These platforms are enabling researchers and clinicians to dramatically improve their ability to understand the impact of genetic variation on disease, moving us closer to achieving our mission of Enabling the Promise of Genomics to Improve Human Health.

Finally, I want to thank our employees, customers and collaborators for their support. I look forward to advising Mark as he leads the Company in its next phase of growth and continuing to serve on the Board of Directors.

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

## MARK VAN OENE: INTRO & BUSINESS UPDATE

Thank you, and good afternoon, everyone.

On behalf of the team, thank you Christian for your six years of leadership. I'm honored and excited to step into this seat, and I am grateful for the support of you, our leadership team and board who I have been working closely with to execute a seamless transition.

Since joining in 2021 as Chief Operating Officer, I've had the pleasure of leading the R&D organization that built the Revio and Vega instruments, and more recently oversaw the development and rollout of the multi-use SPRQ-Nx chemistry. My recent commercial leadership focus has leveraged the strength of our clinical account engagement, which has proven particularly effective in the EMEA region. Looking ahead, my priorities will build directly on this foundation: taking what's worked in EMEA and scaling it globally, driving SPRQ-Nx adoption across accounts, and growing our understanding of disease biology and biomarker discovery by enabling greater HiFi throughput, cost-efficiency and data access. I'm energized by the multiple catalysts in front of us and confident in what's ahead as we take PacBio into its next phase of growth.

Part of that next phase means operating with a leaner team focused on our highest priority growth drivers. I want to address a targeted reorganization we initiated late last week. We are integrating our marketing organization more closely with the rest of our commercial organization to ensure we maximize the growth opportunities we continue to see in the clinical market. This new aligned structure will sharpen our focus and strengthen our support for our clinical customers. We also reviewed the broader organization to reduce management spans and layers. Importantly, I want to reiterate that none of our key R&D platform projects were impacted by this reorganization.

***Turning to discuss our recent performance and where I see the business going from here.***

Our second quarter was highlighted by the full, global, commercial rollout of our new SPRQ-Nx chemistry. Access to our SPRQ-Nx beta program was in high demand in Q1, and feedback was highly positive as we approached launch. I am pleased to report that customer enthusiasm for SPRQ-Nx has remained strong since full launch. In fact, in June, over a third of our install base opted into our new instrument software that facilitates usage of SPRQ-Nx, particularly its multi-use capabilities. As a reminder, SPRQ-Nx provides a significant increase in sequencing throughput per run, and customers are now able to use each SMRT cell up to three times. This

improves the economics for our customers and enables us to compete for substantially larger projects, where competitive economics are crucial to winning. Many of our high-throughput customers are currently in the process of validating the new multi-use workflow in their own laboratories, and we expect to see them ramping up SPRQ-Nx usage over the coming months. As a result, we believe SPRQ-Nx will be a significant driver of volume in the second half of the year and beyond.

Against the backdrop of the SPRQ-Nx launch, our organization continued to execute on key priorities, including growing the evidence base of scientific validation for our HiFi platform through multiple significant publications. We believe these speak to the utility of long-read genome sequencing for rare disease diagnostics.

In addition, we continued to make progress commercially. We delivered $39 million in second quarter revenue, a step up from the $37 million we delivered in Q1. Total revenue was roughly flat year-over-year, driven by growing consumables and new Revio and Vega placements, as we commenced the full rollout of SPRQ-Nx chemistry. Another benefit of the SPRQ-Nx economics is that we saw several customers expand their Revio fleet with multi-system orders to take on larger projects and programs. Additionally, we closed and shipped a significant order for several Revio systems to a new population-scale customer that we expect to begin sequencing in the third quarter.

***Looking closer at our consumables performance in the quarter. Total consumable revenue for the quarter was $20.1 million compared to $18.9 million in the prior year period. We continue to see strong adoption in the clinical market as shipments to clinical customers grew 67% year over year and represented*** a mid-teens percentage of total consumables shipments. We expect clinical shipments to continue growing as customers move to full commercialization mode across our install base.

However, we now expect consumables pull-through for the full year to be $200,000 - $225,000 per Revio system due to the pace of demand we are experiencing today. The narrower range reflects the timing of customer purchases, as several accounts that received large Q1 shipments are now working through existing inventory while evaluating the multi-use feature. As we continue to roll out the SPRQ-Nx transition into late 2026 and 2027, we anticipate this range increasing. We expect to see the first wave of SPRQ-Nx consumables reorders in the coming

months as accounts work through their inventory. Long-term, we expect improved cost-per-genome economics should support higher utilization.

***Turning to Instruments:*** We sold 20 Revio systems in the second quarter. As I previously indicated, we had several multi-unit Revio shipments this quarter. ***These included a single, new-to-PacBio customer, as well as two standing PacBio customers that were looking to further expand their Revio production fleets, which we believe is a testament to the appeal of Revio technology and SPRQ-Nx economics to both new and existing customers.*** These deals, coupled with the Basecamp opportunity we announced in Q1, signal our entry into larger population-level genomics studies which have been unlocked with SPRQ-Nx.

Further, we are now seeing specific clinical customers exit R&D mode and move into more routine production sequencing with our HiFi technology. Overall, 60% of Revio placements in Q2 were to new customers, and 45% of Revio placements in Q2 were sold as part of multi-instrument purchase orders. Cumulative Revio shipments stand at 366 systems.

***On Vega:*** We sold 26 Vegas in the second quarter, compared to 38 in the prior year period. Customer conversations remain constructive, but funding uncertainty in the U.S continues to constrain new orders.

There are two observations that speak to our continued conviction in Vega, despite these headwinds. First, Vega ASP has returned to normalized levels, demonstrating that we can drive demand and capture the Vega system’s full value in the market without the promotional pricing offered in Q1. Second, U.S. public health labs, a segment we've deliberately built out, purchased Vega instruments this quarter, and we expect more consistent utilization from these accounts as they ramp.

Overall, 81% of Vega shipments in Q2 went to new customers. Cumulative Vega shipments stand at 200 systems.

***Regionally,*** EMEA continued to grow, and we expect it to remain our fastest-growing region in 2026. Americas revenue declined on academic and government funding constraints, while Asia Pacific consumables also declined as customers worked through existing SPRQ inventory in

preparation for their SPRQ-Nx transition. What's encouraging is the reception to SPRQ-Nx. Customers across the region are actively evaluating it ahead of stepping up to volume purchases, and we expect that evaluation activity to convert into more routine ordering as the year progresses.

As a reminder, SPRQ-Nx's core advantage is reusing SMRT cells multiple times. Per-genome US list price drops to $345 per 20x HiFi human genome, a 30% reduction versus our previous SPRQ chemistry, achieved without compromising the accuracy or comprehensiveness that makes HiFi valuable. Expanded methylation detection and advances in DeepConsensus, our AI-powered consensus algorithm developed with Google, further improves accuracy, run performance, and the biological information generated from each read.

SPRQ-Nx has changed the math for high-throughput Revio customers who had been waiting for long-read sequencing to become economically viable at scale, and feedback has been overwhelmingly positive. In the first month of full commercial rollout, customers have found that HiFi yield is near-identical across the first two uses, with a slight decline on the third. In June, over a third of our install base opted into our new software that facilitates usage of SPRQ-Nx. As customers continue these evaluations, we expect to see an expansion of SPRQ-Nx usage, which will in turn enable more throughput and expand gross margins. We anticipate over half of our install base will have opted into the SPRQ-Nx software by the end of the third quarter, and the vast majority to have opted in by year-end.

***We are also excited to report that we will launch the SPRQ-Nx chemistry on the Vega system later in August***. This chemistry will enable higher throughput of up to 90Gb per run and lower the DNA input requirements. Harmonizing the SPRQ-Nx chemistry across both instruments for consistency of data quality and operations.

***Turning to the growing validation of our differentiated technology, two recent publications*** reinforce that HiFi long-read sequencing delivers better, more comprehensive results than the existing standard of care, which typically requires a multi-test process. This scientific validation strengthens our conviction that we can shift the standard-of-care paradigm entirely, benefiting patients and providers alike.

On June 13th, the *New England Journal of Medicine* published an article called “Clinical Long-Read Genome Sequencing for Rare-Disease Diagnostics*”* by Bitter et al. which is one of the strongest pieces of evidence for our thesis on the value of long-read sequencing, especially in the clinical setting. Overall, the results were compelling. Concordance between long-read genome sequencing and standard-of-care was 96.4%. Long-read improved or refined diagnoses in 3.4% of cases, while standard-of-care only caught variants that long-read missed in 0.2% of cases. The publication demonstrates that HiFi long-read sequencing is a clinically effective first-tier diagnostic test that improves diagnostic yield while also simplifying the laboratory workflow, reducing turnaround time, and enhancing the overall economics of rare disease diagnostics.

Hundreds of millions of people globally have a rare disease, and most of them spend years seeing specialists and being submitted to testing with little resolution to their issues. We believe a publication of this caliber in the *New England Journal of Medicine* also carries real weight with payers and health systems. It is the kind of evidence that accelerates the transition away from legacy diagnostic workflows to us.

A second article was published in *Nature Genetics* entitled “Near-perfect genome sequencing in medical genetics” by Sabbagh et al. In the article, the authors proposed that long-read genome sequencing should be considered as one pillar of a broader technological convergence encompassing diploid genome assembly, pangenome references, and AI-driven variant interpretation, termed near-perfect genome sequencing. They also highlighted the potential of near-perfect genome sequencing across postnatal, prenatal, and oncological settings while also outlining a staged implementation roadmap toward the one-test paradigm. Like the New England Journal of Medicine article, this Nature article similarly supports the move to the one-test paradigm given the diagnostic completeness of long-read sequencing technology like HiFi.

Beyond rare diseases, we also announced a preprint from the HiFi Solves Sub-Fertility Consortium in Asia Pacific which marks the first major study from that group. Subfertility affects around one in six couples globally, and yet the genetic evaluation most couples receive today is fragmented: multiple sequential tests, often requiring months or years of evaluation that frequently result in no definitive explanation. The data demonstrates that HiFi whole genome sequencing can provide a complete view of reproductive genetics in a single workflow - Representing another long-term clinical opportunity for us.

Additionally, our collaboration to run samples for Basecamp Research has been going very well. Samples are in house, and we are sequencing and delivering hundreds of samples to Basecamp each week. We expect Basecamp to contribute more meaningfully in 2027, when the majority of samples will be processed.

I'll now turn the call over to Jim. Jim?

**JIM GIBSON: FINANCIALS**

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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 $39.0 million in the second quarter of 2026, compared to $39.8 million in the second quarter of 2025.

- **Instrument revenue** in the second quarter was $12.8 million, a decrease of 9% from $14.2 million in the second quarter of 2025, primarily reflecting a lower average selling price driven by customer mix, including lower-priced strategic Revio placements to key accounts, and fewer Vega system shipments as academic and government funding constraints continued to pressure capital purchases. We sold 20 Revio systems, up from 15 in the prior year, and 26 Vega systems, down from 38, ending the quarter with cumulative shipments of 366 Revio systems and 200 Vega systems.
- **Turning to consumables**, revenue of $20.1 million in the second quarter increased 6% from $18.9 million in the second quarter of 2025, with annualized Revio pull-through per system at approximately $202,000. Consumables revenue increased primarily due to growth in the installed base and continued utilization of Revio systems, particularly among clinical customers. Growth was partially offset as customers worked through existing inventory and completed SPRQ-Nx workflow validation prior to broader adoption.
- Finally, **service and other revenue** was $6.1 million in the second quarter, compared to $6.7 million in the second quarter of 2025, reflecting continued growth in Revio service

contracts as our installed base expanded, offset by lower revenue as we completed a population sequencing program.

From a regional perspective,

- **Americas** revenue of $17.6 million was down slightly compared to the second quarter of 2025 as ongoing NIH and broader academic funding uncertainty continued to weigh on capital purchasing decisions. Clinical and commercial customer activity remained resilient, and we continued expanding our Vega installed base within public health laboratories.
- For **Asia Pacific**, revenue of $7.0 million decreased 45% compared to the second quarter of 2025, primarily reflecting the conclusion of a significant population sequencing program, continued academic and government funding headwinds, and lower consumables demand as customers completed SPRQ-Nx workflow validation and worked through existing reagent inventory.
- **EMEA** revenue of $14.4 million increased 52% compared to the second quarter of 2025, reflecting continued clinical adoption as hospitals and clinical customers transitioned from pilot programs into routine production, together with growing demand for the Vega platform and a significant strategic multi-system Revio placement supporting a large-scale national genomics initiative.

Moving down the P&L, second quarter non-GAAP gross profit of $13.9 million represented a non-GAAP gross margin of 36%, compared to a non-GAAP gross profit of $15.2 million or a gross margin of 38% in the second quarter of 2025.

Non-GAAP gross margin declined primarily due to previously discussed compute cost inflation and lower manufacturing volumes. In addition, gross margin was impacted by $1.1 million in costs associated with transitioning Vega manufacturing in-house from our contract manufacturer. These transition costs are expected to conclude by the end of 2026. Separately, cash outflows were higher due to strategic purchases of memory components to support future production. Importantly, these purchases are largely timing-related, and we now expect to have sufficient memory to support operations through the end of 2026.

Non-GAAP operating expenses were $56.1 million in the second quarter of 2026, a 3% decrease from $58.1 million in the second 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 second quarter included $8.6 million of non-cash share-based compensation, compared to $11.0 million in the prior-year period.

Regarding headcount, we ended the quarter with 492 employees compared to 485 at the end of 2025 and 491 at the end of the second quarter of 2025. As Mark discussed, we recently initiated a restructuring designed to further align our cost structure with our strategic priorities. This action is expected to reduce our workforce by approximately 40 employees and lower our ongoing operating expense base while preserving investment in our highest-priority growth initiatives.

Non-GAAP net loss was $41.9 million, representing $0.14 per share in the second quarter of 2026, compared to a non-GAAP net loss of $40.0 million, representing $0.13 per share in the second quarter of 2025.

We ended the second quarter with approximately $236.9 million in unrestricted cash, cash equivalents and investments, compared with $279.5 million at December 31, 2025.

**Turning to our full-year outlook.**

Given the dynamics that Mark cited, we are lowering our revenue expectations for 2026 to ***$155 to $165 million***.

Our revised outlook assumes consumables will remain the driver of growth, supported by continued utilization from clinical customers and the expanding of Revio and Vega installed base. At the same time, we expect SPRQ-Nx adoption to build progressively through the second half 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 more gradual recovery in China than we had previously anticipated.

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

The revised outlook reflects temporary Vega manufacturing transition costs of approximately $2.5 million, elevated compute and memory costs, a more gradual SPRQ-Nx adoption curve, and the margin impact of lower-priced strategic Revio placements.

Turning to our cash outlook, we ***expect to end the year with approximately $175 million to $185 million in cash, reflecting our updated revenue outlook, continued investment in SPRQ-Nx, the temporary manufacturing and working capital impacts we discussed today, and the cost reduction initiatives Mark outlined earlier.***

Non-GAAP operating expenses are expected to be in the range of $215 to $220 million, a reduction of $5 million from the range we guided in Q1, and down from 2025 levels.

**Looking ahead, we expect cash burn to step down meaningfully in 2027.** In addition to the benefits of our restructuring, which we expect to reduce compensation and related expenses by approximately $15 million to $20 million next year, we expect to realize approximately $15 million to $20 million of additional annual savings as we move past development spending on our high-throughput platform.

While these actions significantly improve our cash profile, our outlook also reflects the continued impact of elevated compute costs and a more gradual gross margin improvement than we previously anticipated. **As a result, we now expect to achieve cash flow breakeven in 2028, compared to our prior expectation of the end of 2027.** Based on our current operating plan, we believe our existing cash resources provide sufficient flexibility to execute our strategic priorities, support the commercialization of our new high throughput platform, and fund the business through cash flow breakeven.

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

## MARK VAN OENE: CLOSING REMARKS

Thanks Jim, I am energized about this next chapter for PacBio. The catalysts we've built toward, including SPRQ-Nx's full rollout, expanding clinical adoption, and our entry into population-scale genomics, are now converging.

My focus as CEO is straightforward: scale what's driving growth, sharpen our execution, and run a leaner, more focused organization built around our highest-conviction growth drivers. I've spent five years in this business, and I understand both its potential and what it takes to realize it. I'm confident in our team, our technology, and our path forward.

With that, we'll open the line. Jim and I are available for questions.