UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-35092

EXACT SCIENCES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**02-0478229**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
5505 Endeavor Lane, Madison WI	**53719**
(Address of principal executive offices)	(Zip Code)

(608) 535-8815 (Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	EXAS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 8, 2023, the registrant had 180,388,167 shares of common stock outstanding.

EXACT SCIENCES CORPORATION

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EXACT SCIENCES CORPORATION
Condensed Consolidated Balance Sheets
(Amounts in thousands, except share data - unaudited)

Part I — Financial Information

	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 421,365	$ 242,493
Marketable securities	277,282	389,564
Accounts receivable, net	183,371	158,043
Inventory	124,092	118,259
Prepaid expenses and other current assets	85,274	73,898
Total current assets	1,091,384	982,257
Long-term Assets:		
Property, plant and equipment, net	684,574	684,756
Operating lease right-of-use assets	156,782	167,003
Goodwill	2,346,235	2,346,040
Intangible assets, net	1,933,481	1,956,240
Other long-term assets, net	91,872	90,577
Total assets	$ 6,304,328	$ 6,226,873
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 86,713	$ 74,916
Accrued liabilities	241,844	299,216
Operating lease liabilities, current portion	30,014	28,366
Other current liabilities	8,783	10,249
Total current liabilities	367,354	412,747
Long-term liabilities:		
Convertible notes, net	2,310,196	2,186,106
Long-term debt	50,000	50,000
Other long-term liabilities	344,380	352,459
Operating lease liabilities, less current portion	174,690	182,399
Total liabilities	3,246,620	3,183,711
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.01 par value Authorized—5,000,000; shares issued and outstanding—no shares at March 31, 2023 and December 31, 2022	—	—
Common stock, $0.01 par value Authorized—400,000,000; shares issued and outstanding—179,830,145 and 177,925,631 shares at March 31, 2023 and December 31, 2022	1,799	1,780
Additional paid-in capital	6,396,805	6,311,644
Accumulated other comprehensive loss	(1,719)	(5,236)
Accumulated deficit	(3,339,177)	(3,265,026)
Total stockholders' equity	3,057,708	3,043,162
Total liabilities and stockholders' equity	$ 6,304,328	$ 6,226,873

The accompanying notes are an integral part of these condensed consolidated financial statements.

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Operations
(Amounts in thousands, except per share data - unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue	$ 602,450	$ 486,571
Operating expenses		
Cost of sales (exclusive of amortization of acquired intangible assets)	156,866	134,705
Research and development	95,419	102,248
Sales and marketing	186,964	232,181
General and administrative	217,295	169,770
Amortization of acquired intangible assets	22,928	24,654
Impairment of long-lived assets	69	—
Total operating expenses	679,541	663,558
Loss from operations	(77,091)	(176,987)
Other income (expense)		
Investment income (loss), net	490	(1,487)
Interest income (expense), net	4,107	(4,478)
Total other income (expense)	4,597	(5,965)
Net loss before tax	(72,494)	(182,952)
Income tax benefit (expense)	(1,657)	2,015
Net loss	$ (74,151)	$ (180,937)
Net loss per share—basic and diluted	$ (0.42)	$ (1.04)
Weighted average common shares outstanding—basic and diluted	178,574	174,417

The accompanying notes are an integral part of these condensed consolidated financial statements.

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Comprehensive Loss
(Amounts in thousands - unaudited)

	Three Months Ended March 31,	
	2023	2022
Net loss	$ (74,151)	$ (180,937)
Other comprehensive loss, net of tax:		
Unrealized gain (loss) on available-for-sale investments	2,967	(4,967)
Foreign currency translation adjustment	550	(237)
Comprehensive loss	$ (70,634)	$ (186,141)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Stockholders' Equity
(Amounts in thousands, except share data - unaudited)

	Common Stock			Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	$0.01 Par Value	Additional Paid-In Capital			
Balance, January 1, 2023	177,925,631	$ 1,780	$ 6,311,644	$ (5,236)	$ (3,265,026)	$ 3,043,162
Exercise of common stock options	88,228	1	963	—	—	964
Issuance of common stock to fund the Company's 2022 401(k) match	517,215	5	35,072	—	—	35,077
Compensation expense related to issuance of stock options and restricted stock awards	1,299,071	13	49,126	—	—	49,139
Net loss	—	—	—	—	(74,151)	(74,151)
Other comprehensive income	—	—	—	3,517	—	3,517
Balance, March 31, 2023	179,830,145	$ 1,799	$ 6,396,805	$ (1,719)	$ (3,339,177)	$ 3,057,708

	Common Stock			Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	$0.01 Par Value	Additional Paid-In Capital			
Balance, January 1, 2022	173,674,067	$ 1,738	$ 6,028,861	$ (1,443)	$ (2,641,520)	$ 3,387,636
Exercise of common stock options	485,537	5	4,277	—	—	4,282
Compensation expense related to issuance of stock options and restricted stock awards	1,391,797	14	52,427	—	—	52,441
Other	7	—	(7)	—	—	(7)
Net loss	—	—	—	—	(180,937)	(180,937)
Other comprehensive loss	—	—	—	(5,204)	—	(5,204)
Balance, March 31, 2022	175,551,408	$ 1,757	$ 6,085,558	$ (6,647)	$ (2,822,457)	$ 3,258,211

The accompanying notes are an integral part of these condensed consolidated financial statements.

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands - unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash flows from operating activities:		
Net loss	$ (74,151)	$ (180,937)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	26,815	22,993
Loss on disposal of property, plant and equipment	284	321
Unrealized loss on equity investments	3,009	1,350
Deferred tax expense (benefit)	1,261	(1,912)
Stock-based compensation	49,139	52,441
Gain on settlements of convertible notes, net	(10,324)	—
Amortization of deferred financing costs, convertible note debt discount and issuance costs, and other liabilities	1,783	1,700
Accretion (Amortization) of discount (premium) on short-term investments	(54)	956
Amortization of acquired intangible assets	22,928	24,654
Impairment of long-lived assets	69	—
Remeasurement of contingent consideration	(8,937)	(26,680)
Non-cash lease expense	6,806	7,363
Changes in assets and liabilities:		
Accounts receivable, net	(25,434)	11,020
Inventory, net	(5,827)	(7,964)
Operating lease liabilities	(5,982)	(5,177)
Accounts payable and accrued liabilities	(4,817)	(66,048)
Other assets	(13,622)	(6,619)
Other liabilities	(1,161)	(1,215)
Net cash used in operating activities	(38,215)	(173,754)
Cash flows from investing activities:		
Purchases of marketable securities	(8,589)	(70,267)
Maturities and sales of marketable securities	121,332	150,630
Purchases of property, plant and equipment	(29,360)	(33,623)
Investments in privately held companies	(442)	(1,172)
Other investing activities	—	(7)
Net cash provided by investing activities	82,941	45,561
Cash flows from financing activities:		
Proceeds from exercise of common stock options	964	4,282
Proceeds from issuance of convertible notes	137,976	—
Other financing activities	(5,344)	(1,547)
Net cash provided by financing activities	133,596	2,735
Effects of exchange rate changes on cash and cash equivalents	550	(237)
Net increase (decrease) in cash, cash equivalents and restricted cash	178,872	(125,695)
Cash, cash equivalents and restricted cash, beginning of period	242,790	315,768
Cash, cash equivalents and restricted cash, end of period	$ 421,662	$ 190,073

EXACT SCIENCES CORPORATION
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands - unaudited)

	Three Months Ended March 31,	
	2023	**2022**
Supplemental disclosure of non-cash investing and financing activities		
Property, plant and equipment acquired but not paid	$ 10,548	$ 31,491
Supplemental disclosure of cash flow information:		
Interest paid	$ 6,442	$ 5,133
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 421,365	$ 189,776
Restricted cash — included in prepaid expenses and other current assets as of March 31, 2023, and other long-term assets, net as of March 31, 2022	297	297
Total cash, cash equivalents and restricted cash	$ 421,662	$ 190,073

The accompanying notes are an integral part of these condensed consolidated financial statements.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Exact Sciences Corporation (together with its subsidiaries, "Exact," or the "Company") was incorporated in February 1995. Exact is a leading global cancer diagnostics company. It has developed some of the most impactful tests in cancer screening and diagnostics, including Cologuard® and Oncotype DX®. Exact is currently working on the development of additional tests, with the goal of bringing new, innovative cancer tests to patients throughout the world.

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements, which include the accounts of the Company and those of its wholly owned subsidiaries and variable interest entities, are unaudited and have been prepared on a basis substantially consistent with the Company's audited financial statements and notes as of and for the year ended December 31, 2022 included in the Company's Annual Report on Form 10-K (the "2022 Form 10-K"). All intercompany transactions and balances have been eliminated upon consolidation. These condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted ("GAAP") in the United States of America ("U.S.") and follow the requirements of the Securities and Exchange Commission ("SEC") for interim reporting. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of adjustments of a normal and recurring nature) considered necessary for a fair statement of its financial position, operating results and cash flows for the periods presented. The condensed consolidated balance sheet at December 31, 2022 has been derived from audited financial statements, but does not contain all of the footnote disclosures from the 2022 Form 10-K. The results of the Company's operations for any interim period are not necessarily indicative of the results of the Company's operations for any other interim period or for a full fiscal year. The statements should be read in conjunction with the audited financial statements and related notes included in the 2022 Form 10-K.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those that affect the Company's financial statements materially and involve difficult, subjective or complex judgments by management, and actual results could differ from those estimates. These estimates include revenue recognition, valuation of intangible assets and goodwill, and accounting for income taxes among others. The Company's critical accounting policies and estimates are explained further in the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q and the 2022 Form 10-K.

The spread of the coronavirus ("COVID-19") and the macroeconomic conditions including inflation and fluctuations in foreign currency exchange rates has affected many segments of the global economy, including the cancer screening and diagnostics industry. The Company expects these matters to have an impact on operations, however, the ultimate impact presents uncertainty and depends on factors beyond the Company's knowledge or control, including the duration and severity, as well as third-party actions taken. The Company continues to use the best information available to inform its accounting estimates in light of these uncertainties.

Significant Accounting Policies

During the three months ended March 31, 2023, there were no changes to the Company's significant accounting policies as described in the Company's 2022 Form 10-K.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation in the condensed consolidated financial statements and accompanying notes to the condensed consolidated financial statements.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Recent Accounting Pronouncements

The Company did not adopt any accounting standards updates (“ASU”) released by the Financial Accounting Standards Board (“FASB”) in the first quarter of 2023. In addition, there are no ASUs not yet adopted that are expected to impact the Company.

Net Loss Per Share

Basic net loss per common share was determined by dividing net loss applicable to common stockholders by the weighted average common shares outstanding during the period. Basic and diluted net loss per share is the same because all outstanding common stock equivalents have been excluded, as they are anti-dilutive as a result of the Company’s losses.

The following potentially issuable common shares were not included in the computation of diluted net loss per share because they would have an anti-dilutive effect due to net losses for each period:

	March 31,	
(In thousands)	**2023**	**2022**
Shares issuable upon conversion of convertible notes	23,231	20,309
Shares issuable upon the release of restricted stock awards	6,877	6,991
Shares issuable upon the release of performance share units	1,671	963
Shares issuable upon exercise of stock options	1,416	1,790
Shares issuable in connection with acquisitions	—	45
	33,195	30,098

(2) REVENUE

The Company’s revenue is primarily generated by its laboratory testing services utilizing its Cologuard, Oncotype®, and COVID-19 tests. The services are completed upon release of a patient’s test result to the ordering healthcare provider.

The following table presents the Company’s revenues disaggregated by revenue source:

	Three Months Ended March 31,	
(In thousands)	**2023**	**2022**
Screening		
Medicare Parts B & C	$ 171,730	$ 113,755
Commercial	233,033	161,680
Other	38,432	31,087
Total Screening	443,195	306,522
Precision Oncology		
Medicare Parts B & C	$ 47,381	$ 52,565
Commercial	44,932	46,062
International	37,268	29,560
Other	25,851	24,433
Total Precision Oncology	155,432	152,620
COVID-19 Testing	$ 3,823	$ 27,429
Total	$ 602,450	$ 486,571

Screening revenue primarily includes laboratory service revenue from Cologuard and PreventionGenetics LLC (“PreventionGenetics”) tests while Precision Oncology revenue includes laboratory service revenue from global Oncotype products and therapy selection products.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

At each reporting period end, the Company conducts an analysis of the estimates used to calculate the transaction price to determine whether any new information available impacts those estimates made in prior reporting periods. The Company recognized revenue from a change in transaction price of $11.7 million and $4.2 million for the three months ended March 31, 2023 and 2022, respectively.

The Company’s deferred revenue, which is reported in other current liabilities in the Company’s condensed consolidated balance sheets, was not material as of March 31, 2023 and December 31, 2022.

Revenue recognized for the three months ended March 31, 2023 and 2022, respectively, which was included in the deferred revenue balance at the beginning of the period, was not material.

(3) MARKETABLE SECURITIES

The following table sets forth the Company’s cash, cash equivalents, and marketable securities at March 31, 2023 and December 31, 2022:

(In thousands)	March 31, 2023	December 31, 2022
Cash and cash equivalents		
Cash and money market	$ 351,549	$ 178,168
Cash equivalents	69,816	64,325
Total cash and cash equivalents	421,365	242,493
Marketable securities		
Available-for-sale debt securities	$ 274,694	$ 384,415
Equity securities	2,588	5,149
Total marketable securities	277,282	389,564
Total cash, cash equivalents and marketable securities	$ 698,647	$ 632,057

Available-for-sale debt securities, including the classification within the condensed consolidated balance sheet at March 31, 2023, consisted of the following:

(In thousands)	Amortized Cost	Gains in Accumulated Other Comprehensive Income (Loss) (1)	Losses in Accumulated Other Comprehensive Income (Loss) (1)	Estimated Fair Value
Cash equivalents				
Commercial paper	$ 68,081	$ —	$ —	$ 68,081
U.S. government agency securities	1,735	—	—	1,735
Total cash equivalents	69,816	—	—	69,816
Marketable securities				
U.S. government agency securities	$ 147,979	$ 16	$ (909)	$ 147,086
Corporate bonds	97,378	18	(948)	96,448
Asset backed securities	31,659	106	(605)	31,160
Total marketable securities	277,016	140	(2,462)	274,694
Total available-for-sale securities	$ 346,832	$ 140	$ (2,462)	$ 344,510

(1) There was no tax impact from the gains and losses in accumulated other comprehensive income (loss) (“AOCI”).

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Available-for-sale debt securities, including the classification within the condensed consolidated balance sheet at December 31, 2022, consisted of the following:

(In thousands)	Amortized Cost	Gains in Accumulated Other Comprehensive Income (Loss) (1)	Losses in Accumulated Other Comprehensive Income (Loss) (1)	Estimated Fair Value
Cash equivalents				
Commercial paper	$ 63,021	$ —	$ —	$ 63,021
U.S. government agency securities	1,304	—	—	1,304
Total cash equivalents	64,325	—	—	64,325
Marketable securities				
U.S. government agency securities	$ 228,012	$ —	$ (2,789)	$ 225,223
Corporate bonds	116,318	20	(1,667)	114,671
Asset backed securities	45,374	2	(855)	44,521
Total marketable securities	389,704	22	(5,311)	384,415
Total available-for-sale securities	$ 454,029	$ 22	$ (5,311)	$ 448,740

(1) There was no tax impact from the gains and losses in AOCI.

The following table summarizes contractual underlying maturities of the Company’s available-for-sale debt securities at March 31, 2023:

	Due one year or less		Due after one year through five years	
(In thousands)	Cost	Fair Value	Cost	Fair Value
Cash equivalents				
Commercial paper	$ 68,081	$ 68,081	$ —	$ —
U.S. government agency securities	1,735	1,735	—	—
Total cash equivalents	69,816	69,816	—	—
Marketable securities				
U.S. government agency securities	$ 138,322	$ 137,423	$ 9,657	$ 9,663
Corporate bonds	82,071	81,169	15,307	15,279
Asset backed securities	1,191	1,189	30,468	29,971
Total marketable securities	221,584	219,781	55,432	54,913
Total available-for-sale securities	$ 291,400	$ 289,597	$ 55,432	$ 54,913

The following table summarizes the gross unrealized losses and fair values of available-for-sale debt securities in an unrealized loss position as of March 31, 2023, aggregated by investment category and length of time those individual securities have been in a continuous unrealized loss position:

	Less than one year		One year or greater		Total	
(In thousands)	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Marketable securities						
U.S. government agency securities	$ 35,897	$ (161)	$ 103,474	$ (748)	$ 139,371	$ (909)
Corporate bonds	16,430	(61)	71,885	(887)	88,315	(948)
Asset backed securities	10,767	(100)	18,544	(505)	29,311	(605)
Total available-for-sale securities	$ 63,094	$ (322)	$ 193,903	$ (2,140)	$ 256,997	$ (2,462)

The Company evaluates investments that are in an unrealized loss position for impairment as a result of credit loss. It was determined that no credit losses exist as of March 31, 2023 and December 31, 2022, because the change in market value for those securities in an unrealized loss position has resulted from fluctuating interest rates rather than a deterioration of the credit worthiness of the issuers.

The gains and losses recorded on available-for-sale debt securities and equity securities are included in investment income, net in the Company's condensed consolidated statements of operations. The gains and losses recorded were not material for the three months ended March 31, 2023 and 2022.

(4) INVENTORY

Inventory consisted of the following:

(In thousands)	March 31, 2023	December 31, 2022
Raw materials	$ 63,433	$ 61,207
Semi-finished and finished goods	60,659	57,052
Total inventory	$ 124,092	$ 118,259

(5) PROPERTY, PLANT AND EQUIPMENT

The carrying value and estimated useful lives of property, plant and equipment are as follows:

(In thousands)	Estimated Useful Life	March 31, 2023	December 31, 2022
Property, plant and equipment			
Land	n/a	$ 4,716	$ 4,716
Leasehold and building improvements	(1)	200,314	200,588
Land improvements	15 years	6,613	6,417
Buildings	30 - 40 years	290,121	288,941
Computer equipment and computer software	3 years	148,798	142,896
Laboratory equipment	3 - 10 years	253,926	246,344
Furniture and fixtures	3 - 10 years	34,601	34,047
Assets under construction	n/a	79,648	68,398
Property, plant and equipment, at cost		1,018,737	992,347
Accumulated depreciation		(334,163)	(307,591)
Property, plant and equipment, net		$ 684,574	$ 684,756

(1) Lesser of remaining lease term, building life, or estimated useful life.

Depreciation expense for the three months ended March 31, 2023 and 2022 was $26.8 million and $23.0 million, respectively.

At March 31, 2023, the Company had $79.6 million of assets under construction, which consisted of $51.9 million in laboratory equipment, $12.4 million in leasehold and building improvements, $10.1 million in capitalized costs related to software projects, and $5.2 million related to buildings. Depreciation will begin on these assets once they are placed into service upon completion.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(6) INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The following table summarizes the net-book-value and estimated remaining life of the Company's intangible assets as of March 31, 2023:

(In thousands)	Weighted Average Remaining Life (Years)	Cost	Accumulated Amortization	Net Balance at March 31, 2023
Finite-lived intangible assets				
Trade name	12.3	$ 104,000	$ (22,465)	$ 81,535
Customer relationships	7.8	4,000	(556)	3,444
Patents and licenses	4.1	11,542	(8,514)	3,028
Acquired developed technology (1)	7.5	861,644	(266,170)	595,474
Total finite-lived intangible assets		981,186	(297,705)	683,481
In-process research and development	n/a	1,250,000	—	1,250,000
Total intangible assets		$ 2,231,186	$ (297,705)	$ 1,933,481

The following table summarizes the net-book-value and estimated remaining life of the Company's intangible assets as of December 31, 2022:

(In thousands)	Weighted Average Remaining Life (Years)	Cost	Accumulated Amortization	Net balance at December 31, 2022
Finite-lived intangible assets				
Trade name	12.5	$ 104,000	$ (20,653)	$ 83,347
Customer relationships	8.0	4,000	(444)	3,556
Patents and licenses	4.2	11,542	(8,152)	3,390
Acquired developed technology (1)	7.8	861,474	(245,527)	615,947
Total finite-lived intangible assets		981,016	(274,776)	706,240
In-process research and development	n/a	1,250,000	—	1,250,000
Total intangible assets		$ 2,231,016	$ (274,776)	$ 1,956,240

(1) The gross carrying amount includes an immaterial foreign currency translation adjustment related to the intangible asset acquired as a result of the acquisition of OmicEra Diagnostics GmbH ("OmicEra"), whose functional currency is also its local currency. Intangible asset balances are translated into U.S. dollars using exchange rates in effect at period end, and adjustments related to foreign currency translation are included in other comprehensive income.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

As of March 31, 2023, the estimated future amortization expense associated with the Company's finite-lived intangible assets for each of the five succeeding fiscal years is as follows:

(In thousands)		
2023 (remaining nine months)	$	68,786
2024		91,378
2025		90,331
2026		89,271
2027		89,271
Thereafter		254,444
	$	683,481

The Company's acquired intangible assets are being amortized on a straight-line basis over their estimated useful lives.

Goodwill

The change in the carrying amount of goodwill for the periods ended March 31, 2023 and December 31, 2022 is as follows:

(In thousands)		
Balance, January 1, 2022	$	2,335,172
OmicEra acquisition		10,809
PreventionGenetics acquisition adjustment		(58)
Effects of changes in foreign currency exchange rates (1)		117
Balance, December 31, 2022		2,346,040
Effects of changes in foreign currency exchange rates (1)		195
Balance March 31, 2023	$	2,346,235

(1) Represents the impact of foreign currency translation related to the goodwill acquired as a result of the acquisition of OmicEra. Goodwill balances are translated into U.S. dollars using exchange rates in effect at period end, and adjustments related to foreign currency translation are included in other comprehensive income.

There were no impairment losses for the three months ended March 31, 2023 and 2022.

(7) FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy established are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Unobservable inputs that reflect the Company's assumptions about the assumptions that market participants would use in pricing the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available.

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The following table presents the Company's fair value measurements as of March 31, 2023 along with the level within the fair value hierarchy in which the fair value measurements, in their entirety, fall.

(In thousands)	Fair Value at March 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash, cash equivalents, and restricted cash				
Cash and money market	$ 351,549	$ 351,549	$ —	$ —
Commercial paper	68,081	—	68,081	—
U.S. government agency securities	1,735	—	1,735	—
Restricted cash	297	297	—	—
Marketable securities				
U.S. government agency securities	$ 147,086	$ —	$ 147,086	$ —
Corporate bonds	96,448	—	96,448	—
Asset backed securities	31,160	—	31,160	—
Equity securities	2,588	2,588	—	—
Non-marketable securities	$ 10,190	$ —	$ —	$ 10,190
Liabilities				
Contingent consideration	$ (297,990)	$ —	$ —	$ (297,990)
Total	$ 411,144	$ 354,434	$ 344,510	$ (287,800)

The following table presents the Company's fair value measurements as of December 31, 2022 along with the level within the fair value hierarchy in which the fair value measurements, in their entirety, fall.

(In thousands)	Fair Value at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents				
Cash and money market	$ 178,168	$ 178,168	$ —	$ —
Commercial paper	63,021	—	63,021	—
U.S. government agency securities	1,304	—	1,304	—
Restricted cash	297	297	—	—
Marketable securities				
U.S. government agency securities	$ 225,223	$ —	$ 225,223	$ —
Corporate bonds	114,671	—	114,671	—
Asset backed securities	44,521	—	44,521	—
Equity securities	5,149	5,149	—	—
Non-marketable securities	$ 10,065	$ —	$ —	$ 10,065
Liabilities				
Contingent consideration	$ (306,927)	$ —	$ —	$ (306,927)
Total	$ 335,492	$ 183,614	$ 448,740	$ (296,862)

There have been no changes in valuation techniques or transfers between fair value measurement levels during the three months ended March 31, 2023. The fair value of Level 2 instruments classified as cash equivalents and marketable debt securities are valued using a third-party pricing agency where the valuation is based on observable inputs including pricing for similar assets and other observable market factors.

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Contingent Consideration Liabilities

The fair value of the contingent consideration liabilities as of March 31, 2023 and December 31, 2022 was $298.0 million and $306.9 million, respectively, which was recorded in other long-term liabilities in the condensed consolidated balance sheets.

The following table provides a reconciliation of the beginning and ending balances of contingent consideration:

(In thousands)	Contingent Consideration
Beginning balance, January 1, 2023	$ 306,927
Changes in fair value (1)	(8,937)
Ending balance, March 31, 2023	$ 297,990

(1) The change in fair value of the contingent consideration liability for the three months ended March 31, 2022 was a reduction of $26.7 million.

This fair value measurement of contingent consideration is categorized as a Level 3 liability, as the measurement amount is based primarily on significant inputs not observable in the market.

The fair value of the contingent consideration liabilities recorded from the Company’s acquisitions of Thrive Earlier Detection Corporation (“Thrive”), Ashion Analytics, LLC (“Ashion”), and OmicEra related to regulatory and product development milestones was $297.9 million and $306.8 million as of March 31, 2023 and December 31, 2022, respectively. The Company evaluates the fair value of the expected contingent consideration and the corresponding liabilities related to the regulatory and product development milestones using the probability-weighted scenario based discounted cash flow model, which is consistent with the initial measurement of the expected contingent consideration liabilities. Probabilities of success are applied to each potential scenario and the resulting values are discounted using a present-value factor. The passage of time in addition to changes in projected milestone achievement timing, present-value factor, the degree of achievement, if applicable, and probabilities of success may result in adjustments to the fair value measurement. The fair value of the contingent consideration liability recorded related to regulatory and product development milestones was determined using a weighted average probability of success of 91% as of March 31, 2023 and December 31, 2022, and a weighted average present-value factor of 6.1% and 6.2% as of March 31, 2023 and December 31, 2022, respectively. The projected fiscal year of payment range is from 2024 to 2029. Unobservable inputs were weighted by the relative fair value of the contingent consideration liabilities.

The fair value of the contingent consideration liability related to certain revenue milestones associated with the Biomatrica acquisition was not material as of March 31, 2023 and December 31, 2022. The revenue milestone associated with the Ashion acquisition is not expected to be achieved and therefore no liability has been recorded for this milestone.

Non-Marketable Equity Investments

As of March 31, 2023 and December 31, 2022, the aggregate carrying amounts of the Company’s non-marketable equity securities without readily determinable fair values were $39.4 million and $39.8 million, respectively, which are classified as a component of other long-term assets, net in the Company’s condensed consolidated balance sheets. Since initial recognition of these investments, there have been no upward or downward adjustments made on these investments since initial recognition.

The Company has committed capital to venture capital investment funds (the “Funds”) of $17.5 million, of which $13.3 million remained callable through 2033 as of March 31, 2023. The aggregate carrying amount of the Funds, which are classified as a component of other long-term assets, net in the Company’s condensed consolidated balance sheets, were $4.2 million and $3.9 million as of March 31, 2023 and December 31, 2022, respectively.

Derivative Financial Instruments

The Company enters into foreign currency forward contracts on the last day of each month to mitigate the impact of adverse movements in foreign exchange rates related to the remeasurement of monetary assets and liabilities and hedge the Company’s foreign currency exchange rate exposure. As of March 31, 2023 and December 31, 2022, the Company had open foreign currency forward contracts with notional amounts of $29.2 million and $22.3 million, respectively. The Company's foreign exchange derivative instruments are classified as Level 2 within the fair value hierarchy as they are valued using inputs that are observable in the market or can be derived principally from or corroborated by observable market data. The fair value of the open foreign currency forward contracts was zero at March 31, 2023 and December 31, 2022, and there were no gains or losses recorded to adjust the fair value of the open foreign currency contract held as of March 31, 2023. The contracts are closed subsequent to each month-end, and the gains and losses recorded from the contracts were not material for the three months ended March 31, 2023 and 2022.

(8) LONG-TERM DEBT

Accounts Receivable Securitization Facility

On June 29, 2022, the Company, through a wholly-owned special purpose entity, Exact Receivables LLC (“Exact Receivables”) entered into an accounts receivable securitization program (the “Securitization Facility”) with PNC Bank, National Association (“PNC”), with a scheduled maturity date of June 29, 2024. The Securitization Facility provides Exact Receivables with a revolving line-of-credit of up to $150.0 million of borrowing capacity, subject to certain borrowing base requirements, by collateralizing a security interest in the domestic customer accounts receivable of certain wholly-owned subsidiaries of the Company. The amount available under the Securitization Facility fluctuates over time based on the total amount of eligible customer accounts receivable generated by the Company during the normal course of operations. The Securitization Facility requires the Company to maintain minimum borrowings under the facility of $50.0 million. The debt issuance costs incurred related to the Securitization Facility were not material and are being amortized over the life of the Securitization Facility through interest expense within the condensed consolidated statements of operations.

In connection with the Securitization Facility, the Company also entered into two Receivables Purchase Agreements (“Receivable Purchase Agreements”) on June 29, 2022. The Receivable Purchase Agreements are among the Company and certain wholly-owned subsidiaries of the Company, and between the Company and Exact Receivables. Under the agreements, the wholly-owned subsidiaries sell all of their right, title and interest in their accounts receivables to Exact Receivables. The receivables are used to collateralize borrowings made under the Securitization Facility. The Company retains the responsibility of servicing the accounts receivable balances pledged as collateral under the Securitization Facility and provides a performance guaranty.

As of March 31, 2023, the eligible borrowing base under the Securitization Facility was $111.1 million of which the Company elected to collateralize $50.0 million. As of March 31, 2023 and December 31, 2022, the Company had an outstanding balance of $50.0 million, which is recorded to long-term debt on the Company’s condensed consolidated balance sheets. The outstanding balance accrues interest at a rate equal to a daily secured overnight financing rate (“SOFR”) rate plus a SOFR adjustment and an applicable margin. The interest rate was 6.35% at March 31, 2023.

Revolving Loan Agreement

During November 2021, the Company entered into a revolving loan agreement (the “Revolving Loan Agreement”) with PNC. The Revolving Loan Agreement provides the Company with a revolving line of credit of up to $150.0 million (the “Revolver”). The Revolver is collateralized by the Company’s marketable securities held by PNC, which must continue to maintain a minimum market value of $150.0 million. The Revolver is available for general working capital purposes and all other lawful corporate purposes. In addition, the Company may request, in lieu of cash advances, letters of credit with an aggregate stated amount outstanding not to exceed $20.0 million. The availability of advances under the line of credit will be reduced by the stated amount of each letter of credit issued and outstanding.

Borrowings under the Revolving Loan Agreement accrue interest at an annual rate equal to the sum of the daily Bloomberg Short-Term Bank Yield Index Rate plus the applicable margin of 0.60%. Loans under the Revolving Loan Agreement may be prepaid at any time without penalty. In October 2022, the Revolving Loan Agreement was amended to extend the maturity date from November 5, 2023 to November 5, 2025. There were no other amendments to the Revolver.

The Company has agreed to various financial covenants under the Revolving Loan Agreement, and as of March 31, 2023, the Company is in compliance with all covenants.

In December 2021 and January 2023, PNC issued a letters of credit of $2.9 million and $1.5 million, respectively, which, reduced the amount available for cash advances under the line of credit to $145.6 million and $147.1 million as of March 31, 2023 and December 31, 2022, respectively. As of March 31, 2023 and December 31, 2022, the Company has not drawn funds from, nor are any amounts outstanding under, the Revolving Loan Agreement.

(9) CONVERTIBLE NOTES

Convertible note obligations included in the condensed consolidated balance sheet consisted of the following as of March 31, 2023:

				Fair Value (1)	
(In thousands)	Principal Amount	Unamortized Debt Discount and Issuance Costs	Net Carrying Amount	Amount	Leveling
2030 Convertible Notes - 2.000%	$ 572,993	$ (4,912)	$ 568,081	$ 635,489	2
2028 Convertible Notes - 0.375%	949,042	(12,396)	936,646	832,784	2
2027 Convertible Notes - 0.375%	563,822	(6,705)	557,117	523,526	2
2025 Convertible Notes - 1.000%	249,172	(820)	248,352	284,709	2

Convertible note obligations included in the condensed consolidated balance sheet consisted of the following as of December 31, 2022:

				Fair Value (1)	
(In thousands)	Principal Amount	Unamortized Debt Discount and Issuance Costs	Net Carrying Amount	Amount	Leveling
2028 Convertible Notes - 0.375%	$ 1,150,000	$ (15,775)	$ 1,134,225	$ 908,500	2
2027 Convertible Notes - 0.375%	747,500	(9,445)	738,055	612,950	2
2025 Convertible Notes - 1.000%	315,005	(1,179)	313,826	326,808	2

(1) The fair values are based on observable market prices for this debt, which is traded in less active markets and therefore is classified as a Level 2 fair value measurement.

Issuances and Settlements

In February 2023, the Company entered into a privately negotiated exchange and purchase agreement with a single holder of certain of the Company’s convertible notes due in 2027 (the “2027 Notes”) and 2028 (the “2028 Notes”). The Company issued the holder $500.0 million aggregate principal amount of 2.0% Convertible Notes due in 2030 (collectively, the “2030 Notes”) in exchange for $183.7 million of aggregate principal of 2027 Notes, $201.0 million of aggregate principal of 2028 Notes, and $138.0 million of cash. The extinguishment resulted in a gain on settlement of convertible notes of $17.7 million, which is included in interest income (expense), net in the condensed consolidated statement of operations for the three months ended March 31, 2023. The gain represents the difference between (i) the fair value of the consideration transferred and (ii) the carrying value of the debt at the time of exchange.

In March 2023, the Company entered into a privately negotiated exchange agreement with two holders of certain of the Company’s convertible notes due in 2025 (the “2025 Notes”). The Company issued the holder $73.0 million aggregate principal amount of 2030 Notes in exchange for $65.8 million of aggregate principal of 2025 Notes. The extinguishment resulted in a loss on settlement of convertible notes of $7.4 million, which is included in interest income (expense), net in the condensed consolidated statement of operations for the three months ended March 31, 2023. The loss represents the difference between (i) the fair value of the consideration transferred and (ii) the carrying value of the debt at the time of exchange.

The net proceeds from the issuance of the 2030 Notes were approximately $133.0 million, after deducting commissions and offering expenses payable by the Company.

The 2030 Notes will mature on March 1, 2030 and bear interest at a rate of 2.0% per year, payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2023.

Summary of Conversion Features

Until the six-months immediately preceding the maturity date of the applicable series of the Company's convertible notes (the "Notes"), each series of Notes is convertible only upon the occurrence of certain events and during certain periods, as set forth in the Indentures filed at the time of the original offerings. On or after the date that is six-months immediately preceding the maturity date of the applicable series of Notes until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert such Notes at any time. The Notes will be convertible into cash, shares of the Company's common stock (plus, if applicable, cash in lieu of any fractional share), or a combination of cash and shares of the Company's common stock, at the Company's election.

It is the Company's intent and policy to settle all conversions through combination settlement. The initial conversion rate is 13.26, 8.96, 8.21, and 12.37 shares of common stock per $1,000 principal amount for the 2025 Notes, 2027 Notes, 2028 Notes, and 2030 Notes, respectively, which is equivalent to an initial conversion price of approximately $75.43, $111.66, $121.84, and $80.83 per share of the Company's common stock for the 2025 Notes, 2027 Notes, 2028 Notes, and 2030 Notes, respectively. The 2025 Notes, 2027 Notes, 2028 Notes, and 2030 Notes are potentially convertible into up to 3.3 million, 5.0 million, 7.8 million, and 7.1 million shares, respectively. The conversion rate is subject to adjustment upon the occurrence of certain specified events as set forth in the Indentures filed at the time of the original offerings but will not be adjusted for accrued and unpaid interest. In addition, holders of the Notes who convert their Notes in connection with a "make-whole fundamental change" (as defined in the Indenture), will, under certain circumstances, be entitled to an increase in the conversion rate.

If the Company undergoes a "fundamental change" (as defined in the Indentures), holders of the Notes may require the Company to repurchase for cash all or part of their Notes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest.

Based on the closing price of the Company's common stock of $67.81 on March 31, 2023, the if-converted values on the Notes do not exceed the principal amount.

The Notes do not contain any financial or operating covenants or any restrictions on the payment of dividends, the issuance of other indebtedness, or the issuance or repurchase of securities by the Company.

Ranking of Convertible Notes

The Notes are the Company's senior unsecured obligations and (i) rank senior in right of payment to all of its future indebtedness that is expressly subordinated in right of payment to the Notes; (ii) rank equal in right of payment to each outstanding series thereof and to all of the Company's future liabilities that are not so subordinated, unsecured indebtedness; (iii) are effectively junior to all of the Company's existing and future secured indebtedness and other secured obligations, to the extent of the value of the assets securing that indebtedness and other secured obligations; and (iv) are structurally subordinated to all indebtedness and other liabilities of the Company's subsidiaries.

Issuance Costs

Issuance costs are amortized to interest expense over the term of the Notes. The following table summarizes the original issuance costs at the time of issuance for each set of Notes:

(In thousands)	
2030 Convertible Notes	$ 4,970
2028 Convertible Notes	24,453
2027 Convertible Notes	14,285
2025 Convertible Notes	17,646

Interest Expense

Interest expense on the Notes includes the following:

	Three Months Ended March 31,	
(In thousands)	2023	2022
Debt issuance costs amortization	$ 1,378	$ 1,412
Debt discount amortization	31	36
Gain on settlements of convertible notes	(10,324)	—
Coupon interest expense	3,354	2,567
Total interest expense (income) on convertible notes	$ (5,561)	$ 4,015

The following table summarizes the effective interest rates of the Notes:

	Three Months Ended March 31,	
	2023	2022
2030 Convertible Notes	2.12 %	— %
2028 Convertible Notes	0.64 %	0.64 %
2027 Convertible Notes	0.67 %	0.67 %
2025 Convertible Notes	1.18 %	1.18 %

The remaining period over which the unamortized debt discount will be recognized as non-cash interest expense is 1.80, 3.96, 4.92, and 6.92 years for the 2025 Notes, 2027 Notes, 2028 Notes, and 2030 Notes, respectively.

(10) LICENSE AND COLLABORATION AGREEMENTS

The Company licenses certain technologies that are, or may be, incorporated into its technology under several license agreements, as well as the rights to commercialize certain diagnostic tests through collaboration agreements. Generally, the license agreements require the Company to pay single-digit royalties based on net revenues received using the technologies and may require minimum royalty amounts, milestone payments, or maintenance fees.

Mayo

In June 2009, the Company entered into a license agreement with the Mayo Foundation for Medical Education and Research (“Mayo”). The Company’s license agreement with Mayo was most recently amended and restated in September 2020. Under the license agreement, Mayo granted the Company an exclusive, worldwide license to certain Mayo patents and patent applications, as well as a non-exclusive, worldwide license with regard to certain Mayo know-how. The scope of the license covers any screening, surveillance or diagnostic test or tool for use in connection with any type of cancer, pre-cancer, disease or condition.

The licensed Mayo patents and patent applications contain both method and composition claims that relate to sample processing, analytical testing and data analysis associated with nucleic acid screening for cancers and other diseases. The jurisdictions covered by these patents and patent applications include the U.S., Australia, Canada, the European Union, China, Japan and Korea. Under the license agreement, the Company assumed the obligation and expense of prosecuting and maintaining the licensed Mayo patents and is obligated to make commercially reasonable efforts to bring to market products using the licensed Mayo intellectual property.

Pursuant to the Company's agreement with Mayo, the Company is required to pay Mayo a low-single-digit royalty on the Company's net sales of current and future products using the licensed Mayo intellectual property each year during the term of the Mayo agreement.

As part of the most recent amendment, the Company agreed to pay Mayo an additional $6.3 million, payable in five equal annual installments through 2024. The annual installments are recorded in research and development expenses in the Company's condensed consolidated statements of operations.

The license agreement will remain in effect, unless earlier terminated by the parties in accordance with the agreement, until the last of the licensed patents expires in 2039 (or later, if certain licensed patent applications are issued). However, if the Company is still using the licensed Mayo know-how or certain Mayo-provided biological specimens or their derivatives on such expiration date, the term shall continue until the earlier of the date the Company stops using such know-how and materials and the date that is five years after the last licensed patent expires. The license agreement contains customary termination provisions and permits Mayo to terminate the license agreement if the Company sues Mayo or its affiliates, other than any such suit claiming an uncured material breach by Mayo of the license agreement.

In addition to granting the Company a license to the covered Mayo intellectual property, Mayo provides the Company with product development and research and development assistance pursuant to the license agreement and other collaborative arrangements. In September 2020, Mayo also agreed to make available certain personnel to provide such assistance through January 2025. In connection with this collaboration, the Company incurred charges of $1.3 million and $1.4 million for the three months ended March 31, 2023 and 2022, respectively. The charges incurred in connection with this collaboration are recorded in research and development expenses in the Company's condensed consolidated statements of operations.

Johns Hopkins University

Through the acquisition of Thrive, the Company acquired a worldwide exclusive license agreement with Johns Hopkins University ("JHU") for use of several JHU patents and licensed know-how. The license is designed to enable the Company to leverage JHU proprietary data in the development and commercialization of a blood-based, multi-cancer early detection test. The agreement terms include single-digit sales-based royalties and sales-based milestone payments of $10.0 million, $15.0 million, and $20.0 million upon achieving calendar year licensed product revenue using JHU proprietary data of $0.50 billion, $1.00 billion, and $1.50 billion, respectively.

Translational Genomics Research Institute ("TGen")

In January 2021, the Company entered into a worldwide exclusive license to the proprietary Targeted Digital Sequencing ("TARDIS") technology from TGen, an affiliate of City of Hope. Under the agreement, the Company acquired a royalty-free, worldwide exclusive license to proprietary TARDIS patents and know-how. Under the agreement, the Company is obligated to make milestone payments to TGen of $10.0 million and $35.0 million upon achieving cumulative product revenue related to MRD detection and/or treatment totaling $100.0 million and $250.0 million, respectively. These payments are contingent upon achievement of these cumulative revenues on or before December 31, 2030. The Company will record the sales milestones once achievement is deemed probable.

(11) PFIZER PROMOTION AGREEMENT

In August 2018, the Company entered into a Promotion Agreement (the "Original Promotion Agreement") with Pfizer Inc. ("Pfizer"), which was amended and restated in October 2020 (the "Restated Promotion Agreement"). The Restated Promotion Agreement extended the relationship between the Company and Pfizer and restructured the manner in which the Company compensates Pfizer for promotion of the Cologuard test through a service fee, and provision of certain other sales and marketing services related to the Cologuard test. The Restated Promotion Agreement included fixed and performance-related fees, some of which retroactively went into effect on April 1, 2020. In November 2021, the Company and Pfizer entered into an amendment to the Restated Promotion Agreement (the "November 2021 Amendment"), which provided that after November 30, 2021, Pfizer will no longer promote the Cologuard test to healthcare providers. The November 2021 Amendment provided that the Company pay Pfizer a total of $35.9 million in three installments, which occurred during the second, third, and fourth quarters of 2022. The November 2021 Amendment eliminated the Company's obligation to pay Pfizer royalties or other fees except for certain media fees, advertising fees, and any detail fees owed to Pfizer for promoting the Cologuard test prior to November 30, 2021. The $35.9 million fee incurred as a result of the November 2021 Amendment was recognized in full during the fourth quarter of 2021. All payments to Pfizer are recorded in sales and marketing expenses in the Company's condensed consolidated statements of operations.

Under the Original Promotion Agreement, the service fee was calculated based on incremental gross profits over specified baselines during the term. Under the Restated Promotion Agreement (and prior to giving effect to the November 2021 Amendment), the service fee provided a fee-for-service model that included certain fixed fees and performance-related bonuses. The performance-related bonuses were contingent upon the achievement of certain annual performance criteria with any applicable expense being recognized ratably upon achievement of the payment becoming probable. The Company incurred a charge of $2.5 million for the service fee during the three months ended March 31, 2022. The Company incurred charges of $38.4 million for promotion, sales and marketing services performed by Pfizer on behalf of the Company during the three months ended March 31, 2022. All services provided by Pfizer under the November 2021 Amendment ended in the third quarter of 2022, and there were no payments made or charges incurred during the three months ended March 31, 2023.

(12) STOCKHOLDERS' EQUITY

OmicEra Acquisition Stock Issuance

In May 2022, the Company completed its acquisition of OmicEra. In connection with the acquisition, which is further described in Note 16, the Company issued 0.3 million shares of the Company's common stock that had a fair value of $14.8 million.

Changes in Accumulated Other Comprehensive Income (Loss)

The amount recognized in AOCI for the three months ended March 31, 2023 were as follows:

(In thousands)	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Securities (1)	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2022	$ 53	$ (5,289)	$ (5,236)
Other comprehensive loss before reclassifications	550	2,289	2,839
Amounts reclassified from accumulated other comprehensive loss	—	678	678
Net current period change in accumulated other comprehensive loss	550	2,967	3,517
Balance at March 31, 2023	$ 603	$ (2,322)	$ (1,719)

(1) There was no tax impact from the amounts recognized in AOCI for the three months ended March 31, 2023.

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The amounts recognized in AOCI for the three months ended March 31, 2022 were as follows:

(In thousands)	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Securities (1)	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2021	$ 23	$ (1,466)	$ (1,443)
Other comprehensive loss before reclassifications	(237)	(4,994)	(5,231)
Amounts reclassified from accumulated other comprehensive income	—	27	27
Net current period change in accumulated other comprehensive loss	(237)	(4,967)	(5,204)
Balance at March 31, 2022	$ (214)	$ (6,433)	$ (6,647)

(1) There was no tax impact from the amounts recognized in AOCI for the three months ended March 31, 2022.

Amounts reclassified from AOCI for the three months ended March 31, 2023 and 2022 were as follows:

Details about AOCI Components (In thousands)	Affected Line Item in the Statements of Operations	Three Months Ended March 31, 2023	2022
Change in value of available-for-sale investments			
Sales and maturities of available-for-sale investments	Investment income (loss), net	$ 678	$ 27
Total reclassifications		$ 678	$ 27

(13) STOCK-BASED COMPENSATION

Stock-Based Compensation Plans

The Company maintains the following plans for which awards were granted from or had awards outstanding in 2023: the 2010 Omnibus Long-Term Incentive Plan (As Amended and Restated Effective July 27, 2017), the 2019 Omnibus Long-Term Incentive Plan, and the 2010 Employee Stock Purchase Plan (collectively referred to as the “Stock Plans”).

In February 2023, the Company adopted the Equity Award Death, Disability and Retirement Policy (the “Policy”) as further described in Item 9B of the Company’s 2022 Form 10-K. The terms of the Policy will result in the recognition of expense on an accelerated basis for retirement-eligible participants for restricted stock units only. The Policy was considered a modification to outstanding awards with no impact to fair value. The accelerated stock-based compensation expense recorded as a result of the modification was not material for the three months ended March 31, 2023.

Stock-Based Compensation Expense

The Company records stock-based compensation expense in connection with the amortization of restricted stock and restricted stock unit awards, performance share units, stock purchase rights granted under the Company’s employee stock purchase plan and stock options granted to employees, non-employee consultants and non-employee directors. The Company recorded $49.1 million and $52.4 million in stock-based compensation expense during the three months ended March 31, 2023 and 2022, respectively.

As of March 31, 2023, there was approximately $503.4 million of expected total unrecognized compensation cost related to non-vested stock-based compensation arrangements granted under all equity compensation plans. The Company expects to recognize that cost over a weighted average period of 2.9 years.

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Stock Options

A summary of stock option activity under the Stock Plans is as follows:

	Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (1)
(Aggregate intrinsic value in thousands)				
Outstanding, January 1, 2023	1,517,876	$ 44.82	4.7	
Exercised	(88,260)	10.93		
Forfeited	(13,285)	93.78		
Outstanding, March 31, 2023	1,416,331	$ 46.48	4.5	$ 42,583
Vested and expected to vest, March 31, 2023	1,416,331	$ 46.48	4.5	$ 42,583
Exercisable, March 31, 2023	1,351,469	$ 44.18	4.4	$ 42,439

(1) The total intrinsic value of options exercised during the three months ended March 31, 2023 and 2022 was $4.8 million and $29.6 million, respectively, determined as of the date of exercise.

The Company received approximately $1.0 million and $4.3 million from stock option exercises during the three months ended March 31, 2023 and 2022, respectively.

Restricted Stock and Restricted Stock Units

The fair value of restricted stock and restricted stock units is determined on the date of grant using the closing stock price on that day.

A summary of restricted stock and restricted stock unit activity during the three months ended March 31, 2023 is as follows:

	Restricted Shares	Weighted Average Grant Date Fair Value (1)
Outstanding, January 1, 2023	5,254,709	$ 89.29
Granted	3,109,184	60.25
Released (2)	(1,279,999)	95.01
Forfeited	(207,363)	79.15
Outstanding, March 31, 2023	6,876,531	$ 72.87

(1) The weighted average grant date fair value of the restricted stock units granted during the three months ended March 31, 2022 was $77.31.

(2) The fair value of restricted stock units vested and converted to shares of the Company's common stock was $121.2 million and $110.8 million during the three months ended March 31, 2023 and 2022, respectively.

Performance Share Units

The Company has issued performance-based equity awards to certain employees which vest upon the achievement of certain performance goals, including financial performance targets and operational milestones. In addition, certain of the performance-based equity awards include a market condition.

A summary of performance share unit activity is as follows:

	Performance Share Units (1)	Weighted Average Grant Date Fair Value (2)
Outstanding, January 1, 2023	967,846	$ 102.58
Granted	749,459	79.17
Released (3)	(12,284)	78.32
Forfeited	(34,007)	100.78
Outstanding, March 31, 2023	1,671,014	$ 92.30

(1) The performance share units listed above assumes attainment of maximum payout rates as set forth in the performance criteria. Applying actual or expected payout rates, the number of outstanding performance share units as of March 31, 2023 was 575,702.

(2) The weighted average grant date fair value of the performance share units granted during the three months ended March 31, 2022 was $92.31.

(3) The fair value of performance share units vested and converted to shares of the Company's common stock was $1.0 million and $27.2 million for the three months ended March 31, 2023 and 2022, respectively.

Employee Stock Purchase Plan

There were no shares issued under the 2010 Employee Stock Purchase Plan during the three months ended March 31, 2023 and 2022.

(14) COMMITMENTS AND CONTINGENCIES

Leases

Supplemental disclosure of cash flow information related to the Company's cash and non-cash activities with its leases are as follows:

(In thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 9,135	$ 8,097
Operating cash flows from finance leases	170	211
Finance cash flows from finance leases	745	1,548
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities (1)	$ (3,833)	$ 4,259
Right-of-use assets obtained in exchange for new finance lease liabilities	318	878
Weighted-average remaining lease term - operating leases (in years)	7.18	8.17
Weighted-average remaining lease term - finance leases (in years)	3.07	2.80
Weighted-average discount rate - operating leases	6.42 %	6.09 %
Weighted-average discount rate - finance leases	6.67 %	5.32 %

(1) For the three months ended March 31, 2023, this includes a reduction of $6.2 million on the carrying value of the right-of-use asset held related to a building lease due to a reduction of the expected lease term.

As of March 31, 2023 and December 31, 2022, the Company's right-of-use assets from operating leases are $156.8 million and $167.0 million, respectively, which are reported in operating lease right-of-use assets in the Company's condensed consolidated balance sheets. As of March 31, 2023, the Company has outstanding operating lease obligations of $204.7 million, of which $30.0 million is reported in operating lease liabilities, current portion and $174.7 million is reported in operating lease liabilities, less current portion in the Company's condensed consolidated balance sheets. As of December 31, 2022, the Company had outstanding operating lease obligations of $210.8 million, of which $28.4 million is reported in operating lease liabilities, current portion and $182.4 million is reported in operating lease liabilities, less current portion in the Company's condensed consolidated balance sheets.

As of March 31, 2023 and December 31, 2022, the Company's right-of-use assets from finance leases are $9.5 million and $10.2 million, respectively, which are reported in other long-term assets, net in the Company's condensed consolidated balance sheets. As of March 31, 2023, the Company has outstanding finance lease obligations of $10.0 million, of which $3.2 million is reported in other current liabilities and $6.8 million is reported in other long-term liabilities in the Company's condensed consolidated balance sheets. As of December 31, 2022, the Company had outstanding finance lease obligations of $10.6 million, of which $3.2 million is reported in other current liabilities and $7.4 million is reported in other long-term liabilities in the Company's condensed consolidated balance sheets.

Legal Matters

The Company records reserves and accrues costs for certain legal proceedings and regulatory matters to the extent that it determines an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. While such reserves and accrued costs reflect the Company's best estimate of the probable loss for such matters, the recorded amounts may differ materially from the actual amount of any such losses. In some cases, no estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made because of the inherently unpredictable nature of legal and regulatory proceedings, which may be exacerbated by various factors, including but not limited to, they may involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or legal uncertainties; involve disputed facts; represent a shift in regulatory policy; involve a large number of parties, claimants or regulatory bodies; are in the early stages of the proceedings; involve a number of separate proceedings and/or a wide range of potential outcomes; or result in a change of business practices.

As of the date of this Quarterly Report on Form 10-Q, amounts accrued for legal proceedings and regulatory matters were not material except for the amounts accrued related to the Medicare Date of Service Rule Investigation discussed below. However, it is possible that in a particular quarter or annual period the Company's financial condition, results of operations, cash flow and/or liquidity could be materially adversely affected by an ultimate unfavorable resolution of, or development in, legal and/or regulatory proceedings, including as described below. Except for the proceedings discussed below, the Company believes that the ultimate outcome of any of the regulatory and legal proceedings that are currently pending against it should not have a material adverse effect on financial condition, results of operations, cash flow or liquidity.

The Company is currently responding to civil investigative demands and administrative subpoenas issued pursuant to the Health Insurance Portability and Accountability Act of 1996 by the United States Department of Justice ("DOJ") concerning Genomic Health's compliance with the Medicare Date of Service billing regulations (the "DOS Rule Investigation"). The Company has been cooperating with these inquiries and has produced documents in response thereto.

During the second quarter of 2021, as part of ongoing discussions between the DOJ and the Company regarding the DOS Rule Investigation, the DOJ presented an initial estimate of civil damages in the amount of $48.2 million relating to alleged non-compliance with the Medicare Date of Service billing regulations from 2007 to 2020. The initial civil damages estimate did not include potential treble damages, civil or criminal penalties or other remedies that the DOJ could seek against the Company. In December 2021, the DOJ presented a total adjusted demand of $53.8 million for civil damages, which includes a multiplier and penalties. On January 19, 2023, the Company was informed that the DOJ has closed its criminal investigation without taking any action. Based on the Company's review and analysis of the DOJ presentation, ongoing discussions held with the DOJ, the civil damages estimate, and range of potential exposure, the Company recorded an accrual of approximately $29 million as of March 31, 2023.

As noted above, litigation outcomes are difficult to predict, and the estimation of probable losses requires an analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. Accordingly, the recorded accrual of approximately $29 million as of March 31, 2023 is based on several factors, considerations, and judgments, and the ultimate resolution of this matter could result in a material loss in excess of the recorded accrual.

EXACT SCIENCES CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

On June 24, 2019, Niles Rosen M.D. filed a sealed ex parte qui tam lawsuit against the Company in the United States District Court for the Middle District of Florida, that alleged a violation of the Federal Anti-Kickback Statute and False Claims Act for offering gift cards to patients in exchange for returning the Cologuard screening test (the “Qui Tam Suit”). Dr. Rosen seeks on behalf of the U.S. government and himself an award of civil penalties, treble damages and fees and costs. On February 25, 2020, the Company received a civil investigative demand by the DOJ related to the Company’s gift card program. The Company produced documents in response thereto. On March 25, 2021, the DOJ filed a notice of its election to decline intervention in the Qui Tam Suit. This election does not prevent Dr. Rosen from continuing the Qui Tam Suit. On April 12, 2021, Dr. Rosen filed an amended complaint against the Company, alleging violations of the Federal Anti-Kickback Statute and False Claims Act. The Company first learned of the Qui Tam Suit and the DOJ’s election to decline intervention in July 2021. The Company intends to vigorously defend itself against Dr. Rosen's claims and seek, among other things, the Company’s attorneys’ fees and costs incurred in defending this action. Although the Company denies Dr. Rosen's allegations and believes that it has meritorious defenses to his False Claims Act claims, neither the outcome of the litigation nor can a reasonable estimate or an estimated range of loss associated with the litigation be determined at this time.

Adverse outcomes from the DOS Rule Investigation and the Qui Tam Suit could include the Company being required to pay treble damages, incur civil and criminal penalties, paying attorneys’ fees, entering into a corporate integrity agreement, being excluded from participation in government healthcare programs, including Medicare and Medicaid, and other adverse actions that could materially affect the Company’s business, financial condition, and results of operation.

(15) WISCONSIN ECONOMIC DEVELOPMENT TAX CREDITS

During February 2015, the Company entered into an agreement with the Wisconsin Economic Development Corporation (“WEDC,” “Original WEDC Agreement”) to earn $9.0 million in refundable tax credits on the condition that the Company expends $26.3 million in capital investments and establishes and maintains 758 full-time positions over a seven-year period.

During December 2021, the Company amended its agreement with the WEDC (“Amended WEDC Agreement”) to earn an additional $18.5 million in refundable tax credits on the condition that the Company expends $350.0 million in capital investments and establishes and maintains 1,300 additional full-time positions over a five-year period. The capital investment credits are earned at a rate of 10% of eligible capital investments up to a maximum of $7.0 million, while the jobs creation credits are earned annually pursuant to the agreement.

The tax credits earned are first applied against the tax liability otherwise due, and if there is no such liability present, the claim for tax credits will be reimbursed in cash to the Company. The maximum amount of the refundable tax credit to be earned for each year is fixed, and the Company earns the credits by meeting certain capital investment and job creation thresholds over the term of the agreement. Should the Company earn and receive the job creation tax credits but not maintain those full-time positions through the end of the agreement, the Company may be required to pay those credits back to the WEDC.

Under the Original WEDC Agreement, the Company recorded the earned tax credits as job creation and capital investments occurred. The tax credits earned from capital investment are being recognized as an offset to depreciation expense over the expected life of the acquired capital assets. The tax credits earned related to job creation were recognized as an offset to operational expenses through December 31, 2020.

As of December 31, 2020, the Company had earned all $9.0 million of the refundable tax credits, and as of December 31, 2022, the Company had received payment of $9.0 million from the WEDC under the Original WEDC Agreement.

Under the Amended WEDC Agreement, the Company records the earned tax credits as job creation and capital investments occurs. The tax credits earned from capital investment are recognized as a reduction to capital expenditures at the time the costs are incurred, and then as an offset to depreciation expense over the expected life of the acquired capital assets. The tax credits earned related to job creation are recognized as an offset to operational expenses in the period in which the credits are earned. The credits recognized will be required to be repaid if the Company does not maintain minimum cumulative job requirements.

As of March 31, 2023, the Company has earned $10.2 million of the refundable tax credits under the Amended WEDC Agreement and received payment of $1.7 million from the WEDC. The unpaid portion is $8.5 million, of which $3.8 million is reported in prepaid expenses and other current assets and $4.7 million is reported in other long-term assets, net in the Company’s condensed consolidated balance sheets reflecting when collection of the refundable tax credits is expected to occur.

During the three months ended March 31, 2023 and 2022, the Company recorded $1.2 million and $1.0 million respectively, as a reduction to operational expenses for the credits earned for job creation.

(16) ACQUISITIONS AND DIVESTITURES

Business Combinations

OmicEra Diagnostics, GmbH

On May 2, 2022, the Company completed the acquisition (the “OmicEra Acquisition”) of all of the outstanding equity interests of OmicEra Diagnostics GmbH. The OmicEra Acquisition provided the Company a state-of-the-art proteomics lab based in Planegg, Germany. OmicEra combines its mass spectrometry-based proteome analysis technology with its in-house proteomics scientific expertise to discover more reliable and valuable protein biomarkers, which will expand the Company’s research and development capabilities.

Refer to the Company’s 2022 Form 10-K for detailed disclosures on the combination, including the fair value of the consideration transferred, purchase price allocation, and goodwill and intangible assets identified in the transaction. During the three months ended March 31, 2023, there were no changes to the purchase price and purchase price allocation. The measurement period remains open pending the completion of valuation procedures related to certain acquired assets and liabilities assumed, primarily in connection with the developed technology intangible asset.

Divestitures

Oncotype DX Genomic Prostate Score Test

On August 2, 2022, pursuant to an asset purchase agreement with MDxHealth SA, the Company completed the sale of the intellectual property and know-how related to the Company’s Oncotype DX Genomic Prostate Score test, which will allow the Company to focus on the highest impact projects core to the Company’s vision.

Refer to the Company’s 2022 Form 10-K for detailed disclosures on the divestiture, including the fair value of the consideration received, carrying value of the intangible asset sold, and terms of the revenue-based contingent consideration included in the asset purchase agreement. As of March 31, 2023, the contingent consideration remains fully constrained.

(17) SEGMENT INFORMATION

Management determined that the Company functions as a single operating segment, and thus reports as a single reportable segment. This operating segment is focused on the development and global commercialization of clinical laboratory services allowing healthcare providers and patients to make individualized treatment decisions. Management assessed the discrete financial information routinely reviewed by the Company's Chief Operating Decision Maker, its President and Chief Executive Officer, to monitor the Company's operating performance and support decisions regarding allocation of resources to its operations. Performance is continuously monitored at the consolidated level to timely identify deviations from expected results.

The following table summarizes total revenue from customers by geographic region. Product revenues are attributed to countries based on ship-to location.

	Three Months Ended March 31,	
(In thousands)	**2023**	**2022**
United States	$ 565,182	$ 457,011
Outside of United States	37,268	29,560
Total revenues	$ 602,450	$ 486,571

Long-lived assets located in countries outside of the United States are not significant.

(18) INCOME TAXES

The Company recorded income tax expense of $1.7 million for the three months ended March 31, 2023 and a benefit of $2.0 million for the three months ended March 31, 2022. The Company's income tax expense recorded during the three months ended March 31, 2023 is primarily related to current foreign and state tax expense. A deferred tax liability of $20.1 million and $19.7 million was recorded as of March 31, 2023 and December 31, 2022, respectively, which is included in other long-term liabilities on the Company's condensed consolidated balance sheet. The Company continues to maintain a full valuation allowance against its deferred tax assets based on management's determination that it is more likely than not the benefit will not be realized.

The Company had $29.6 million and $28.3 million of unrecognized tax benefits at March 31, 2023 and December 31, 2022, respectively. These amounts have been recorded as a reduction to the Company's deferred tax asset, if recognized they would not have an impact on the effective tax rate due to the existing valuation allowance. Certain of the Company's unrecognized tax benefits could change due to activities of various tax authorities, including possible settlement of audits, or through normal expiration of various statutes of limitations. The Company does not expect a material change in unrecognized tax benefits in the next twelve months.

As of March 31, 2023, due to the carryforward of unutilized net operating losses and research and development credits, the Company is subject to U.S. federal income tax examinations for the tax years 2000 through 2023, and to state income tax examinations for the tax years 2000 through 2023. No interest or penalties related to income taxes have been accrued or recognized as of March 31, 2023.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Objective

The purpose of this Management's Discussion and Analysis is to better allow our investors to understand and view our Company from management's perspective. We are providing an overview of our business and strategy including a discussion of our financial condition and results of operations. The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2022, which has been filed with the U.S. Securities and Exchange Commission (“SEC”) (the “2022 Form 10-K”).

Forward-Looking Statements

This Quarterly Report on Form 10-Q 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, that are intended to be covered by the “safe harbor” created by those sections. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as “believe,” “expect,” “may,” “will,” “should,” “would,” “could,” “seek,” “intend,” “plan,” “goal,” “project,” “estimate,” “anticipate” or other comparable terms. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q regarding our strategies, prospects, expectations, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expected future operating results; our strategies, positioning, resources, capabilities and expectations for future events or performance; and the anticipated benefits of our acquisitions, including estimated synergies and other financial impacts. Forward-looking statements are neither historical facts nor assurances of future performance or events. Instead, they are based only on current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Actual results, conditions and events may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause actual results, conditions and events to differ materially from those indicated in the forward-looking statements include, among others, the following: our ability to successfully and profitably market our products and services; the acceptance of our products and services by patients and healthcare providers; our ability to meet demand for our products and services; our reliance upon certain suppliers, including suppliers that are the sole source of certain products; the willingness of health insurance companies and other payers to cover our products and services and adequately reimburse us for such products and services; the amount and nature of competition for our products and services; the effects of any judicial, executive or legislative action affecting us or the healthcare system; recommendations, guidelines and quality metrics issued by various organizations regarding cancer screening or our products and services; our ability to successfully develop new products and services and assess potential market opportunities; our ability to effectively enter into and utilize strategic partnerships and acquisitions; our success establishing and maintaining collaborative, licensing and supplier arrangements; our ability to obtain and maintain regulatory approvals and comply with applicable regulations; the results of our validation studies and clinical trials, including the risks that the results of future studies and trials may differ materially from the results of previously completed studies and trials; our ability to manage an international business and our expectations regarding our international expansion and opportunities;our ability to raise the capital necessary to support our operations or meet our payment obligations under our indebtedness; the potential effects of changing macroeconomic conditions, including the effects of inflation and interest rate and foreign currency exchange rate fluctuations and any such efforts to hedge such effects; our ability to efficiently and flexibly manage our business amid uncertainties related to the coronavirus (“COVID-19”) pandemic; the possibility that the anticipated benefits from our business acquisitions will not be realized in full or at all or may take longer to realize than expected; the possibility that costs or difficulties related to the integration of acquired businesses’ operations or the divestiture of business operations will be greater than expected and the possibility that integration or divestiture efforts will disrupt our business and strain management time and resources; the outcome of any litigation, government investigations, enforcement actions or other legal proceedings; our ability to retain and hire key personnel; and the impact of labor shortages, turnover, and labor cost increases. The risks included above are not exhaustive. Other important risks and uncertainties are described in the Risk Factors and in Management’s Discussion and Analysis of Financial Condition and Results of Operations sections of the 2022 Form 10-K and subsequently filed Quarterly Reports on Form 10-Q. You are further cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Overview

Exact Sciences Corporation (together with its subsidiaries, "Exact," "we," "us," "our" or the "Company") is a leading, global, advanced cancer diagnostics company. We have developed some of the most impactful tests in cancer diagnostics, and we are currently working on the development of additional tests, with the goal of bringing new, innovative cancer tests to patients throughout the world.

During the first quarter of 2023, we achieved many critical milestones, including:

- delivering more than 1 million completed tests to patients globally, including a record number of Cologuard® results,
- growing core revenue, which excludes revenue from the Oncotype DX Genomic Prostate Score test ("GPS test") and COVID-19 testing, by $146.4 million compared to the three months ended March 31, 2022,
- accelerating our path to profitability through prioritization efforts, leading to improved financial results including a decrease in cash used in operating activities of $135.5 million compared to the three months ended March 31, 2022,
- launching OncoExtra™, our enhanced therapy selection test,
- making progress towards completing BLUE-C, our pivotal study to support our next generation Cologuard and colon cancer blood tests, and
- generating high-quality evidence supporting our key research and development initiatives within multi-cancer early detection ("MCED") and molecular residual disease and recurrence ("MRD").

Our Screening Tests

Cologuard Test

Colorectal cancer is the second leading cause of cancer deaths in the United States ("U.S.") and the leading cause of cancer deaths in the U.S. among non-smokers. Each year in the U.S., there are approximately 153,000 new cases of colorectal cancer and approximately 53,000 deaths. It is widely accepted that colorectal cancer is among the most preventable, yet least prevented cancers.

Our flagship screening product, the Cologuard test, is a patient-friendly, non-invasive stool-based DNA ("sDNA") screening test that utilizes a multi-target approach to detect DNA and hemoglobin biomarkers associated with colorectal cancer and pre-cancer. Upon approval by the U.S. Food and Drug Administration ("FDA") in August 2014, our Cologuard test became the first and only FDA-approved sDNA non-invasive colorectal cancer screening test. Our Cologuard test is now indicated for average risk adults 45 years of age and older.

Clinical Genetic Testing

We provide more than 5,000 predefined genetic tests for nearly all clinically relevant genes, additional custom panels, and comprehensive germline, whole exome ("PGxome®"), and whole genome ("PGnome®") sequencing tests.

Our hereditary cancer test, Riskguard™, helps people understand their inherited risk of cancer, arming them with critical information to make better treatment decisions.

Our Precision Oncology Tests

Our Oncotype® portfolio delivers actionable genomic insights to inform prognosis and cancer treatment after a diagnosis. In breast cancer, the Oncotype DX Breast Recurrence Score® test is the only test shown to predict the likelihood of chemotherapy benefit as well as recurrence in invasive breast cancer. The Oncotype DX® test is recognized as the standard of care and is included in all major breast cancer treatment guidelines. The OncoExTra test applies comprehensive tumor profiling, utilizing whole exome and whole transcriptome sequencing, to aid in therapy selection for patients with advanced, metastatic, refractory, relapsed, or recurrent cancer. With an extensive panel of approximately 20,000 genes and 169 introns, the OncoExTra test is one of the most comprehensive genomic (DNA) and transcriptomic (RNA) panels available today. We enable patients to take a more active role in their cancer care and makes it easy for providers to order tests, interpret results, and personalize medicine by applying real-world evidence and guideline recommendations.

International Business Background and Products

We now commercialize or plan to commercialize our Oncotype tests internationally through employees in Canada, Japan and eight European countries, as well as through exclusive distribution agreements. We have provided our Oncotype tests in more than 90 countries outside of the U.S. We do not offer our Cologuard test or COVID-19 testing outside of the U.S.

Pipeline Research and Development

Our research and development efforts are focused on developing new products and enhancing existing products to address unmet cancer needs and expand the clinical utility and addressable patient populations for our existing tests. We expect to advance liquid biopsy through biomarker discovery and validation in tissue, blood, or other fluids and to leverage recent business development activities to accelerate our leadership in earlier cancer detection and treatment guidance. We are pursuing the following opportunities:

- *Colorectal Cancer Screening*. We are seeking to improve our Cologuard test's performance characteristics, focusing on reducing the false positive rate of the test. In January 2022, we and Mayo Foundation for Medical Education and Research ("Mayo") presented data at the American Society of Clinical Oncology Gastrointestinal Cancers Symposium showing overall sensitivity of 95% for colorectal cancer at specificity of 92%. In December of 2022, we finished enrollment of our multi-center, prospective BLUE-C study, which we expect to support FDA approval of our enhanced Cologuard test. We are also working to develop a blood-based screening test for colorectal cancer as a second-line option for people who haven't been screened with more accurate methods.
- *MCED Test Development.* We are currently seeking to develop a MCED test to help detect many different types of cancer from a single blood draw. In September 2022, we presented data at the European Society for Medical Oncology ("ESMO") Congress from a biomarker validation study, which demonstrated the ability to detect cancer signals from 15 organ sites with a mean sensitivity of 61% and mean specificity of 98.2%. The multi-biomarker approach detected stage I and stage II cancers with a combined sensitivity of 38.7%. A larger case-control study is underway to further validate the results shared at ESMO and to determine the final design of the MCED test. We will then begin recruiting patients for the FDA registrational Study of All comeRs ("SOAR") trial, which we expect to be the largest prospective, interventional MCED trial ever conducted in the United States.
- *MRD Test Development.* We plan to offer a tumor-informed MRD test to help detect small amounts of tumor DNA that may remain in patients' blood after they have undergone initial cancer treatment. This test will help patients and oncologists understand the success of initial treatment and monitor for cancer recurrence. Our goal is to support all patients in MRD and recurrence monitoring, whether there is access to tumor tissue to inform patient-specific biomarker targets or no access to tissue and a predefined biomarker panel is used. We are currently evaluating different technological approaches, including a tumor-agnostic platform, and have presented promising early data.

Research and development, which includes our clinical study programs, accounts for a material portion of our operating expenses. As we seek to enhance our product portfolio and advance our pipeline, we expect that our research and development expenditures will continue to increase.

COVID-19 Testing Business

In late March 2020, we began providing COVID-19 testing. We have partnered with various customers, including the State of Wisconsin Department of Health Services, to administer testing. Customers are responsible for employing trained personnel to collect specimens. Specimens are sent to our laboratory in Madison, Wisconsin, where we run the assay in our laboratories and provide test results to ordering providers. We expect revenue from our COVID-19 testing to decline as the pandemic abates and plan to discontinue COVID-19 testing later in the year.

2023 Priorities

Our top priorities for 2023 are to (1) provide outstanding experiences for patients and teams, (2) deliver on the future of cancer diagnostics, and (3) live our mission.

Provide Outstanding Experiences for Patients and Teams

We intend to continue to provide an exceptional experience for our patients and team members. We plan to improve customer relations by delivering simple and smooth workflows, providing communication that is clear and easy to understand, and providing results that are fast and accurate. We're working to deliver a common technology platform for our cancer tests and improve our digital tools for providers and patients. We will also strive to ensure that Exact Sciences remains a great place to work by taking care of our people.

Deliver on the Future of Cancer Diagnostics

In 2023, we will focus on advancing new tests in our highest priority programs including colorectal cancer screening, multi-cancer early detection, and molecular residual disease and recurrence testing. We plan to continue investing in ongoing and additional clinical trials to enhance existing products and bring new products to patients and providers.

Live our Mission

We are committed to improving lives through testing more people with our laboratory testing services in 2023. By testing more people, we will continue to expand our business in a cost-efficient manner allowing us to generate sustainable profits and increase shareholder value. Generating sustained profits will put us in a better position to continue investing in life-changing cancer diagnostics to help achieve our mission.

Recent Developments and Trends

Impacts of COVID-19 and Current Inflationary Environment

COVID-19 has affected many segments of the global economy, including the cancer screening and diagnostics industry. Our Screening and Precision Oncology businesses have been negatively impacted by the pandemic but have recovered. Future outbreaks of COVID-19 and its variants could diminish patients' and our sales representatives' access to healthcare provider offices. Pandemic-related supply chain disruptions, whether caused by restrictions or slowdowns in shipping or logistics, increases in demand for certain goods used in our operations, or otherwise, could impact our operations.

The inflationary environment has resulted in higher prices, which have impacted costs incurred to generate revenue from our laboratory testing services, costs to attract and retain personnel, and other operating costs. The severity and duration of the current inflationary environment remains uncertain and may continue to impact our financial condition and results of operations. Additionally, fluctuations in foreign currency exchange rates can affect our financial position and results of operations. While the impact has not been material to our financial position to date and we make efforts to hedge our foreign currency exchange rate exposure, we cannot predict the extent to which currency fluctuations may affect our business and financial position in the future.

Results of Operations

We have generated significant losses since inception and, as of March 31, 2023, we had an accumulated deficit of approximately $3.34 billion. We expect to continue to incur losses for the near future, and it is possible we may never achieve profitability.

Revenue. Our revenue is primarily generated by our laboratory testing services from our Cologuard, Oncotype, and COVID-19 tests.

	Three Months Ended March 31,		
Amounts in millions	**2023**	**2022**	**Change**
Screening	$ 443.2	$ 306.5	$ 136.7
Precision Oncology	155.4	152.6	2.8
COVID-19 Testing	3.8	27.4	(23.6)
Total	$ 602.5	$ 486.6	$ 115.9

The increase in Screening revenue, which primarily includes laboratory service revenue from our Cologuard test, was mainly due to an increase in the number of completed Cologuard tests. The increase in completed Cologuard tests for the three months ended March 31, 2023 was due to improved sales team productivity, growth across all customer segments, and enhancements made to our patient compliance program in 2022. The increase in Precision Oncology revenue, which primarily includes laboratory service revenue from our global Oncotype products, was mainly due to an increase in the number of completed Oncotype DX breast cancer tests, both domestically and internationally. Continued adoption by providers and payers for node-positive breast cancer patients following the RxPONDER publication in the New England Journal of Medicine also contributed to the increase in completed Oncotype tests for the three months ended March 31, 2023. The increase in completed Oncotype tests was partially offset by a decrease in revenues from our GPS test, which was divested on August 2, 2022.

During the three months ended March 31, 2023 and March 31, 2022, revenue recognized from changes in transaction price was $11.7 million and $4.2 million, respectively. The increase to revenue from changes in transaction price is a result of improvements made in our order to cash operations, specifically within our billing systems and processes.

We expect continuing revenue growth for our Cologuard and Oncotype products subject to seasonal variability. We expect revenue from our COVID-19 testing to decline as the pandemic abates and plan to discontinue COVID-19 testing later in the year. Our revenues are affected by the test volume of our products, patient adherence rates, payer mix, the levels of reimbursement, our order to cash operations, and payment patterns of payers and patients.

Cost of sales (exclusive of amortization of acquired intangible assets). Cost of sales includes costs related to inventory production and usage, shipment of collection kits and tissue samples, royalties and the cost of services to process tests and provide results to healthcare providers. The increase in cost of sales for the three months ended March 31, 2023 is primarily due to an increase in production costs and personnel expenses, which is primarily due to an increase in completed Cologuard and Oncotype tests and the corresponding increase in headcount to support the increase in tests completed. In addition, our production costs and personnel expenses have risen as a result of the inflationary environment discussed above. The increase was partially offset by a reduction in the number of COVID-19 tests completed. We expect that cost of sales will generally continue to increase in future periods as a result of an increase in our existing laboratory testing services and as we launch our pipeline products. We also expect to see a corresponding increase in personnel and support services associated with this growth.

	Three Months Ended March 31,		
Amounts in millions	**2023**	**2022**	**Change**
Production costs	$ 92.7	$ 73.3	$ 19.4
Personnel expenses	45.0	39.1	5.9
Facility and support services	13.6	17.3	(3.7)
Stock-based compensation	4.9	4.3	0.6
Other cost of sales expenses	0.7	0.7	—
Total cost of sales expense	$ 156.9	$ 134.7	$ 22.2

Research and development expenses. The decrease in research and development expenses for the three months ended March 31, 2023 is primarily due to a decrease in clinical trial related expenses related to our BLUE-C clinical trial after enrollment for the study was completed in December 2022. The decrease was offset by an increase in personnel expenses, stock-based compensation, and facility and support services due to an increase in headcount and other resources needed to support our ongoing clinical trials. We expect that research and development expenses will generally continue to increase in future periods as we continue to invest to advance new tests.

	Three Months Ended March 31,		
Amounts in millions	**2023**	**2022**	**Change**
Personnel expenses	$ 43.7	$ 35.5	$ 8.2
Direct research and development	23.3	45.0	(21.7)
Facility and support services	14.6	9.6	5.0
Stock-based compensation	9.7	9.6	0.1
Other research and development	2.5	1.2	1.3
Professional fees	1.6	1.3	0.3
Total research and development expenses	$ 95.4	$ 102.2	$ (6.8)

Sales and marketing expenses. The decrease in sales and marketing expenses for the three months ended March 31, 2023 was primarily due to a decrease in personnel expenses as a result of a decrease in headcount and in direct marketing costs and professional fees. The decrease in personnel expenses was due to minor restructuring of the sales force to reduce overlap and increase productivity. The decrease in direct marketing costs and professional fees was related to our promotion agreement with Pfizer Inc. ("Pfizer"), which ended in the third quarter of 2022. In addition, there was a decrease in facility and support services due to fewer costs incurred on commercial related information technology projects. We expect sales and marketing expenses in 2023 to be remain below 2022 levels due to improved efficiency from our commercial organization. We expect sales and marketing expenses to continue decreasing as a percentage of revenue over time as our Cologuard and Oncotype testing services grow and we make new tests available.

	Three Months Ended March 31,		
Amounts in millions	**2023**	**2022**	**Change**
Personnel expenses	$ 110.3	$ 122.9	$ (12.6)
Direct marketing costs	47.3	64.3	(17.0)
Stock-based compensation	12.7	15.0	(2.3)
Professional and legal fees	11.0	18.2	(7.2)
Facility and support services	4.5	10.5	(6.0)
Other sales and marketing expenses	1.2	1.3	(0.1)
Total sales and marketing expenses	$ 187.0	$ 232.2	$ (45.2)

General and administrative expenses. The increase in general and administrative expenses for the three months ended March 31, 2023 is primarily due to an increase in professional and legal fees as a result of our civil investigative demand with the U.S. Department of Justice ("DOJ") as further described in Note 14 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. The increase in other general and administrative expenses is primarily due to a decrease in the gain recorded for the three months ended March 31, 2023 as a result of the change in fair value of our outstanding contingent consideration as further described in Note 7 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. In addition, facility and support services increased to support the growth in our operations. We expect significant leverage in general and administrative expenses going forward, but expenses will generally continue to increase in future periods due to an increase in headcount that will be necessary to support the growth in our existing and pipeline products.

	Three Months Ended March 31,		
Amounts in millions	**2023**	**2022**	**Change**
Personnel expenses	$ 98.4	$ 100.5	$ (2.1)
Professional and legal fees	47.1	26.9	20.2
Facility and support services	42.8	31.7	11.1
Stock-based compensation	21.8	23.5	(1.7)
Other general and administrative	7.2	(12.8)	20.0
Total general and administrative expenses	$ 217.3	$ 169.8	$ 47.5

Amortization of acquired intangible assets. Amortization of acquired intangible assets decreased to $22.9 million for the three months ended March 31, 2023 compared to $24.7 million for the three months ended March 31, 2022. The decrease is primarily due to reduced amortization on the intangible asset that was disposed of with the sale of the GPS test in August 2022. This was partially offset by amortization of the intangible asset acquired as part of our acquisition of OmicEra Diagnostics, GmbH in May 2022.

Impairment of long-lived assets. Impairment of long-lived assets increased to $0.1 million for the three months ended March 31, 2023 compared to zero for the three months ended March 31, 2022. The impairment charge recorded for the three months ended March 31, 2023 related to a building lease on a domestic facility.

Investment income (loss), net. For the three months ended March 31, 2023, we had net investment income of $0.5 million, compared to net investment loss of $1.5 million for the three months ended March 31, 2022. The net investment income for the three months ended March 31, 2023 was primarily due to gains on recorded on our marketable securities. Net investment loss for the three months ended March 31, 2022 was primarily due to losses recorded on our equity securities.

Interest income (expense), net. Net interest income was $4.1 million for the three months ended March 31, 2023 compared to interest expense of $4.5 million for the three months ended March 31, 2022. Net interest income for the three months ended March 31, 2023 was due to a net gain on settlement of convertible notes of $10.3 million, which was partially offset by interest expense recorded on our outstanding convertible notes of $4.8 million. Interest expense recorded from our outstanding convertible notes totaled $4.0 million during the three months ended March 31, 2022. The convertible notes are further described in Note 9 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Income tax benefit (expense). Income tax expense was $1.7 million for the three months ended March 31, 2023 compared to a benefit of $2.0 million for the three months ended March 31, 2022. Income tax expense for the three months ended March 31, 2023 is primarily related to current foreign and state tax expense.

Liquidity and Capital Resources

Overview

We have incurred losses and negative cash flows from operations since our inception, and have historically financed our operations primarily through public offerings of our common stock and convertible debt and through revenue generated by the sale of our laboratory testing services. We expect our operating expenditures to continue to increase to support future growth of our laboratory testing services, as well as an increase in research and development and clinical trial costs to support the advancement of our pipeline products and bringing new tests to market. We expect that cash, cash equivalents and marketable securities on hand at March 31, 2023, along with cash flows generated through our operations, will be sufficient to fund our current operations for at least the next twelve months based on current operating plans.

We have access to a revolving line-of-credit (the "Revolver") of up to $150.0 million, which had its maturity date extended to November 2025 through an amended agreement in October 2022. The Revolver is collateralized by certain marketable securities which must continue to maintain a minimum market value of $150.0 million. PNC Bank, National Association has issued letters of credit totaling $4.4 million, which reduces the amount available for cash advances under the line of credit to $145.6 million. As of March 31, 2023, we had not drawn any funds under the Revolver. In addition to the Revolver, we have access to $150.0 million under an accounts receivable securitization facility (the "Securitization Facility"), which expires in June 2024. The amount that we may borrow is determined based on the amount of qualifying accounts receivable at a given point in time. The Securitization Facility is collateralized by our accounts receivables. As of March 31, 2023, we had $50.0 million outstanding under the Securitization Facility, which is the minimum amount that we must borrow under the terms of the Securitization Facility. The Revolver and Securitization Facility are further described in Note 8 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

We may raise additional capital to expand our business, to pursue strategic investments, to take advantage of financing opportunities or for other reasons. If we are unable to obtain sufficient additional funds to enable us to fund our business plans and strategic investments, our results of operations and financial condition could be materially adversely affected, and we may be required to delay the implementation of our plans or otherwise scale back our operations. There can be no certainty that we will ever be successful in generating sufficient cash flow from operations to achieve and maintain profitability and meet all of our obligations as they come due.

Cash, Cash Equivalents and Marketable Securities

As of March 31, 2023, we had approximately $421.4 million in unrestricted cash and cash equivalents and approximately $277.3 million in marketable securities.

The majority of our investments in marketable securities consist of fixed income investments, and all are deemed available-for-sale. The objectives of this portfolio are to provide liquidity and safety of principal while striving to achieve the highest rate of return. Our investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Cash Flows

	Three Months Ended March 31,	
Amounts In millions	**2023**	**2022**
Net cash used in operating activities	$ (38.2)	$ (173.8)
Net cash provided by investing activities	82.9	45.6
Net cash provided by financing activities	133.6	2.7

Operating activities

The cash used in operating activities for the three months ended March 31, 2023 was primarily to fund our net loss. The decrease in our net loss was primarily due to an increase in revenue, which was primarily driven by an increase in the number of completed Cologuard and Oncotype tests. The decrease in cash used for the three months ended March 31, 2023 was also due to a decrease in certain of our operating expenses as a result of cost saving measures implemented in the second half of 2022 and timing of payments on our accounts payable and accrued expenses, which was partially offset by an increase in cost of sales to support the increase in completed Cologuard and Oncotype tests.

Investing activities

Cash provided by investing activities for the three months ended March 31, 2023 was primarily due to a net cash inflow from purchases, sales, maturities of marketable securities of $112.7 million which was partially offset by purchases of property and equipment of $29.4 million and investments in privately held companies of $0.4 million. Cash provided by investing activities for the three months ended March 31, 2022 was primarily due to a net cash inflow from purchases, sales, and maturities of marketable securities of $80.4 million, which was partially offset by purchases of property and equipment of $33.6 million, and investments in privately held companies of $1.2 million.

Financing activities

The cash provided by financing activities during the three months ended March 31, 2023 consisted of proceeds of $138.0 million from the issuance of convertible notes and $1.0 million from the exercise of stock options, which was partially offset by cash outflows of $5.3 million for other financing activities. The cash provided by financing activities for the three months ended March 31, 2022 consisted of proceeds of $4.3 million from the exercise of stock options, which was partially offset by $1.5 million for other financing activities.

Material Cash Requirements

A discussion of our material cash requirements as of December 31, 2022 was provided in the Management’s Discussion and Analysis of Financial Condition and Results of Operation of our 2022 Form 10-K.

In February 2023, we entered into a privately negotiated exchange and purchase agreement with a single holder of certain of our convertible notes due in 2027 (the “2027 Notes”) and 2028 (the “2028 Notes”). We issued the holder $500.0 million aggregate principal amount of 2.0% Convertible Notes due in 2030 in exchange for $183.7 million of aggregate principal of 2027 Notes, $201.0 million of aggregate principal of 2028 Notes, and $138.0 million of cash. In addition, in March 2023 we entered into a privately negotiated exchange agreement with two holders of certain of the our convertible notes due in 2025 (the “2025 Notes”). We issued the holder $73.0 million aggregate principal amount of 2.0% Convertible Notes due in 2030 (collectively, the “2030 Notes”) in exchange for $65.8 million of aggregate principal of 2025 Notes. The 2030 Notes will mature on March 1, 2030 and bear interest at a rate of 2.0% per year, payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2023. The outstanding aggregate principal of all our convertible notes was $2.34 billion as of March 31, 2023. Refer to Note 9 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further information.

As of the date of this Quarterly Report on Form 10-Q, amounts accrued for legal proceedings and regulatory matters were not material except for the amounts accrued related to the Medicare Date of Service Rule Investigation, discussed further in Note 14 to our condensed consolidated financial statements. Based on the our review and analysis of the DOJ presentation, ongoing discussions held with the DOJ, the civil damages estimate and range of potential exposure, we have recorded an accrual of approximately $29 million as of March 31, 2023. The recorded accrual of $29 million is based on several factors, considerations, and judgements, and the ultimate resolution of this matter could result in a material loss in excess of the recorded accrual.

Other than the matters described above, there were no material changes outside the ordinary course of our business in our specified material cash requirements during the three months ended March 31, 2023.

As of March 31, 2023, we had no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates on historical experience and on various other factors that are believed to be appropriate under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For a discussion of our critical accounting policies and estimates, refer to our Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2022 Form 10-K. There have been no material changes to our critical accounting policies and estimates since our 2022 Form 10-K.

Recent Accounting Pronouncements

See Note 1 of our condensed consolidated financial statements for the discussion of Recent Accounting Pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our exposure to market risk is principally confined to our cash, cash equivalents and marketable securities and our outstanding variable-rate debt. We invest our cash, cash equivalents, and marketable securities in securities of the U.S. governments and its agencies and in investment-grade, highly liquid investments consisting of commercial paper, bank certificates of deposit, and corporate bonds, which as of March 31, 2023 and December 31, 2022 were classified as available-for-sale. We place our cash, cash equivalents, restricted cash, and marketable securities with high-quality financial institutions, limit the amount of credit exposure to any one institution, and have established investment guidelines relative to diversification and maturities designed to maintain safety and liquidity.

Based on a hypothetical 100 basis point decrease in market interest rates, the potential losses in future earnings, fair value of risk-sensitive financial instruments, and cash flows are immaterial, although the actual effects may differ materially from the hypothetical analysis. While we believe our cash, cash equivalents, restricted cash, and marketable securities do not contain excessive risk, we cannot provide absolute assurance that, in the future, our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash, cash equivalents, restricted cash, and marketable securities at one or more financial institutions that are in excess of federally insured limits. Given the potential instability of financial institutions, we cannot provide assurance that we will not experience losses on these deposits. We do not utilize interest rate hedging agreements or other interest rate derivative instruments.

As of March 31, 2023, we had $50.0 million in outstanding variable rate debt. Based on a hypothetical 100 basis point increase in market interest rates, annual interest expense on variable rate debt as of March 31, 2023 would increase by approximately $0.5 million. If we were to draw down additional amounts under either our Revolving Loan or Securitization Facility, the impact of increases in prevailing market interest rates would be even greater. All of our other significant interest-bearing liabilities bear interest at fixed rates and therefore are not subject to fluctuations in market interest rates; however, because these interest rates are fixed, we may be paying a higher interest rate, relative to market, in the future if circumstances change.

Foreign Currency Risk

The functional currency for most of our international subsidiaries is the U.S. dollar, and as a result we are not subject to material gains and losses from foreign currency translation of the subsidiary financial statements. Substantially all of our revenues are recognized in U.S. dollars, although a small portion is denominated in foreign currency as we continue to expand into markets outside of the U.S. Certain expenses related to our international activities are payable in foreign currencies. As a result, factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets will affect our financial results.

We enter into forward contracts to mitigate the impact of adverse movements in foreign exchange rates related to the re-measurement of monetary assets and liabilities and hedge our foreign currency exchange rate exposure. As of March 31, 2023, we had open foreign currency forward contracts with notional amounts of $29.2 million. Although the impact of currency fluctuations on our financial results has been immaterial in the past, there can be no guarantee that the impact of currency fluctuations related to our international activities will not be material in the future.

Item 4. Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our principal executive officer and our principal financial officer concluded that, as of March 31, 2023, our disclosure controls and procedures were effective. Disclosure controls and procedures enable us to record, process, summarize and report information required to be included in our Exchange Act filings within the required time period. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by us in the periodic reports filed with the SEC is accumulated and communicated to our management, including our principal executive, financial and accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There have been no significant changes in internal control over financial reporting during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time we are a party to various legal proceedings arising in the ordinary course of our business. Legal proceedings, including litigation, government investigations and enforcement actions could result in material costs, occupy significant management resources and entail civil and criminal penalties. The information called for by this item is incorporated by reference to the information in Note 14 of our condensed consolidated financial statements included in Part I of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this report, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I, “Item 1A. Risk Factors” in the 2022 Form 10-K and in Part II, “Item 1A. Risk Factors” in our subsequently filed Quarterly Reports on Form 10-Q. Other than the factors set forth below, there have been no material changes to the risk factors described in the 2022 Form 10-K.

Our business is affected by macroeconomic conditions.

Various macroeconomic factors could adversely affect our business and the results of our operations and financial condition, including changes in inflation, interest rates, and foreign currency exchange rates and overall economic conditions and uncertainties, including those resulting from the current and future conditions in the global financial markets. For instance, we experienced inflationary pressures in 2022 and expect such pressures to continue in 2023. Cost inflation, including increases in raw material prices, labor rates, and transportation costs may impact our profitability. Our ability to recover these cost increases through price increases is significantly limited by the process by which we are reimbursed for our products and services by government and private payers. The volatility of the capital markets could also affect the value of our investments and our ability to liquidate our investments or access our cash and cash equivalents in order to fund our operations. For example, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, or the FDIC, as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership followed by First Republic Bank on May 1, 2023. While we do not maintain deposits with these particular institutions, we do maintain deposits in excess of federally insured limits at other financial institutions as a part of doing business that could be at risk if another similar event were to occur. Our ongoing cash management strategy is to maintain diversity in our deposit accounts at multiple financial institutions, but there can be no assurance that this strategy will be successful. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, then our ability to access our cash and cash equivalents may be threatened which could have a material adverse effect on our business and financial condition.

Increasing interest rates, reduced access to capital markets, and the failure of financial institutions could also adversely affect the ability of our suppliers, distributors, licensors, collaborators, contract manufacturers and other commercial partners to remain effective business partners or to remain in business. The loss of a critical business partner, or a failure to perform by a critical business partner, could have a disruptive effect on our business and could adversely affect our results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Given the Company's rapid growth, focus on profitability, and expanded leadership team, beginning May 9, 2023, Jeffrey Elliott will focus on leadership of the Company's finance, accounting and analytics functions, in addition to other responsibilities assigned to him from time to time. Mr. Elliott will continue as the Company's principal financial officer and principal accounting officer and hold the title of Executive Vice President and Chief Financial Officer. His chief operating officer responsibilities will be distributed across our expanded leadership, as a natural step in the Company's evolution.

Item 6. Exhibits

The following documents are filed as part of this Form 10-Q.

Exhibit Number	Exhibit Description	Filed with This Report	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
3.1	Sixth Amended and Restated Certificate of Incorporation of the Registrant		S-1 (Exhibit 3.3)	12/4/2000	333-48812
3.2	Amendment to Sixth Amended and Restated Certificate of Incorporation of the Registrant		8-K (Exhibit 3.1)	7/24/2020	001-35092
3.3	Sixth Amended and Restated By-Laws of the Registrant		8-K (Exhibit 3.1)	1/28/2022	001-35092
4.2	Fourth Supplemental Indenture, dated March 1, 2023, between the Company and U.S. Bank National Association, as Trustee (including the form of 2.00% Convertible Senior Notes due 2030).		8-K (Exhibit 4.2)	3/1/2023	001-35092
10.1*	The Registrant's Equity Award, Death, Disability and Retirement Policy		10-K (Exhibit 10.32)	2/21/2023	001-35092
10.2*	The Registrant's 2010 Employee Stock Purchase Plan (as amended and restated March 22, 2023)	X			
10.3*	The Registrant's Non-Employee Director Compensation Policy dated January 24, 2023	X			
31.1	Certification Pursuant to Rule 13(a)-14(a) or Rule 15d-14(a) of Securities Exchange Act of 1934	X			
31.2	Certification Pursuant to Rule 13(a)-14(a) or Rule 15d-14(a) of Securities Exchange Act of 1934	X			
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
101	The following materials from the Quarterly Report on Form 10-Q of Exact Sciences Corporation for the quarter ended March 31, 2023 filed on May 9, 2023, formatted in Inline eXtensible Business Reporting Language ("iXBRL"): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statement of Changes in Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) related notes to these financial statements	X			
104	The cover page from our Quarterly Report for the period ended March 31, 2023, filed with the Securities and Exchange Commission on May 9, 2023, is formatted in Inline Extensible Business Reporting Language ("iXBRL")	X			

(*) Indicates a management contract or any compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		EXACT SCIENCES CORPORATION
Date: May 9, 2023	By:	/s/ Kevin T. Conroy
		Kevin T. Conroy President and Chief Executive Officer (*Principal Executive Officer*)
Date: May 9, 2023	By:	/s/ Jeffrey T. Elliott
		Jeffrey T. Elliott Executive Vice President and Chief Financial Officer (*Principal Financial and Accounting Officer*)

EXACT SCIENCES CORPORATION

2010 EMPLOYEE STOCK PURCHASE PLAN

(As amended and restated on March 22, 2023)

Article 1-Purpose.

This 2010 Employee Stock Purchase Plan, as amended and restated (the "Plan"), is intended to encourage stock ownership by all eligible employees of Exact Sciences Corporation (the "Company"), a Delaware corporation, and its Participating Subsidiaries (as defined in Article 17) so that they may share in the growth of the Company by acquiring or increasing their proprietary interest in the Company through the purchase of shares of the Company's common stock ("Common Stock"). The Plan is designed to encourage eligible employees to remain in the employ of the Company and its Participating Subsidiaries.

It is intended that a component of the Plan constitutes an “employee stock purchase plan” within the meaning of Section 423(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code” and such component, the “423 Component”) and the 423 Component shall be interpreted in accordance with that intent (although the Company makes no undertaking or representation to maintain such qualification).

In addition, this Plan authorizes the grant of Options (as defined in Article 5) under a component of the Plan that does not qualify as an “employee stock purchase plan” under Section 423 of the Code (such component, the “Non-423 Component”). Such Options granted under the Non-423 Component shall be granted pursuant to such sub-plans, appendices, rules or procedures as may be adopted by the Committee (as defined in Article 2) to achieve tax, securities laws or other objectives for the eligible employees and the Participating Subsidiaries designated for participation in the Non-423 Component. Except as otherwise provided herein or by the Committee, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

For purposes of this Plan, the Committee may designate separate offerings under the Plan in which eligible employees will participate, the terms of which need not be identical even if the dates of the applicable Offering Periods of such offerings are identical, provided that the terms of participation are the same within each separate offering under the 423 Component as determined under Section 423 of the Code. Unless otherwise determined by the Committee, each offering under the Plan in which employee of one or more Participating Subsidiaries may participate shall be deemed a separate offering for purposes of Section 423 of the Code, even if the dates of the applicable Offering Periods of each such offering are identical, and the provisions of the Plan shall separately apply to each offering.

Article 2-Administration of the Plan.

The Plan may be administered by a committee appointed by the Board of Directors of the Company (the "Committee"). The Board of Directors may from time to time remove members from, or add members to, the Committee. Vacancies on the Committee, howsoever caused, shall be filled by the Board of Directors. The Committee may select one of its members as Chairman, and shall hold meetings at such times and places as it may determine. Acts by a majority of the Committee, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

The Committee has authority at any time to: (i) adopt, alter and repeal such rules, guidelines and practices for the administration of the Plan and for its own acts and proceedings as it shall deem advisable; (ii) interpret the terms and provisions of the Plan; (iii) determine when and how Options shall be granted and the provisions and terms of each offering (which need not be identical between offerings); (iv) determine eligibility for participation in the Plan, including which subsidiaries of the Company will be Participating Subsidiaries and whether such

Participating Subsidiaries participate in the 423 Component or the Non-423 Component (within the limits of the Plan); (v) make all determinations it deems advisable for the administration of the Plan; (vi) decide all disputes arising in connection with the Plan; and (vii) otherwise supervise the administration of the Plan. Further, the Committee may adopt sub-plans, appendices, rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures, provided that the adoption and implementation of any such sub-plans, appendices rules and/or procedures would not cause the 423 Component to violate Section 423 of the Code.

All interpretations and decisions of the Committee shall be binding on all persons, including the Company and the participants. No member of the Board of Directors or individual exercising administrative authority with respect to the Plan shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted hereunder.

In the event the Board of Directors fails to appoint or refrains from appointing a Committee, the Board of Directors or the Compensation Committee of the Board of Directors shall have all power and authority to administer the Plan. In such event, the word "Committee" wherever used herein shall be deemed to mean the Board of Directors or the Compensation Committee of the Board of Directors.

To the extent not prohibited by applicable law, the Committee may, from time to time, delegate some or all of its authority under the Plan to a subcommittee or subcommittees of the Committee, to one or more of the Company’s officers or management team, or to other persons or groups of persons as it deems necessary, appropriate or advisable under conditions or limitations that it may set at or after the time of the delegation. For purposes of the Plan, reference to the Committee will be deemed to include any subcommittee, subcommittees, or other persons or groups of persons to whom the Committee delegates authority pursuant to this provision.

Article 3-Eligible Employees.

All employees of the Company or any of its Participating Subsidiaries who are employed on or before the forty-fifth (45th) day (or such other period of time not to exceed two (2) years) prior to the beginning of an Offering Period and whose customary employment at such time is more than 20 hours per week and for more than five months in any calendar year shall be eligible to receive Options under the Plan to purchase shares of Common Stock, provided that the Committee may allow employees whose customary employment is below these thresholds to be considered as eligible employees, including where applicable law requires that such employees be considered as eligible employees, subject in all cases to the provisions of this Article 3 and the requirements set forth in Article 7 hereof.

An employee who works for a Participating Subsidiary and is a citizen or resident of a jurisdiction other than the United States (without regard to whether such individual also is a citizen or resident of the United States or is a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an offering if the participation of such employee is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an offering under the 423 Component to violate Section 423 of the Code. In the case of the Non-423 Component, an employee (or group of employees) may be excluded from participation in the Plan if the Committee has determined, in its sole discretion, that participation of such employee(s) is not advisable or practicable for any reason.

In no event may an employee be granted an Option if such employee, immediately after the Option was granted, would be treated as owning stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any parent corporation or subsidiary corporation, as the terms "parent corporation" and "subsidiary corporation" are defined in Section 424(e) and (f) of the Code. For purposes of determining stock ownership under this paragraph, the rules of Section 424(d) of the Code shall apply, and stock which the employee may purchase under outstanding Options shall be treated as stock owned by the employee.

Article 4-Stock Subject to the Plan.

The stock subject to the Options under the Plan shall be shares of the Company's authorized but unissued common stock, par value $.01 per share (the "Common Stock"), or shares of Common Stock reacquired by the Company, including shares purchased in the open market. The aggregate number of shares of Common Stock which may be issued pursuant to the Plan is 5,800,000 subject to adjustment as provided in Article 12. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject thereto shall again be available under the Plan. For avoidance of doubt, up to the maximum number of Shares reserved under this Article 4 may be used to satisfy purchases of shares of Common Stock under the 423 Component and any remaining portion of such maximum number of shares of Common Stock may be used to satisfy purchases of shares of Common Stock under the Non-423 Component.

Article 5-Offering Period and Stock Options.

Offering Periods under the Plan shall consist of twenty-four month periods commencing on November 1 and May 1 of each calendar year ("Offering Periods"). The Company will designate one or more dates within each Offering Period on which shares of Common Stock may be purchased by participants in an Offering Period ("Exercise Date(s)"). Unless and until otherwise determined by the Committee, there shall be four Exercise Dates occurring on each April 30 and October 31 (or, if such date is not a business day, the first business day thereafter) within each such Offering Period. On the first business day at the beginning of each Offering Period, the Company will grant to each eligible employee who is then a participant in the Plan an Option to purchase shares on the Exercise Dates (the "Option"), at the Option Price hereinafter provided for, a maximum of 10,000 shares of Common Stock, on condition that such employee remains eligible to participate in the Plan on each Exercise Date. If the participant's accumulated payroll deductions on the last date of the Offering Period would enable the participant to purchase more than the maximum number of shares provided herein except for the share limitation set forth herein, the excess of the amount of the accumulated payroll deductions over the aggregate purchase price of the maximum number of Shares of Common Stock that may be purchased in accordance with this Article 5 shall be promptly refunded to the participant by the Company, without interest. The participant shall be entitled to exercise the Option so granted only to the extent of the participant's accumulated payroll deductions on the Exercise Date. The option price per share of Common Stock for each Exercise Date within an Offering Period shall be the lesser of (i) 85% of the average market price of the Common Stock on the first business day of the Offering Period and (ii) 85% of the average market price of the Common Stock on the applicable Exercise Date, in either event rounded up to the nearest cent (the "Option Price"). The foregoing limitation on the number of shares subject to Option and the Option Price shall be subject to adjustment as provided in Article 12.

Unless a participant files a new authorization or withdraws from the Plan, the deductions and purchases under the authorization the participant has on file under the Plan will continue from one Offering Period to succeeding (but not overlapping) Offering Periods as long as the Plan remains in effect. Notwithstanding any of the foregoing, if the average market price of the Common Stock on an Exercise Date is less than or equal to the average market price of the Common Stock on the first business day of the Offering Period to which such Exercise Date relates, all participants shall be automatically withdrawn from such Offering Period immediately after the acquisition of shares of Common Stock for such Exercise Date and automatically enrolled in the immediately following Offering Period as of the first day thereof.

For purposes of the Plan, the term "average market price" on any date means (i) the average (on that date) of the high and low prices of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the average of the closing bid and asked prices last quoted (on that date) by an established quotation service for over-the-counter securities, if the Common Stock is not reported on the NASDAQ; or (iii) if the Common Stock is not publicly traded, the fair market value of the Common Stock as determined by the Committee after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

For purposes of the Plan, the term "business day" means a day on which there is trading on the NASDAQ Capital Market or the aforementioned national securities exchange, whichever is applicable pursuant to the preceding paragraph; and if neither is applicable, a day that is not a Saturday, Sunday or legal holiday in State of Wisconsin.

Notwithstanding the foregoing, no participant may be granted an Option which permits his or her rights to purchase shares under the Plan, and any other employee stock purchase plan of the Company or Subsidiaries, to accrue at a rate which exceeds $25,000 of the fair market value of such shares (determined on the Option grant date or dates) for each calendar year in which the Option is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code and shall be applied taking Options into account in the order in which they were granted. Solely with respect to the 423 Component, for Offering Periods beginning on or after May 1, 2023, once the participant's accumulated payroll deductions would enable the participant to purchase the maximum amount of Common Stock permitted under the Section 423(b)(8) limitation described in this paragraph, payroll deductions will cease until the first day after the last Exercise Date in the calendar year in which accumulated payroll deductions reached such maximum amount. For both the 423 Component and the Non-423 Component, on any Exercise Date, if the participant’s accumulated payroll deductions would otherwise enable the participant to purchase Common Stock in excess of the Section 423(b)(8) limitation described in this paragraph, the excess of the amount over the accumulated payroll deductions over the aggregate purchase price of the shares actually purchased shall be promptly refunded to the participant by the Company, without interest.

Article 6-Exercise of Option.

Each eligible employee who continues to be a participant in the Plan on an Exercise Date within an Offering Period shall be deemed to have exercised his or her Option on such date and shall be deemed to have purchased from the Company such number of full shares of Common Stock reserved for the purpose of the Plan as the participant's accumulated payroll deductions on such date will pay for at the Option Price, subject to the 10,000 maximum share limit of the Option and the Section 423(b)(8) limitation described in Article 5. Only full shares of Common Stock may be purchased under the Plan, unless the Committee determines, in its sole discretion, that fractional shares may be purchased under the Plan. Unless otherwise determined by the Committee in advance of any Offering Period, unused payroll deductions remaining in a participant's account at the end of either an Exercise Date or an Offering Period, by reason of the inability to purchase a fractional share, shall be promptly refunded to the participant by the Company, without interest.

Article 7-Authorization for Entering the Plan.

An employee may elect to enter the Plan by filling out, signing and delivering an authorization to the Company (in such form and according to such procedures determined by the Committee which may include by electronic or other delivery). Such authorization shall:

A. State the percentage to be deducted regularly from the employee's Compensation;

B. Authorize the purchase of stock for the employee in each Offering Period in accordance with the terms of the Plan;

C. Specify the exact name or names in which stock purchased for the employee is to be issued as provided under Article 11 hereof; and

D. Include the employee's agreement any other terms and conditions for participation in the Plan that the Committee determines to be advisable.

Such authorization must be received by the Company at least ten days before the first day of the next Offering Period, or within such other time frame as determined by the Company and communicated to eligible employees, and shall take effect only if the employee is an eligible employee on the first business day of such Offering Period.

An employee cannot participate in more than one Offering Period at any time.

Unless a participant files a new authorization or withdraws from the Plan, the deductions and purchases under the authorization the participant has on file under the Plan will continue from one Offering Period to succeeding (but not overlapping) Offering Periods as long as the Plan remains in effect. The terms and conditions applicable to participation in the Plan in such successive Offering Periods shall be those in effect at the commencement of such successive Offering Periods, as set forth in the Plan and the authorization documentation available to eligible employees at such time.

The Company will accumulate and hold for each participant's account the amounts deducted from his or her Compensation. No interest will be paid on these amounts, unless required by applicable law. For purposes of the Plan, the term “Compensation” means the amount of base pay or wages (including 13th/14th month payments or similar concepts under local law), prior to salary reduction pursuant to Sections 125, 132(f) or 401(k) of the Code, and overtime, commissions, incentive or bonus awards, but excluding allowances and reimbursements for expenses such as relocation allowances or travel expenses, income or gains related to other Company share-based awards, and similar items. The Committee shall have the discretion to determine the application of this definition to participants on payrolls outside of the United States.

Article 8-Maximum Amount of Payroll Deductions.

An employee may authorize payroll deductions in an amount (expressed as a whole percentage) not less than one percent (1%) but not more than fifteen percent (15%) of the employee's total Compensation.

Notwithstanding any other provisions of the Plan to the contrary, in non-U.S. jurisdictions where participation in the Plan through payroll deductions is prohibited or otherwise problematic under applicable laws (as determined by the Committee in its sole discretion), the Committee may provide that an eligible employee may elect to participate through other contributions in a form acceptable to the Committee in lieu of or in addition to payroll deductions, provided that, for any offering under the 423 Component, the Committee must determine that any alternative method of contribution is applied on an equal and uniform basis to all eligible employees in the offering. Any reference to “payroll deductions” in this Article 8 (or in any other section of the Plan) will similarly cover contributions by other means made pursuant to this Article 8.

Article 9-Change in Payroll Deductions.

Payroll deductions may not be increased or decreased during an Offering Period. However, a participant may withdraw in full from the Plan (as described in Article 10). The Committee may, in advance of any Offering Period, establish rules, procedures and deadlines permitting a participant to increase, decrease or terminate his or her payroll deductions during an Offering Period.

Article 10-Withdrawal from the Plan.

A participant may withdraw from the Plan (in whole but not in part), within such time prior to the Exercise Date for such Offering Period as may be established by the Committee, by delivering a withdrawal notice to the Company (in such form and according to such procedures determined by the Committee which may include by electronic or other delivery). In the event a participant elects to withdraw from the Plan, amounts then credited to such participant's account shall be returned to the participant as soon as practicable after such election is received by the Company (without any interest thereon except as may be required by applicable local laws), the participant shall cease to participate in the Plan and the participant’s Option for such Offering Period shall terminate.

To re-enter the Plan, an employee who has previously withdrawn must file a new authorization at least ten days before the first day of the next Offering Period in which he or she wishes to participate, or within such other time frame as determined by the Company and communicated to eligible employees. The employee's re-entry into the Plan becomes effective at the beginning of such Offering Period, provided that he or she is an eligible employee on the first business day of the Offering Period.

Article 11-Issuance of Stock.

Certificates for stock issued to participants (or other indicia of ownership of such stock) shall be delivered as soon as practicable after each Exercise Date by the Company's transfer agent.

Stock purchased under the Plan shall be issued only in the name of the participant, or if the participant's authorization so specifies and if and to the extent permitted by the Company, in the name of the participant and another person of legal age as joint tenants with rights of survivorship.

Article 12-Adjustments.

Upon the happening of any of the following described events, a participant's rights under Options granted under the Plan shall be adjusted as hereinafter provided:

A. In the event that the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if, upon a reorganization, split-up, liquidation, recapitalization or the like of the Company, the shares of Common Stock shall be exchanged for other securities of the Company, each participant shall be entitled, subject to the conditions herein stated, to purchase such number of shares of Common Stock or amount of other securities of the Company as were exchangeable for the number of shares of Common Stock that such participant would have been entitled to purchase except for such action, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or exchange; and

B. In the event the Company shall issue any of its shares or other securities, including any of the shares of any of its subsidiaries, as a stock dividend upon or with respect to the shares of stock of the class which shall at the time be subject to Option hereunder, each participant upon exercising such an Option shall be entitled to receive (for the purchase price paid upon such exercise) the shares as to which the participant is exercising his or her Option and, in addition thereto (at no additional cost), such number of shares of the class or classes in which such stock dividend or dividends were declared or paid, and such amount of cash in lieu of fractional shares, as is equal to the number of shares thereof and the amount of cash in lieu of fractional shares, respectively, which the participant would have received if the participant had been the holder of the shares as to which the participant is exercising his or her Option at all times between the date of the granting of such Option and the date of its exercise.

Upon the happening of any of the foregoing events (or in the event of an extraordinary cash dividend or other distribution that affects the shares of Common Stock), the class and aggregate number of shares set forth in Article 4 hereof which are subject to Options which have been or may be granted under the Plan and the limitations set forth in the second paragraph of Article 5 shall also be appropriately adjusted to reflect the events specified in paragraphs A and B above. Notwithstanding the foregoing, any adjustments made pursuant to paragraphs A or B shall be made only after the Committee, based on advice of counsel for the Company, determines whether such adjustments would constitute a "modification" (as that term is defined in Section 424 of the Code). If the Committee determines that such adjustments would constitute a modification, it may refrain from making such adjustments.

If the Company is to be consolidated with or acquired by another entity in a merger, a sale of all or substantially all of the Company's assets or otherwise (an "Acquisition"), the Committee or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board") shall, with respect to Options then outstanding under the Plan, either (i) make appropriate provision for the continuation of such Options by arranging for the substitution on an equitable basis for the shares then subject to such Options either (a) the consideration payable with respect to the outstanding shares of the Common Stock in connection with the Acquisition, (b) shares of stock of the successor corporation, or a parent or subsidiary of such corporation, or (c) such other securities as the Successor Board deems appropriate, the fair market value of which shall not materially exceed the fair market value of the shares of Common Stock subject to such Options immediately preceding the Acquisition; (ii) shorten the Offering Period with respect to which such Options relate by setting a new Exercise Date on which such Offering Period will end, with such new Exercise Date occurring before the effective date of the

Acquisition, and provided that each participant shall be notified of the new Exercise Date on which the Options will be exercised as provided in Article 6 hereof, unless prior to such date the participant has withdrawn from the Offering Period as provided in Article 10 hereof or the participant has ceased to be an eligible employee as provided in Article 14 hereof; or (iii) terminate each participant's Option in exchange for a cash payment equal to the excess of (a) the fair market value, on the date of the Acquisition, of the number of shares of Common Stock that the participant's accumulated payroll deductions as of the date of the Acquisition could purchase, at an Option Price determined with reference only to the first business day of the applicable Offering Period and subject to the maximum share limitation set forth in Article 5 hereof, Code Section 423(b)(8) and fractional-share limitations on the amount of stock a participant would be entitled to purchase, over (b) the result of multiplying such number of shares by such Option Price.

The Committee or Successor Board, as applicable, shall determine the adjustments to be made under this Article 12, and its determination shall be conclusive.

Article 13-No Transfer or Assignment of Employee's Rights.

An Option granted under the Plan may not be transferred or assigned, except by will or the laws of descent and distribution, and shall be exercised, during the participant's lifetime, only by the participant.

Article 14-Termination of Employee's Rights; Transfer of Employment.

Whenever a participant ceases to be an eligible employee because of retirement, voluntary or involuntary termination, resignation, layoff, discharge, death or for any other reason, his or her rights under the Plan shall immediately terminate, and the Company shall promptly refund, without interest (except where otherwise required by applicable law), the entire balance of his or her payroll deduction account under the Plan.

A participant will be deemed to have terminated employment, for this purpose, if the corporation that employs him or her, having been a Participating Subsidiary, ceases to be a subsidiary or to be designated as a Participating Subsidiary, or if the employee is transferred to any corporation other than the Company or a Participating Subsidiary. A participant will not be deemed to have terminated employment for this purpose, if the participant is on an approved leave of absence for military service or sickness or for any other purpose approved by the Company for up to 90 days, or if the employee’s right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise provides in writing, if longer than 90 days.

If a participant transfers employment from the Company or any Participating Subsidiary participating in the 423 Component to any Participating Subsidiary participating in the Non-423 Component, such transfer shall not be treated as a termination of employment, but the participant shall immediately cease to participate in the 423 Component; however, any contributions made for the Offering Period in which such transfer occurs shall be transferred to the Non-423 Component, and such participant shall immediately join the then-current offering under the Non-423 Component upon the same terms and conditions in effect for the participant’s participation in the 423 Component, except for such modifications otherwise applicable for participants in such offering. A participant who transfers employment from any Participating Subsidiary participating in the Non-423 Component to the Company or any Participating Subsidiary participating in the 423 Component shall not be treated as terminating the participant’s employment and shall remain a participant in the Non-423 Component until the earlier of (i) the end of the current Offering Period under the Non-423 Component, or (ii) the Offering Date of the first Offering Period in which the participant is eligible to participate following such transfer. Notwithstanding the foregoing, the Committee may establish different rules to govern transfers of employment between companies participating in the 423 Component and the Non-423 Component, consistent with the applicable requirements of Section 423 of the Code.

Article 15-Termination and Amendments to Plan.

Unless terminated sooner as provided below, the Plan shall terminate on October 31, 2030. The Plan may be terminated at any time by the Company's Board of Directors but such termination shall not affect Options then outstanding under the Plan. It will terminate in any case when all or substantially all of the unissued shares of stock reserved for the purposes of the Plan have been purchased. If at any time shares of stock reserved for the purpose of the Plan remain available for purchase but not in sufficient number to satisfy all then unfilled purchase requirements, the available shares shall be apportioned among participants in proportion to the amount of payroll deductions accumulated on behalf of each participant that would otherwise be used to purchase stock, and the Plan shall terminate. Upon such termination or any other termination of the Plan, all payroll deductions not used to purchase stock will be refunded, without interest (unless otherwise required under applicable law).

The Committee or the Board of Directors may from time to time adopt amendments to the Plan, provided that, without the approval of the stockholders of the Company, no amendment may (i) increase the number of shares that may be issued under the Plan; (ii) change the class of employees eligible to receive Options under the Plan, if such action would be treated as the adoption of a new plan for purposes of Section 423(b) of the Code; or (iii) cause Rule 16b-3 under the Securities Exchange Act of 1934 to become inapplicable to the Plan; (iv) otherwise be made to the extent stockholder approval is required under applicable law.

Article 16-Limits on Sale of Stock Purchased under the Plan.

The Plan is intended to provide shares of Common Stock for investment and not for resale. The Company does not, however, intend to restrict or influence any employee in the conduct of his or her own affairs. An employee may, therefore, sell stock purchased under the Plan at any time the employee chooses, subject to compliance with any applicable federal or state securities laws or other applicable securities or other laws and subject to any restrictions imposed under Article 23 to ensure that tax withholding obligations are satisfied. **THE EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE STOCK**.

Article 17-Participating Subsidiaries.

The term "Participating Subsidiary" shall mean any present or future “subsidiary” of the Company, as that term is defined in Section 424(f) of the Code, that has been designated by the Committee from time to time, in its sole discretion, as eligible to participate in the Plan, such designation to specify whether such participation is in the 423 Component or Non-423 Component. A Participating Subsidiary may participate in either the 423 Component or Non-423 Component, but not both. Notwithstanding the foregoing, if any subsidiary is disregarded for U.S. tax purposes in respect of the Company or any Participating Subsidiary participating in the 423 Component, then such disregarded subsidiary shall automatically be a Participating Subsidiary participating in the 423 Component. If any subsidiary is disregarded for U.S. tax purposes in respect of any Participating Subsidiary participating in the Non-423 Component, the Committee may exclude such subsidiary from participating in the Plan, notwithstanding that the Participating Subsidiary in respect of which such subsidiary is disregarded may participate in the Plan. The Committee may so designate any subsidiary, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the stockholders.

Article 18-Optionees Not Stockholders.

Neither the granting of an Option to an employee nor the deductions from an employee's Compensation shall constitute such employee a stockholder of the shares covered by an Option until such shares have been actually purchased by the employee.

Article 19-Section 409A.

The 423 Component of the Plan and the Options granted pursuant to an Offering Period are intended to be exempt from the application of Section 409A of the Code. Neither the Non-423 Component nor any Option granted pursuant to an Offering Period thereunder is intended to constitute or provide for “nonqualified deferred compensation” within the meaning of Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, if the Committee determines that any Option granted under the Plan may be or become subject to Section 409A of the Code or that any provision of the Plan may cause an Option granted under the Plan to be or become subject to Section 409A of the Code, the Committee may adopt such amendments to the Plan and/or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions as the Committee determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, either through compliance with the requirements of Section 409A of the Code or with an available exemption therefrom.

Article 20-Application of Funds.

The proceeds received by the Company from the sale of Common Stock pursuant to Options granted under the Plan will be used for general corporate purposes.

Article 21-Notice to Company of Disposition.

By electing to participate in the Plan, each participant agrees to notify the Company in writing immediately after the participant transfers Common Stock acquired under the Plan. Each participant further agrees to provide any information about such a transfer as may be requested by the Company or any subsidiary corporation in order to assist it in complying with the tax laws. Without limitation to the foregoing, the Company reserves the right to require participants to hold any shares of Common Stock acquired under the Plan with a designated broker or other third party to facilitate compliance with the applicable reporting and other compliance requirements.

Article 22-Withholding of Additional Income Taxes.

By electing to participate in the Plan, each participant acknowledges that the Company and its Participating Subsidiaries are required to withhold any Tax-Related Items with respect to the amounts deducted from the participant's Compensation and accumulated for the benefit of the participant under the Plan, and each participant agrees that the Company and Participating Subsidiaries may deduct additional amounts from the participant's Compensation, when amounts are added to the participant's account, used to purchase shares of Common Stock or refunded, in order to satisfy such withholding obligations.

At the time a participant’s Option is exercised, in whole or in part, or at the time a participant disposes of some or all of the shares of Common Stock acquired under the Plan (or any other time that a taxable event related to the Plan occurs), the participant will make adequate provision for the payment and/or withholding of any Tax-Related Items. In their sole discretion, and except as otherwise determined by the Committee, the Company or a Participating Subsidiary that employs the participant may satisfy their obligations to withhold Tax-Related Items by (a) withholding from the participant’s wages or other cash compensation, (b) withholding a number of shares of Common Stock otherwise issuable following the exercise of the Option, (c) withholding from proceeds from the sale of shares of Common Stock issued upon exercise, either through a voluntary sale or a mandatory sale arranged by the Company, or (d) withholding by any other means determined by the Committee, in its sole discretion, and in compliance with applicable law.

For purposes of this Article 23, "Tax-Related Items" means any U.S. and non-U.S. federal, provincial, state and/or local taxes (including, without limitation, income tax, social insurance contributions, fringe benefit tax, employment tax, stamp tax and any employer tax liability which has been transferred to a participant) for which a participant is liable in connection with participation in the Plan.

Article 23-Governmental Regulations.

The Company's obligation to sell and deliver shares of Common Stock under the Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

Government regulations may impose reporting or other obligations on the Company with respect to the Plan. For example, the Company may be required to identify shares of Common Stock issued under the Plan on its stock ownership records and send tax information statements to employees and former employees who transfer title to such shares.

Article 24-Rules Particular to Specific Jurisdictions.

Without limitation to and notwithstanding any other provision in this Plan, the Committee may adopt such sub-plans or rules relating to the operation and administration of the Plan to accommodate local laws, customs and procedures for jurisdictions outside of the United States, the terms of which may take precedence over other provisions of this Plan, with the exception of Article 4 hereof, but unless otherwise superseded by the terms of such sub-plan or rules, the provisions of this Plan will govern the operation of such sub-plan or rules. To the extent inconsistent with the requirements of Section 423, any such sub-plan or rules will be considered part of a Non-423 Offering, and Options granted thereunder will not be required by the terms of the Plan to comply with Section 423 of the Code. Without limiting the generality of the foregoing, the Committee is authorized to adopt sub-plans or rules for particular non-U.S. jurisdictions that modify the terms of the Plan to meet applicable local requirements, customs or procedures regarding, without limitation, (i) eligibility to participate, (ii) the definition of Compensation, (iii) the dates and duration of Offering Periods or other periods during which participants may contribute payroll deductions towards the purchase of shares of Common Stock, (iv) the method of determining the Option Price and the discount from fair market value at which shares may be purchased, (v) any minimum or maximum amount of payroll deductions a participant may contribute in an Offering Period or other specified period under the applicable sub-plan or rules, (vi) the treatment of Options upon an Acquisition or adjustment event described in Article 12, (vii) the handling of payroll deductions and the methods for contributing to the Plan by means other than payroll deductions, (viii) establishment of bank, building society or trust accounts to hold payroll deductions, (ix) payment of interest or waivers therefrom, (x) conversion of local currency, (xi) obligations to pay payroll tax, (xii) determination of beneficiary designation requirements, (xiii) withholding procedures, and (xiv) handling of share issuances.

Article 25-Governing Law.

The validity and construction of the Plan shall be governed by the laws of Delaware, without giving effect to the principles of conflict of laws thereof.

Article 26-Approval of Board of Directors and Stockholders of the Company.

The Plan was initially adopted by the Board of Directors on April 15, 2010 and was initially approved by the stockholders of the Company on July 16, 2010. The Plan, as amended and restated, was adopted by the Board of Directors on April 13, 2022 and was approved by the stockholders of the Company on June 9, 2022.

EXHIBIT 10.3

Exact Sciences Corporation

Non-Employee Director Compensation Policy

The purpose of this Non-Employee Director Compensation Policy of Exact Sciences Corporation, a Delaware corporation (the "Company"), is to provide a total compensation package that enables the Company to attract and retain, on a long-term basis, high caliber directors who are not employees or officers of the Company or its subsidiaries.

In furtherance of the purpose stated above, all non-employee directors shall be paid compensation for services provided to the Company as non-employee directors as set forth below:

A. Initial Equity Compensation

Upon his or her initial election to the board, each new non-employee director shall be granted restricted stock or deferred stock units having a value equal to $375,000. A director shall elect whether such award is restricted stock or deferred stock units by delivering written or electronic notice of such election to the Chief Financial Officer before the director begins to serve on the board (or within 30 days after if it is not possible for the director to make his or her election prior to beginning service); provided, however, that if the Chief Financial Officer receives no such election during such period, such grant shall be made in restricted stock. Such restricted stock or deferred stock units shall vest annually over three years (1/3 on the first anniversary of the grant, 1/3 on the second anniversary of the grant and 1/3 on the third anniversary of the grant). If a director ceases to serve as a director before such restricted shares or deferred stock units are fully vested due to death, Disability or if there is a Change in Control prior to such vesting, then such restricted stock or deferred stock units shall become fully vested as of the date of such death, Disability or Change in Control, as applicable. If the director ceases to serve on the Board for any reason other than death or Disability, any restricted stock or deferred stock units granted under this Paragraph A that are not then vested shall be forfeited as of the date of such cessation of services.

B. Annual Compensation

1. Annual Cash Compensation

a. On the date of each annual meeting of the Company's stockholders, each non-employee director who is continuing as a non-employee director following such annual meeting shall be paid an annual cash compensation amount as follows:

Board Member Cash Compensation

Annual retainer for each director ("Annual Board Retainer"):	$60,000
Board chair (if independent chair) additional compensation:	$40,000
Lead independent director (if no independent chair) add. compensation:	$40,000

Committee Member Cash Compensation	
Committee chair cash compensation	
– Audit and Finance	$25,000
– Human Capital	$20,000
– Nominating & Governance	$15,000
– Innovation, Technology & Pipeline	$15,000
Committee member (other than committee chair) cash compensation	
– Audit and Finance	$12,500
– Human Capital	$10,000
– Nominating & Governance	$6,500
– Innovation, Technology & Pipeline	$6,500

b. In lieu of cash, a director may elect to receive restricted stock having an equivalent dollar value. To be effective, notice of such election must be delivered to the Company's Chief Financial Officer in writing or electronically prior to the annual meeting at which such election shall first take effect, and such election shall be irrevocable and remain in effect until the later of (i) immediately prior to the second annual meeting following the date of delivery of such notice, or (ii) written or electronic notice from the director to the Chief Financial Officer terminating such election. No restricted stock received pursuant to this Paragraph B.1.b shall vest in a calendar year other than the calendar year in which the corresponding cash amount would have otherwise been paid.

2. Annual Equity Compensation

a. On the date of each annual meeting of the Company's stockholders, each non-employee director who is continuing as a non-employee director following the date of such annual meeting shall be granted restricted stock or deferred stock units having a value of $275,000. A director shall elect whether such award is restricted stock or deferred stock units by delivering written or electronic notice of such election to the Chief Financial Officer prior to January 1 of the calendar year in which such award will be made (or within 30 days of the director's commencement of service as a non-employee director if it is not possible for the director to make his or her election prior to January 1 of the calendar year in which such award will be made); provided, however, that if the Chief Financial Officer receives no such election during such period, such grant shall be made in restricted stock.

b. On the date of each annual meeting of the Company's stockholders, the board chair (if independent), provided such individual will continue as board chair following the date of the annual meeting, shall be granted an additional annual award having a value equal to $15,000. The chair may elect to receive such award in either restricted stock or deferred stock units by delivering written or electronic notice of such election to the Chief Financial Officer prior to January 1 of the calendar year in which such award will be made (or within 30 days of the director's commencement of service as a non-employee director if it is not possible for the chair to make his or her election prior to January 1 of the calendar year in which such award will be made); provided, however, that if the Chief Financial Officer receives no such election during such period, such grant shall be made in restricted stock.

c. Grants of annual equity compensation described in Section 2 or, if applicable, Section 3 of this Policy shall not become vested until the first anniversary of the grant date (or, if earlier, the date of the next annual meeting of the Company's stockholders (the "Annual Award Vesting Date")). If a director ceases to serve as a director before the Annual Award Vesting Date due to the director's death or Disability, or if there is a Change in Control prior to the Annual Award Vesting Date, then the restricted stock or deferred stock units shall become fully vested as of the date of such death, Disability or Change in Control, as applicable. If a director ceases to serve as a director at any time for any reason other than death or Disability before the earlier of the Annual Award Vesting Date or a Change in Control, then the annual equity grant shall become vested pro rata (based on the number of days between the grant date and the date of cessation of services divided by (x) 365 days for awards made at an annual stockholders meeting or (y) the number of days from the date of commencement of services until the next annual stockholders meeting for an award made pursuant to Section 3 of this Policy), and to the extent the restricted stock or deferred stock units are not thereby vested they shall be forfeited as of the date of such cessation of services. These vesting rules will apply whether an award is payable in shares or deferred stock units.

3. Partial Year Compensation

If a director is elected or appointed to the board other than on the date of an annual meeting of stockholders, such director's annual cash and equity compensation for the period between the date of such election or appointment and the date of the next following annual meeting of the Company's stockholders shall be granted in accordance with subsection B of this Policy on the date of such meeting but adjusted pro rata to reflect the date of such director's election or appointment and the date of such meeting and, provided, further, that the number of restricted stock or deferred stock units to be issued pursuant to this paragraph shall be fully-vested on grant.

4. Cash Compensation for Certain Innovation, Technology & Pipeline Committee Meetings

Members of the Innovation, Technology & Pipeline Committee shall receive a cash payment, in addition to that described in Section B.1.a above, of $5,000 per full-day, on-site, special working meeting. It is contemplated that the Innovation, Technology & Pipeline Committee will have up to one such meeting a year and that such meetings would take place at one the Company's offices or at some other location as determined by the Committee. In lieu of cash for any such meeting, a member of the Innovation, Technology & Pipeline Committee may elect to receive restricted stock having an equivalent dollar value, granted on the date of such meeting. To be effective, notice of such election must be delivered to the Company's Chief Financial Officer in writing or electronically prior to the date of such meeting. No restricted stock received pursuant to this Paragraph 4 shall vest in a calendar year other than the calendar year in which the corresponding cash amount would have otherwise been paid.

C. Additional Terms

1. All equity and equity-based awards under this Policy (including stock options, restricted stock and deferred stock units) shall be made under and pursuant to the Company's 2019 Omnibus Long-Term Incentive Plan, as may be amended, modified or replaced (the "Plan"). Capitalized terms used herein and not otherwise defined shall have the meanings given to them (or terms of similar import) in the Plan.

2. For purposes of this Policy, the aggregate number of shares or units, respectively, that shall be covered by a grant of restricted stock or deferred stock units, respectively, is the quotient of (A) the applicable dollar value set forth in this Policy divided by (B) the average closing stock price of the Company's common stock for the 30 trading days prior to the date of grant (or, with respect to grants made pursuant to Section B.3, the date of the relevant director's appointment to the board), rounded down to the nearest whole share or unit, as applicable.

3. For purposes of this Policy, "Disability" has the meaning set forth in Treasury Regulation Section 1.409A-1(e)(1).

4. Deferred stock units are bookkeeping entries representing the equivalent of shares of the Company's common stock. Deferred stock units are paid in shares of the Company's common stock on the effective date of the director's termination of service or removal from the board.

5. All vesting under the equity grants described in this Policy immediately ceases upon cessation of service as a director for any reason.

6. A director may not sell, transfer or otherwise dispose of any shares of restricted stock awarded under this Policy until they become vested; however, the director shall have the right to receive dividends with respect to such shares and to vote such shares prior to vesting. A director may not sell, transfer or otherwise dispose of any deferred stock units.

7. The compensation described in this Policy is in addition to reimbursement of all out-of-pocket expenses incurred by directors in attending meetings of the board.

8. The board may at any time amend, alter, suspend or terminate this Policy. No amendment, alteration, suspension or termination of this Policy shall impair the rights of a non-employee director, unless mutually agreed otherwise between such non-employee director and the board, which agreement must be in writing and signed by such non-employee director and the Company.

9. Compensation under this Policy is intended to be either exempt from the application of or meet the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and shall be construed and interpreted in accordance with such intent. To the extent that compensation under this Policy is

subject to Section 409A, such compensation must be paid, settled or deferred, as applicable, in a manner that shall meet the requirements of Section 409A, such that such compensation shall not be subject to the additional tax or interest applicable under Section 409A.

Approved January 24, 2023

EXHIBIT 31.1

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin T. Conroy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exact Sciences Corporation (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 9, 2023

By: /s/ Kevin T. Conroy
Kevin T. Conroy
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jeffrey T. Elliott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exact Sciences Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

By: /s/ Jeffrey T. Elliott
Jeffrey T. Elliott
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Exact Sciences Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Kevin T. Conroy, President and Chief Executive Officer of the Company and Jeffrey T. Elliott, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2023

/s/ Kevin T. Conroy
Name: Kevin T. Conroy
Title: President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 9, 2023

/s/ Jeffrey T. Elliott
Name: Jeffrey T. Elliott
Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)