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, 2022

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 April 25, 2022, the registrant had 175,945,110 shares of common stock outstanding.

EXACT SCIENCES CORPORATION

INDEX

		Page Number
	Part I - Financial Information	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets (unaudited) as of March 31, 2022 and December 31, 2021	3
	Condensed Consolidated Statements of Operations (unaudited) for the Three Months Ended March 31, 2022 and 2021	4
	Condensed Consolidated Statements of Comprehensive Loss (unaudited) for the Three Months Ended March 31, 2022 and 2021	5
	Condensed Consolidated Statements of Stockholders' Equity (unaudited) for the Three Months Ended March 31, 2022 and 2021	6
	Condensed Consolidated Statements of Cash Flows (unaudited) for the Three Months Ended March 31, 2022 and 2021	7
	Notes to Condensed Consolidated Financial Statements (unaudited)	9
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	32
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	43
Item 4.	Controls and Procedures	43
	Part II - Other Information	
Item 1.	Legal Proceedings	44
Item 1A.	Risk Factors	44
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 3.	Defaults Upon Senior Securities	44
Item 4.	Mine Safety Disclosures	44
Item 5	Other Information	44
Item 6.	Exhibits	45
	Signatures	46

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

Part I — Financial Information

	March 31, 2022	December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 189,776	$ 315,471
Marketable securities	627,204	715,005
Accounts receivable, net	205,625	216,645
Inventory	112,958	104,994
Prepaid expenses and other current assets	79,575	74,122
Total current assets	1,215,138	1,426,237
Long-term Assets:		
Property, plant and equipment, net	622,613	580,248
Operating lease right-of-use assets	170,373	174,225
Goodwill	2,335,172	2,335,172
Intangible assets, net	2,069,757	2,094,411
Other long-term assets, net	77,484	74,591
Total assets	$ 6,490,537	$ 6,684,884
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 66,471	$ 67,829
Accrued liabilities	365,916	398,556
Operating lease liabilities, current portion	19,711	19,710
Other current liabilities	28,854	30,973
Total current liabilities	480,952	517,068
Long-term Liabilities:		
Convertible notes, net	2,181,680	2,180,232
Other long-term liabilities	389,062	417,782
Operating lease liabilities, less current portion	180,632	182,166
Total liabilities	3,232,326	3,297,248
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, 2022 and December 31, 2021	—	—
Common stock, $0.01 par value Authorized—400,000,000 shares issued and outstanding—175,551,408 and 173,674,067 shares at March 31, 2022 and December 31, 2021	1,757	1,738
Additional paid-in capital	6,085,558	6,028,861
Accumulated other comprehensive loss	(6,647)	(1,443)
Accumulated deficit	(2,822,457)	(2,641,520)
Total stockholders' equity	3,258,211	3,387,636
Total liabilities and stockholders' equity	$ 6,490,537	$ 6,684,884

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,	
	2022	2021
Revenue	$ 486,571	$ 402,077
Operating expenses		
Cost of sales (exclusive of amortization of acquired intangible assets)	134,705	109,993
Research and development	102,248	115,567
Sales and marketing	232,181	186,141
General and administrative	169,770	267,727
Amortization of acquired intangible assets	24,654	23,190
Total operating expenses	663,558	702,618
Loss from operations	(176,987)	(300,541)
Other income (expense)		
Investment income (expense), net	(1,487)	31,188
Interest expense	(4,478)	(4,616)
Total other income (expense)	(5,965)	26,572
Net loss before tax	(182,952)	(273,969)
Income tax benefit	2,015	242,805
Net loss	$ (180,937)	$ (31,164)
Net loss per share—basic and diluted	$ (1.04)	$ (0.18)
Weighted average common shares outstanding—basic and diluted	174,417	169,434

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,	
	2022	2021
Net loss	$ (180,937)	$ (31,164)
Other comprehensive income (loss), before tax:		
Unrealized loss on available-for-sale investments	(4,967)	(332)
Foreign currency translation loss	(237)	—
Comprehensive loss, before tax	(186,141)	(31,496)
Income tax benefit related to items of other comprehensive loss	—	170
Comprehensive loss, net of tax	$ (186,141)	$ (31,326)

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	$0.01 Par Value				
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

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	$0.01 Par Value				
Balance, January 1, 2021	159,423,410	$ 1,595	$ 4,279,327	$ 526	$ (2,045,896)	$ 2,235,552
Settlement of convertible notes, net of tax	344	—	26	—	—	26
Exercise of common stock options	967,107	10	8,749	—	—	8,759
Issuance of common stock to fund the Company's 2020 401(k) match	162,606	2	22,932	—	—	22,934
Compensation expense related to issuance of stock options and restricted stock awards	1,355,435	13	158,239	—	—	158,252
Issuance of common stock for business combinations, net of issuance costs	9,384,410	94	1,254,704	—	—	1,254,798
Net loss	—	—	—	—	(31,164)	(31,164)
Other comprehensive loss	—	—	—	(162)	—	(162)
Balance, March 31, 2021	171,293,312	$ 1,714	$ 5,723,977	$ 364	$ (2,077,060)	$ 3,648,995

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,	
	2022	2021
Cash flows from operating activities:		
Net loss	$ (180,937)	$ (31,164)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	22,993	20,508
Loss on disposal of property, plant and equipment	321	337
Unrealized (gain) loss on equity investments	1,350	(7)
Deferred tax benefit	(1,912)	(243,130)
Stock-based compensation	52,441	77,292
Post-combination expense for acceleration of unvested equity	—	80,960
Realized gain on preferred stock investment	—	(30,500)
Amortization of deferred financing costs, convertible note debt discount and issuance costs, and other liabilities	1,700	1,633
Amortization of premium on short-term investments	956	439
Amortization of acquired intangible assets	24,654	23,190
Asset acquisition IPR&D expense	—	52,263
Remeasurement of contingent consideration	(26,680)	2,879
Non-cash lease expense	7,363	5,740
Changes in assets and liabilities:		
Accounts receivable, net	11,020	(22,950)
Inventory, net	(7,964)	3,232
Operating lease liabilities	(5,177)	(3,120)
Accounts payable and accrued liabilities	(66,048)	(15,862)
Other assets and liabilities	(7,834)	1,033
Net cash used in operating activities	(173,754)	(77,227)
Cash flows from investing activities:		
Purchases of marketable securities	(70,267)	(162,498)
Maturities and sales of marketable securities	150,630	236,295
Purchases of property, plant and equipment	(33,623)	(12,920)
Business combination, net of cash acquired	—	(343,248)
Asset acquisition	—	(25,000)
Investments in privately held companies	(1,172)	(10,000)
Other investing activities	(7)	(141)
Net cash provided by (used in) investing activities	45,561	(317,512)
Cash flows from financing activities:		
Proceeds from exercise of common stock options	4,282	8,759
Other financing activities	(1,547)	(1,514)
Net cash provided by financing activities	2,735	7,245
Effects of exchange rate changes on cash and cash equivalents	(237)	—
Net decrease in cash, cash equivalents and restricted cash	(125,695)	(387,494)
Cash, cash equivalents and restricted cash, beginning of period	315,768	1,491,594
Cash, cash equivalents and restricted cash, end of period	$ 190,073	$ 1,104,100

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

	Three Months Ended March 31,	
	2022	2021
Supplemental disclosure of non-cash investing and financing activities		
Property, plant and equipment acquired but not paid	$ 31,491	$ 8,697
Business combination contingent consideration liability	$ —	$ 331,348
Supplemental disclosure of cash flow information:		
Interest paid	$ 5,133	$ 5,274
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 189,776	$ 1,103,816
Restricted cash — included in other long-term assets, net	297	284
Total cash, cash equivalents and restricted cash	$ 190,073	$ 1,104,100

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 Exact Sciences Corporation 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, 2021 included in the Company's Annual Report on Form 10-K (the "2021 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 in the United States of America ("GAAP") 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, 2021 has been derived from audited financial statements, but does not contain all of the footnote disclosures from the 2021 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 2021 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 and the 2021 Form 10-K.

The spread of the coronavirus ("COVID-19") has affected many segments of the global economy, including the cancer screening and diagnostics industry. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company and the unknown future impacts of COVID-19 as of March 31, 2022 and through the date of the filing of this Quarterly Report on Form 10-Q. The accounting matters assessed included, but were not limited to, the Company's allowance for doubtful accounts and credit losses, marketable and non-marketable investments, software, and the carrying value of the goodwill and other long-lived assets. The Company's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in additional material impacts to the Company's consolidated financial statements in future reporting periods.

The pandemic and related precautionary measures began to materially disrupt the Company's operations in March 2020 and may continue to disrupt the business for an unknown period of time. As a result, the pandemic had an impact on the Company's revenues and operating results.

The ultimate impact of COVID-19 depends on factors beyond the Company's knowledge or control, including the duration and severity of the outbreak, as well as third-party actions taken to contain its spread and mitigate its public health effects. As a result, the Company is unable to estimate the extent to which COVID-19 will negatively impact its financial results or liquidity.

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

Significant Accounting Policies

During the three months ended March 31, 2022, there were no changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, except as described in the Recently Adopted Accounting Pronouncements section below.

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.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In October 2021, The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2021-08, *Business Combinations (Topic 805)*. This update requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification ("ASC") 606. This differs from the current requirement to measure contract assets and contract liabilities acquired in a business combination at fair value. The amendments in this update should be applied prospectively, and are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company early adopted the amendments in this update during the first quarter of fiscal year 2022. There was no material impact to the Company's condensed consolidated financial statements.

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)	**2022**	**2021**
Shares issuable in connection with acquisitions (1)	45	157
Shares issuable upon exercise of stock options	1,790	2,633
Shares issuable upon the release of restricted stock awards	6,991	4,467
Shares issuable upon the release of performance share units	963	846
Shares issuable upon conversion of convertible notes	20,309	20,309
	30,098	28,412

(1) During the third quarter of 2021, shares were issued related to holdback amounts on the previously closed acquisition of Viomics, Inc. ("Viomics") causing the decrease in shares issuable as of March 31, 2022 as compared to March 31, 2021. The remaining issuable shares relate to the previously closed acquisition of Paradigm Diagnostics, Inc. ("Paradigm") in March 2020.

(2) REVENUE

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

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

Disaggregation of Revenue

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

	Three Months Ended March 31,	
(In thousands)	**2022**	**2021**
Screening		
Medicare Parts B & C	$ 113,755	$ 101,559
Commercial	161,680	127,874
Other	31,087	10,895
Total Screening	306,522	240,328
Precision Oncology		
Medicare Parts B & C	$ 52,565	$ 44,837
Commercial	46,062	46,812
International	29,443	26,056
Other	24,550	11,702
Total Precision Oncology	152,620	129,407
COVID-19 Testing	$ 27,429	$ 32,342
Total	$ 486,571	$ 402,077

Screening revenue primarily includes laboratory service revenue from the Cologuard test while Precision Oncology revenue primarily includes laboratory service revenue from global Oncotype® products.

Revenue recognized from changes in transaction price was $4.2 million and $1.7 million for the three months ended March 31, 2022 and 2021, respectively.

The Company had deferred revenue of $1.3 million and $1.0 million as of March 31, 2022 and December 31, 2021, respectively. Deferred revenue is reported in other current liabilities in the Company's condensed consolidated balance sheets.

Revenue recognized for the three months ended March 31, 2022 and 2021, which was included in the deferred revenue balance at the beginning of each period, was $0.3 million and $14.0 million, respectively. Of the $14.0 million of revenue recognized for the three months ended March 31, 2021, which was included in the deferred revenue balance at the beginning of the period, $13.8 million related to COVID-19 testing.

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

(3) MARKETABLE SECURITIES

The following table sets forth the Company's cash, cash equivalents, restricted cash, and marketable securities at March 31, 2022 and December 31, 2021:

(In thousands)	March 31, 2022	December 31, 2021
Cash, cash equivalents, and restricted cash		
Cash and money market	$ 135,320	$ 247,335
Cash equivalents	54,456	68,136
Restricted cash	297	297
Total cash, cash equivalents, and restricted cash	190,073	315,768
Marketable securities		
Available-for-sale debt securities	$ 625,383	$ 711,669
Equity securities	1,821	3,336
Total marketable securities	627,204	715,005
Total cash and cash equivalents, restricted cash and marketable securities	$ 817,277	$ 1,030,773

Available-for-sale debt securities at March 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	$ 51,979	$ —	$ —	$ 51,979
U.S. government agency securities	2,477	—	—	2,477
Total cash equivalents	54,456	—	—	54,456
Marketable securities				
Corporate bonds	$ 229,768	$ —	$ (1,952)	$ 227,816
U.S. government agency securities	250,764	—	(3,594)	247,170
Certificates of deposit	41,204	—	(50)	41,154
Commercial paper	12,924	—	(4)	12,920
Asset backed securities	97,156	—	(833)	96,323
Total marketable securities	631,816	—	(6,433)	625,383
Total available-for-sale securities	$ 686,272	$ —	$ (6,433)	$ 679,839

(1) Gains and losses in accumulated other comprehensive income (loss) ("AOCI") are reported before tax impact.

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

Available-for-sale debt securities at December 31, 2021 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				
U.S. government agency securities	$ 3,543	$ —	$ —	$ 3,543
Commercial paper	64,593	—	—	64,593
Total cash equivalents	68,136	—	—	68,136
Marketable securities				
U.S. government agency securities	$ 250,793	$ —	$ (873)	$ 249,920
Asset backed securities	94,565	2	(107)	94,460
Commercial paper	6,996	—	—	6,996
Certificates of deposit	47,147	2	(10)	47,139
Corporate bonds	313,634	13	(493)	313,154
Total marketable securities	713,135	17	(1,483)	711,669
Total available-for-sale securities	$ 781,271	$ 17	$ (1,483)	$ 779,805

(1) Gains and losses in AOCI are reported before tax impact.

The following table summarizes contractual underlying maturities of the Company's available-for-sale debt securities at March 31, 2022:

	Due one year or less		Due after one year through five years	
(In thousands)	Cost	Fair Value	Cost	Fair Value
Cash equivalents				
Commercial paper	$ 51,979	$ 51,979	$ —	$ —
U.S. government agency securities	2,477	2,477	—	—
Total cash equivalents	54,456	54,456	—	—
Marketable securities				
U.S. government agency securities	$ 134,099	$ 132,683	$ 116,665	$ 114,487
Corporate bonds	114,973	114,482	114,795	113,334
Certificates of deposit	41,204	41,154	—	—
Asset backed securities	—	—	97,156	96,323
Commercial paper	12,924	12,920	—	—
Total marketable securities	303,200	301,239	328,616	324,144
Total	$ 357,656	$ 355,695	$ 328,616	$ 324,144

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

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, 2022, 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						
Corporate bonds	$ 216,816	$ (1,952)	$ —	$ —	$ 216,816	$ (1,952)
Certificates of deposit	41,154	(50)	—	—	41,154	(50)
Asset backed securities	96,324	(833)	—	—	96,324	(833)
U.S. government agency securities	247,170	(3,594)	—	—	247,170	(3,594)
Commercial paper	3,989	(4)	—	—	3,989	(4)
Total available-for-sale securities	$ 605,453	$ (6,433)	$ —	$ —	$ 605,453	$ (6,433)

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, 2022 and December 31, 2021, 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 are included in investment income, net in the Company's condensed consolidated statements of operations. The gains and losses recorded on available-for-sale debt securities and equity securities were not significant for the three months ended March 31, 2022 and 2021.

(4) INVENTORY

Inventory consisted of the following:

(In thousands)	March 31, 2022	December 31, 2021
Raw materials	$ 55,402	$ 51,321
Semi-finished and finished goods	57,556	53,673
Total inventory	$ 112,958	$ 104,994

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

(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, 2022	December 31, 2021
Property, plant and equipment			
Land	n/a	$ 4,716	$ 4,716
Leasehold and building improvements	(1)	166,286	147,083
Land improvements	15 years	5,206	5,206
Buildings	30 - 40 years	210,439	210,560
Computer equipment and computer software	3 years	117,393	109,119
Laboratory equipment	3 - 10 years	202,104	189,748
Furniture and fixtures	3 - 10 years	29,727	28,293
Assets under construction	n/a	123,873	100,339
Property, plant and equipment, at cost		859,744	795,064
Accumulated depreciation		(237,131)	(214,816)
Property, plant and equipment, net		$ 622,613	$ 580,248

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

Depreciation expense for the three months ended March 31, 2022 and 2021 was $23.0 million and $20.5 million, respectively.

At March 31, 2022, the Company had $123.9 million of assets under construction, which consisted of $69.1 million related to buildings, $26.4 million in laboratory equipment, $16.2 million in leasehold and building improvements, $11.5 million in capitalized costs related to software projects, and $0.7 million in land improvements. Depreciation will begin on these assets once they are placed into service upon completion between 2022 and 2024.

(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, 2022:

(In thousands)	Weighted Average Remaining Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Balance at March 31, 2022
Finite-lived intangible assets				
Trade name	13.2	$ 104,700	$ (15,378)	$ 89,322
Customer relationships	9.4	6,700	(1,712)	4,988
Patents	3.4	10,942	(7,110)	3,832
Acquired developed technology	8.4	918,171	(198,649)	719,522
Supply agreements	5.2	2,295	(202)	2,093
Total finite-lived intangible assets		1,042,808	(223,051)	819,757
In-process research and development	n/a	1,250,000	—	1,250,000
Total intangible assets		$ 2,292,808	$ (223,051)	$ 2,069,757

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

The following table summarizes the net-book-value and estimated remaining life of the Company's intangible assets as of December 31, 2021:

(In thousands)	Weighted Average Remaining Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net balance at December 31, 2021
Finite-lived intangible assets				
Trade name	13.4	$ 104,700	$ (13,554)	$ 91,146
Customer relationships	9.6	6,700	(1,577)	5,123
Patents and licenses	3.6	10,942	(6,763)	4,179
Acquired developed technology	8.6	918,171	(176,402)	741,769
Supply agreements	5.4	2,295	(101)	2,194
Total finite-lived intangible assets		1,042,808	(198,397)	844,411
In-process research and development	n/a	1,250,000	—	1,250,000
Total intangible assets		$ 2,292,808	$ (198,397)	$ 2,094,411

As of March 31, 2022, 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)	
2022 (remaining nine months)	$ 73,962
2023	98,611
2024	98,276
2025	97,228
2026	96,169
Thereafter	355,511
	$ 819,757

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

Goodwill

The change in the carrying amount of goodwill for the periods ended March 31, 2022 and December 31, 2021 is as follows:

(In thousands)	
Balance, January 1, 2021	$ 1,237,672
Thrive acquisition	948,105
Ashion acquisition	56,758
PreventionGenetics acquisition	92,637
Balance, December 31, 2021	2,335,172
Balance March 31, 2022	$ 2,335,172

There were no impairment losses for the three months ended March 31, 2022 and 2021.

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

(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.

The following table presents the Company's fair value measurements as of March 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 March 31, 2022	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	$ 135,320	$ 135,320	$ —	$ —
Commercial paper	51,979	—	51,979	—
U.S. government agency securities	2,477	—	2,477	—
Restricted cash	297	297	—	—
Marketable securities				
Corporate bonds	$ 227,816	$ —	$ 227,816	$ —
Certificates of deposit	41,154	—	41,154	—
Commercial paper	12,920	—	12,920	—
U.S. government agency securities	247,170	—	247,170	—
Asset backed securities	96,323	—	96,323	—
Equity securities	1,821	1,821	—	—
Non-marketable securities	$ 2,640	$ —	$ —	$ 2,640
Liabilities				
Contingent consideration	$ (332,341)	$ —	$ —	$ (332,341)
Total	$ 487,576	$ 137,438	$ 679,839	$ (329,701)

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

The following table presents the Company's fair value measurements as of December 31, 2021 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, 2021	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	$ 247,335	$ 247,335	$ —	$ —
Commercial paper	64,593	—	64,593	—
U.S. government agency securities	3,543	—	3,543	—
Restricted cash	297	297	—	—
Marketable securities				
U.S. government agency securities	$ 249,920	$ —	$ 249,920	$ —
Corporate bonds	313,154	—	313,154	—
Asset backed securities	94,460	—	94,460	—
Certificates of deposit	47,139	—	47,139	—
Commercial paper	6,996	—	6,996	—
Equity securities	3,336	3,336	—	—
Non-marketable securities	$ 3,090	$ —	$ —	$ 3,090
Liabilities				
Contingent consideration	$ (359,021)	$ —	$ —	$ (359,021)
Total	$ 674,842	$ 250,968	$ 779,805	$ (355,931)

There have been no changes in valuation techniques or transfers between fair value measurement levels during the three months ended March 31, 2022. 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.

Contingent Consideration

The fair value of contingent consideration as of March 31, 2022 and December 31, 2021 was $332.3 million and $359.0 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, 2022	$ 359,021
Changes in fair value	(26,680)
Ending balance, March 31, 2022	$ 332,341

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 liability recorded related to regulatory and product development milestones associated with the acquisitions of Thrive Earlier Detection Corporation ("Thrive") and Ashion Analytics, LLC ("Ashion") was $331.1 million and $357.8 million as of March 31, 2022 and December 31, 2021, respectively. The Company evaluates the fair value of the regulatory and product development milestones related expected contingent consideration and the corresponding liability 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, 2022 and December 31, 2021, respectively, and a weighted average present-value factor of 4.5% and 2.3% as of March 31, 2022 and December 31, 2021, respectively. The projected fiscal year of payment range is from 2024 to 2027. Unobservable inputs were weighted by the relative fair value of the contingent consideration liability.

The fair value of the contingent consideration earnout liability related to certain revenue milestones associated with the Biomatrica acquisition was $1.2 million as of March 31, 2022 and December 31, 2021. 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, 2022 and December 31, 2021, the aggregate carrying amounts of the Company's non-marketable equity securities without readily determinable fair values were $25.9 million and $25.3 million, respectively, which are classified as a component of other long-term assets in the Company's condensed consolidated balance sheets. There have been no downward or upward 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 $14.8 million remained callable through 2033 as of March 31, 2022. The aggregate carrying amount of the Funds, which are classified as a component of other long-term assets in the Company's condensed consolidated balance sheets, were $2.7 million and $1.5 million as of March 31, 2022 and December 31, 2021, respectively.

Derivative Financial Instruments

As of March 31, 2022 and December 31, 2021, the Company had open foreign currency forward contracts with notional amounts of $48.9 million and $46.7 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 foreign currency forward contracts was zero at March 31, 2022 and December 31, 2021, and there were no gains or losses recorded for the three months ended March 31, 2022 and 2021.

(8) LONG-TERM DEBT

Revolving Loan Agreement

During November 2021, the Company entered into a revolving loan agreement (the "Revolving Loan Agreement") with PNC Bank, National Association ("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. The Revolver's maturity date is November 5, 2023.

The Company has agreed in the Revolving Loan Agreement to various financial covenants, and as of March 31, 2022, the Company is in compliance with all covenants.

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

During the fourth quarter of 2021, PNC issued a letter of credit of $2.9 million, which reduced the amount available for cash advances under the line of credit to $147.1 million as of March 31, 2022 and December 31, 2021. As of March 31, 2022 and December 31, 2021, 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, 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	$ (18,074)	$ 1,131,926	$ 1,032,125	2
2027 Convertible notes - 0.375%	747,500	(11,137)	736,363	712,315	2
2025 Convertible notes - 1.000%	315,005	(1,614)	313,391	377,833	2

Convertible note obligations included in the condensed consolidated balance sheet consisted of the following as of December 31, 2021:

				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	$ (18,826)	$ 1,131,174	$ 1,139,650	2
2027 Convertible notes - 0.375%	747,500	(11,691)	735,809	771,794	2
2025 Convertible notes - 1.000%	315,005	(1,756)	313,249	415,473	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.

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, and 8.21 shares of common stock per $1,000 principal amount for the convertible notes due in 2025 ("2025 Notes"), 2027 ("2027 Notes"), and 2028 ("2028 Notes"), respectively, which is equivalent to an initial conversion price of approximately $75.43, $111.66, and $121.84 per share of the Company's common stock for the 2025 Notes, 2027 Notes, and 2028 Notes, respectively. The 2025 Notes, 2027 Notes, and 2028 Notes may be convertible in up to 4.2 million, 6.7 million, and 9.4 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 Indenture), 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 $69.92 on March 31, 2022, 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)	
January 2025 Notes	$ 10,284
June 2025 Notes	7,362
2027 Notes	14,285
2028 Notes	24,453

Interest Expense

Interest expense includes the following:

	Three Months Ended March 31,	
(In thousands)	2022	2021
Debt issuance costs amortization	$ 1,412	$ 1,413
Debt discount amortization	36	36
Coupon interest expense	2,567	2,567
Total interest expense on convertible notes	4,015	4,016
Other interest expense	463	600
Total interest expense	$ 4,478	$ 4,616

The effective interest rates on the 2025 Notes, 2027 Notes, and 2028 Notes for the three months ended March 31, 2022 and 2021 were 1.18%, 0.67%, and 0.64% and 1.18%, 0.67%, and 0.64%, respectively. The remaining period over which the unamortized debt discount will be recognized as non-cash interest expense is 2.80, 4.96, and 5.92 years for the 2025 Notes, 2027 Notes, and 2028 Notes, respectively.

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

(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 $1.4 million and $1.2 million for the three months ended March 31, 2022 and 2021, 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 ("JHU")

Through the acquisition of Thrive, the Company acquired a worldwide exclusive license agreement with 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.

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

(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 provides that the Company will pay Pfizer a total of $35.9 million in three installments 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 charges of $2.5 million and $22.7 million for the service fee for the three months ended March 31, 2022 and 2021, respectively. The Company incurred charges of $38.4 million and $26.6 million for promotion, sales and marketing services performed by Pfizer on behalf of the Company during the three months ended March 31, 2022 and 2021, respectively.

(12) STOCKHOLDERS' EQUITY

PreventionGenetics LLC ("PreventionGenetics") Acquisition Stock Issuance

In December 2021, the Company completed its acquisition of PreventionGenetics. In connection with the acquisition, which is further described in Note 16, the Company issued 1.1 million shares of the Company's common stock that had a fair value of $84.2 million.

Ashion Acquisition Stock Issuance

In April 2021, the Company completed its acquisition of Ashion. In connection with the acquisition, which is further described in Note 16, the Company issued 0.1 million shares of the Company's common stock that had a fair value of $16.2 million.

Thrive Acquisition Stock Issuance

In January 2021, the Company completed its acquisition of Thrive. In connection with the acquisition, which is further described in Note 16, the Company issued 9.3 million shares of the Company's common stock that had a fair value of $1.19 billion.

Targeted Digital Sequencing ("TARDIS") License Acquisition Stock Issuance

In January 2021, the Company acquired a worldwide exclusive license to the TARDIS technology from The Translational Genomics Research Institute ("TGen"), which is further described in Note 16. As part of the consideration transferred, the Company issued 0.2 million shares of the Company's common stock that had a fair value of $27.3 million.

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

Exact Sciences 401(k) Plan

As further discussed in Note 16 of the Company's most recently filed Form 10-K, the Company maintains a qualified 401(k) retirement savings plan (the "401(k) Plan") for Exact Sciences employees and matching contributions are made annually by the Company in the form of the Company's common stock. The Company issued 0.4 million shares of the Company's common stock to fund the Company's 2021 401(k) match in April 2022.

Changes in Accumulated Other Comprehensive Income (Loss)

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

(In thousands)	Foreign Currency Translation Adjustments	Unrealized Gain (Loss) on Marketable 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 loss	—	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.

The amounts recognized in AOCI for the three months ended March 31, 2021 were as follows:

(In thousands)	Unrealized Gain (Loss) on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2020	$ 526	$ 526
Other comprehensive loss before reclassifications	(292)	(292)
Amounts reclassified from accumulated other comprehensive income	(40)	(40)
Net current period change in accumulated other comprehensive income, before tax	(332)	(332)
Income tax benefit related to items of other comprehensive income	170	170
Balance at March 31, 2021	$ 364	$ 364

Amounts reclassified from AOCI for the three months ended March 31, 2022 and 2021 were as follows:

Details about AOCI Components (In thousands)	Affected Line Item in the Statements of Operations	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Change in value of available-for-sale investments			
Sales and maturities of available-for-sale investments	Investment income (expense), net	$ 27	$ (40)
Total reclassifications		$ 27	$ (40)

(13) STOCK-BASED COMPENSATION

Stock-Based Compensation Plans

The Company maintains the following plans for which awards were granted from or had shares outstanding in 2022: 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").

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

Stock-Based Compensation Expense

The Company records stock-based compensation expense in connection with the amortization of restricted stock and restricted stock unit awards ("RSUs"), 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 $52.4 million and $163.5 million in stock-based compensation expense during the three months ended March 31, 2022 and 2021, respectively.

As of March 31, 2022, there was approximately $551.7 million of expected total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans. The Company expects to recognize that cost over a weighted average period of 3.1 years.

In connection with the acquisition of Thrive, the Company accelerated the vesting of shares of previously unvested stock options and restricted stock units for employees with qualifying termination events. During the three months ended March 31, 2021, the Company accelerated 99,014 shares of previously unvested stock options and 27,479 shares of previously unvested restricted stock awards and restricted stock units and recorded $13.5 million of non-cash stock-based compensation for the accelerated awards. As further discussed in Note 16, the Company also recorded $86.2 million in stock-based compensation related to accelerated vesting of awards held by Thrive employees in connection with the acquisition.

Stock Options

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

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term(Years)	Aggregate Intrinsic Value (1)
(Aggregate intrinsic value in thousands)				
Outstanding, January 1, 2022	2,284,276	$ 34.65	5.5	
Granted	—	—		
Exercised	(485,653)	8.84		
Forfeited	(8,571)	86.02		
Outstanding, March 31, 2022	1,790,052	$ 41.41	5.8	$ 63,737
Vested and expected to vest, March 31, 2022	1,790,052	$ 41.41	5.8	$ 63,737
Exercisable, March 31, 2022	1,509,645	$ 36.47	5.4	$ 58,202

(1) The total intrinsic value of options exercised during the three months ended March 31, 2022 and 2021 was $29.6 million and $126.0 million, respectively, determined as of the date of exercise.

The Company received approximately $4.3 million and $8.8 million from stock option exercises during the three months ended March 31, 2022 and 2021, 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.

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

A summary of restricted stock and restricted stock unit activity during the three months ended March 31, 2022 is as follows:

Restricted stock and restricted stock units	Shares	Weighted Average Grant Date Fair Value (2)
Outstanding, January 1, 2022	4,320,910	$ 108.84
Granted	3,042,920	77.31
Released (1)	(1,100,885)	100.61
Forfeited	(235,095)	106.76
Outstanding, March 31, 2022	6,027,850	$ 94.35

(1) The fair value of restricted stock units vested and converted to shares of the Company's common stock was $110.8 million and $80.9 million during the three months ended March 31, 2022 and 2021, respectively.

(2) The weighted average grant date fair value of the restricted stock units granted during the three months ended March 31, 2021 was $143.66.

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 January 2022, the Company issued additional performance-based equity awards, which include a market condition in the form of a total shareholder return ("TSR") modifier. At the end of the three-year performance period, the total units earned, if any, are adjusted by applying the modifier, ranging from 50% to 150%. The TSR modifier is based on stock price performance relative to a group of peer companies for the same three-year period. The fair value of the awards granted was calculated using a Monte Carlo simulation model, as the TSR modifier contains a market condition.

A summary of performance share unit activity is as follows:

Performance share units	Shares (1)	Weighted Average Grant Date Fair Value (2)
Outstanding, January 1, 2022	878,114	$ 107.18
Granted	711,629	92.31
Released (3)	(292,134)	93.22
Forfeited	(334,515)	94.30
Outstanding, March 31, 2022	963,094	$ 104.90

(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, 2022 was 259,865.

(2) The weighted average grant date fair value of the performance share units granted during the three months ended March 31, 2021 was $147.81.

(3) The fair value of performance share units vested and converted to shares of the Company's common stock was $27.2 million for the three months ended March 31, 2022. There were no performance share units vested and converted to shares of the Company's common stock during the three months ended March 31, 2021.

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

Employee Stock Purchase Plan ("ESPP")

There were no shares issued under the 2010 Employee Stock Purchase Plan during the three months ended March 31, 2022 and 2021.

(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:

	Three Months Ended March 31,	
(In thousands)	**2022**	**2021**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 8,097	$ 5,558
Operating cash flows from finance leases	211	248
Finance cash flows from finance leases	1,548	1,203
Non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities (1)	$ 4,259	$ 40,406
Right-of-use assets obtained in exchange for new finance lease liabilities	878	639
Weighted-average remaining lease term - operating leases (in years)	8.17	8.69
Weighted-average remaining lease term - finance leases (in years)	2.80	3.45
Weighted-average discount rate - operating leases	6.09 %	6.41 %
Weighted-average discount rate - finance leases	5.32 %	5.66 %

(1) For the three months ended March 31, 2021, this includes right-of-use assets acquired as part of the business combinations described in Note 16 of $39.6 million.

As of March 31, 2022 and December 31, 2021, the Company's right-of-use assets from operating leases are $170.4 million and $174.2 million, respectively, which are reported in operating lease right-of-use assets in the Company's condensed consolidated balance sheets. As of March 31, 2022, the Company has outstanding operating lease obligations of $200.3 million, of which $19.7 million is reported in operating lease liabilities, current portion and $180.6 million is reported in operating lease liabilities, less current portion in the Company's condensed consolidated balance sheets. As of December 31, 2021, the Company had outstanding operating lease obligations of $201.9 million, of which $19.7 million is reported in operating lease liabilities, current portion and $182.2 million is reported in operating lease liabilities, less current portion in the Company's condensed consolidated balance sheets.

As of March 31, 2022 and December 31, 2021, the Company's right-of-use assets from finance leases are $17.4 million and $18.2 million, respectively, which are reported in other long-term assets, net in the Company's condensed consolidated balance sheets. As of March 31, 2022, the Company has outstanding finance lease obligations of $18.0 million, of which $6.4 million is reported in other current liabilities and $11.6 million is reported in other long-term liabilities in the Company's condensed consolidated balance sheets. As of December 31, 2021, the Company had outstanding finance lease obligations of $18.7 million, of which $6.2 million is reported in other current liabilities and $12.5 million is reported in other long-term liabilities in the Company's condensed consolidated balance sheets.

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

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 (the "DOS 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 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 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 civil damages estimate does not include potential treble damages, civil or criminal penalties or other remedies that the DOJ could seek against the Company. 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 $10 million as of March 31, 2022.

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 $10 million as of March 31, 2022 is based on several factors, considerations, and judgments, and the ultimate resolution of this matter could result in a loss in excess of the recorded accrual.

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 March 31, 2022, the Company has earned all $9.0 million of the refundable tax credits and has 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, 2022, the Company has earned $9.0 million of the refundable tax credits under the Amended WEDC Agreement. The unpaid portion is $9.0 million as of March 31, 2022, of which $1.7 million is reported in prepaid expenses and other current assets and $7.3 million is reported in other long-term assets, reflecting when collection of the refundable tax credits is expected to occur.

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

(16) BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

Business Combinations

PreventionGenetics LLC

On December 31, 2021, the Company completed the acquisition (the "PreventionGenetics Acquisition") of all of the outstanding equity interests of PreventionGenetics, LLC. The PreventionGenetics Acquisition provided the Company a Clinical Laboratory Improvement Amendments ("CLIA") certified and College of American Pathologist ("CAP") accredited sequencing lab based in Marshfield, Wisconsin. PreventionGenetics provides 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.

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

Refer to the Company's 2021 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, 2021, there were no material 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 intangible assets.

Ashion Analytics, LLC

On April 14, 2021, the Company completed the acquisition ("Ashion Acquisition") of all of the outstanding equity interests of Ashion Analytics, LLC from PMed Management, LLC ("PMed"), which is a subsidiary of TGen. The Ashion Acquisition provided the Company a CLIA certified and CAP accredited sequencing lab based in Phoenix, Arizona. Ashion developed the GEMExTra® test, a comprehensive genomic cancer test, and provides access to whole exome, matched germline, and transcriptome sequencing capabilities.

Refer to the Company's 2021 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, 2021, there were no changes to the purchase price allocation and the measurement period has closed.

Thrive Earlier Detection Corporation

On January 5, 2021, the Company completed the acquisition ("Thrive Merger") of all of the outstanding capital stock of Thrive Earlier Detection Corporation. Thrive, headquartered in Cambridge, Massachusetts, is a healthcare company dedicated to incorporating earlier cancer detection into routine medical care. The Company expects that combining Thrive's early-stage multi-cancer early detection test with the Company's scientific platform, clinical organization and commercial infrastructure will bring an accurate blood-based, multi-cancer detection test to patients faster.

Refer to the Company's 2021 10-K for detailed disclosures on the combination, including the fair value of the consideration transferred, final purchase price allocation, and goodwill and intangible assets identified in the transaction.

Asset Acquisitions

PFS Genomics Inc.

On May 3, 2021, the Company acquired 90% of the outstanding capital stock of PFS Genomics Inc. ("PFS"). On June 23, 2021, the Company completed the acquisition of the remaining 10% interest in PFS. The Company expects this acquisition to expand its ability to help guide early-stage breast cancer treatment through individualized radiotherapy treatment decisions.

The transaction was treated as an asset acquisition under GAAP because substantially all of the fair value of the gross assets acquired were deemed to be associated with the acquired technology. Refer to the Company's 2021 10-K for detailed disclosures on the asset acquisition, including the fair value of the consideration transferred and purchase price allocation.

TARDIS License Agreement

On January 11, 2021, the Company entered into a worldwide exclusive license to the proprietary 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. The Company intends to develop and commercialize the TARDIS technology as a minimal residual disease test.

The Company accounted for this transaction as an asset acquisition. Refer to the Company's 2021 10-K for detailed disclosures on the asset acquisition, including the fair value of the consideration transferred and information related to contingent milestones.

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

(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)	**2022**	**2021**
United States	$ 457,128	$ 376,021
Outside of United States	29,443	26,056
Total revenues	$ 486,571	$ 402,077

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

(18) INCOME TAXES

The Company recorded an income tax benefit of $2.0 million and $242.8 million for the three months ended March 31, 2022 and 2021, respectively. The Company’s income tax benefit recorded during the three months ended March 31, 2022 is primarily related to the future limitations on and expiration of certain Federal and State deferred tax assets, offset by current foreign and state tax expense. A deferred tax liability of approximately $26.4 million was recorded as of March 31, 2022, 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 $23.1 million and $21.8 million of unrecognized tax benefits at March 31, 2022 and December 31, 2021, 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, 2022, 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 2002 through 2022, and to state income tax examinations for the tax years 2002 through 2022. No interest or penalties related to income taxes have been accrued or recognized as of March 31, 2022.

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, 2021, which has been filed with the SEC (the "2021 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: uncertainties associated with the coronavirus ("COVID-19") pandemic, including its possible effects on our operations, including our supply chain and clinical studies, and the demand for our cancer and COVID-19 testing products and services; our ability to efficiently and flexibly manage our business amid uncertainties related to COVID-19; our ability to raise additional capital in amounts and on terms satisfactory to us, if at all; 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; 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; our ability to manage an international business and our expectations regarding our international expansion and opportunities; the potential effects of foreign currency exchange rate fluctuations and our efforts to hedge such effects; 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 will be greater than expected and the possibility that integration efforts will disrupt our business and strain management time and resources; the outcome of any litigation, government investigations, enforcement actions or other legal proceedings, including in connection with acquisitions; our ability to retain and hire key personnel, including employees at businesses we acquire. 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 2021 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.

Our Screening Tests

Colorectal Cancer Screening

Colorectal cancer is the second leading cause of cancer deaths in the United States and the leading cause of cancer deaths in the United States among non-smokers. Each year in the United States there are approximately 150,000 new cases of colorectal cancer and 53,000 deaths. It is widely accepted that colorectal cancer is among the most preventable, yet least prevented cancers.

Our Cologuard® test is a 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 Precision Oncology Tests

We apply our world-class scientific and commercial expertise and infrastructure to lead the translation of clinical and genomic data into actionable results for treatment planning throughout the cancer patient's journey.

Our portfolio of Oncotype tests is currently comprised of:

- our flagship line of Oncotype DX® gene expression tests for breast, prostate and colon cancers,
- oncomap™ test, a test delivering rapid, comprehensive tumor profiling to aid therapy selection for patients with advanced, metastatic, refractory or recurrent cancer,
- oncomap ExTra test, one of the most comprehensive genomic (DNA) and transcriptomic (RNA) panels available today that provides a complete biological picture of certain refractory, rare, or aggressive cancers, and
- Oncotype DX AR-V7 Nucleus Detect® test, a liquid-based test for advanced stage prostate cancer.

International Business Background and Products

We 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 United States. We do not offer our Cologuard test or COVID-19 testing outside of the United States.

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 opportunities to improve upon our Cologuard test's performance characteristics. In January 2022, we and Mayo Foundation for Medical Education and Research ("Mayo") presented at the American Society of Clinical Oncology Gastrointestinal Cancers Symposium findings from a study including prospectively collected samples that showed overall sensitivity of 95% for colorectal cancer at specificity of 92%. Subgroup analyses showed 83% sensitivity for high-grade dysplasia, the most dangerous pre-cancerous lesions, and 57% for all advanced pre-cancerous lesions. To establish the performance of an enhanced multi-target stool DNA test, we expect to enroll at least 20,000 patients 40 years of age and older in our multi-center, prospective BLUE-C study. The timing of any such enhancements to our Cologuard test is unknown and would be subject to FDA approval. We are also working to develop a blood-based screening test for colorectal cancer.
- *Multi-Cancer Early Detection ("MCED") Test Development.* We are currently seeking to develop a blood-based, MCED test. In January 2021, we completed the acquisition of Thrive Earlier Detection Corporation ("Thrive"), a healthcare company dedicated to developing a blood-based, MCED test. An early version of Thrive's test has achieved promising results in a 10,000-patient, prospective, interventional study detecting 10 different types of cancer, including seven with no current recommended screening guidelines, with very few false positives. We intend to combine Thrive's expertise with our scientific capabilities, clinical organization, and commercial infrastructure to bring an accurate blood-based, multi-cancer early detection test to patients.
- *Minimal Residual Disease ("MRD") Test Development.* In January 2021, we acquired an exclusive license to The Translational Genomics Research Institute ("TGen") proprietary Targeted Digital Sequencing ("TARDIS") technology. We are currently seeking to utilize this compelling and technically distinct approach to develop a tumor-informed test to detect small amounts of tumor DNA that may remain in patients' blood after they have undergone initial treatment. In a 2019 study published in *Science Translational Medicine*, TARDIS demonstrated high accuracy in assessing molecular response and residual disease during neoadjuvant therapy to treat breast cancer. The study reported that TARDIS achieved up to 100-fold improvement over alternative circulating tumor DNA detection methods. We are also working on a tumor-naive approach to MRD and recurrence monitoring in order to support patients where there is no access to the tumor tissue to inform patient-specific biomarker targets. We have published data showing the ability of cancer-associated methylation markers to reliably detect distantly recurrent colorectal cancer from a blood draw with promising accuracy.
- *Hereditary Cancer Testing.* In December 2021, we acquired PreventionGenetics, LLC ("PreventionGenetics"), a DNA testing laboratory that provides more than 5,000 predefined genetic tests for nearly all clinically relevant genes, additional custom panels, and comprehensive germline whole exome and whole genome sequencing tests. We intend to use PreventionGenetics' capabilities to expand the use of hereditary cancer testing in the U.S. and globally.
- *Hepatocellular Carcinoma ("HCC") Test Development.* We are currently developing a blood-based biomarker test to serve as an alternative to ultrasound and alpha-fetoprotein ("AFP") for use in HCC testing. HCC is the most common type of liver cancer. Our goal is to provide a patient-friendly test that performs better than the current guideline-recommended testing options. In August 2021, the performance of our Oncoguard™ Liver liquid biopsy test was published in the peer-reviewed journal, *Clinical Gastroenterology and Hepatology*. The test delivers 82% early-stage sensitivity and an overall 88% sensitivity for HCC at 87% specificity with a novel combination of six blood-based biomarkers for HCC. The study compared performance to the AFP test, which demonstrated 40% sensitivity for early stage HCC at 100% specificity. Our test was made available on a limited basis beginning in the second quarter of 2021.
- *Development Studies for Oncotype DX Products.* We may also conduct or fund clinical studies that could support additional opportunities for our Oncotype DX products. For example, we are exploring clinical studies to expand the use of genomic testing to address additional populations, including higher-risk patients. In addition, we are using technology from our acquisition of PFS Genomics to better personalize treatment for breast cancer patients, improve outcomes, and reduce unnecessary treatment.

Research and development, which includes our clinical study programs, accounts for a material portion of our operating expenses. As we seek to enhance our current product portfolio and expand our product pipeline by developing additional cancer screening and diagnostic tests, 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. In light of the uncertainty surrounding the COVID-19 pandemic, we intend to periodically reassess offering COVID-19 testing. We expect that demand for our COVID-19 testing services will decline over time as the pandemic abates.

2022 Priorities

Our top priorities for 2022 are to (1) impact more lives, (2) advance new tests, and (3) take care of the people we serve.

Impact More Lives

We are committed to delivering critical answers to patients by getting more people tested with our laboratory testing services.

Advance New Tests

In 2022, we are focused on advancing new tests to provide better answers to patients, beginning with assessing risk for cancer through screening, and then changing the way cancer is detected and treated throughout the entire cancer journey. We plan to prioritize investments in clinical studies to support our three most important product development programs: (1) colon cancer screening tests, (2) multi-cancer early detection, and (3) minimal residual disease and recurrence testing.

Take Care of the People we Serve

We want to take even better care of everyone we serve. 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. Our goal is to become a caring partner to answer questions and help people navigate what is a difficult time in their life.

Business Environment and Current Trends

COVID-19 Impact

The spread of COVID-19 has affected many segments of the global economy, including the cancer screening and diagnostics industry. The pandemic and related precautionary measures have materially disrupted our business since March 2020 and may continue to disrupt our business for an unknown period of time. COVID-19 has significantly impacted, and may continue to impact, our workforce, supply chain and operating results including our testing volumes, revenues, margins and cash utilization, among other measures. The level and nature of the disruption caused by COVID-19 is unpredictable, may be cyclical and long-lasting and may vary from location to location. As a result of the pandemic, we continue to provide COVID-19 testing. Our Screening and Precision Oncology businesses have been negatively impacted by the pandemic but have in large part recovered. Future outbreaks of COVID-19 and its variants could diminish patients' and our sales representatives' access to healthcare provider offices.

Pandemic-related cost inflation and 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. In addition, personnel-related costs have continued to rise as a result of the aforementioned inflation, which has and may continue to impact our operations.

Cologuard Promotion

In March 2022, we announced our partnership with Katie Couric, award winning journalist and colorectal cancer advocate, to continue to highlight the urgent need for people to get screened. Entitled ‘Mission to Screen,’ the year-long marketing and social-media campaign will educate Americans and the importance of early detection, starting colon cancer screening at age 45 for average risk individuals, and the availability of multiple screening options. 'Mission to Screen' will be placed in broadcast and digital outlets. It includes a national television commercial, a website featuring interviews with real doctors and patients, and a social media initiative encouraging people to share their reasons to screen.

Results of Operations

We have generated significant losses since inception and, as of March 31, 2022, we had an accumulated deficit of approximately $2.82 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	**2022**	**2021**	**Change**
Screening	$ 306.5	$ 240.3	$ 66.2
Precision Oncology	152.6	129.4	23.2
COVID-19 Testing	27.4	32.3	(4.9)
Total	$ 486.5	$ 402.0	$ 84.5

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. Improved sales team productivity, increased patients rescreening with our Cologuard test and first-time users in the 45 to 49 age group, and higher electronic ordering rates contributed to the increase in completed Cologuard tests for the three months ended March 31, 2022. Relative recovery from the COVID-19 pandemic contributed to sales team productivity for the three months ended March 31, 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 tests, both domestically and internationally, and revenue generated from new products as a result of our acquisition of Ashion Analytics, LLC (“Ashion”) in the second quarter of 2021. Continued adoption by node-positive 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, 2022.

We expect revenues to continue to increase in 2022, both from our Screening and Precision Oncology laboratory testing services. We would expect revenue from our COVID-19 testing to decline as the pandemic abates and alternative testing options become more widely available. 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 is primarily due to an increase in production costs and personnel expenses, which is a direct result of an increase in completed Cologuard and Oncotype tests and the corresponding increase in headcount to support the increase in tests completed. The increase was partially offset by a reduction in the number of COVID-19 tests completed year over year. 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	**2022**	**2021**	**Change**
Production costs	$ 73.3	$ 60.6	$ 12.7
Personnel expenses	39.1	31.0	8.1
Facility and support services	17.3	14.2	3.1
Stock-based compensation	4.3	4.1	0.2
Other cost of sales expenses	0.7	0.1	0.6
Total cost of sales expense	$ 134.7	$ 110.0	$ 24.7

Research and development expenses. The decrease in research and development expenses was primarily due to the $52.3 million incurred during the three months ended March 31, 2021 for the acquisition of the exclusive license to TARDIS. The acquisition was accounted for as an asset acquisition and is further described in Note 16 of our condensed consolidated financial statements in this Quarterly Report on Form 10-Q. When excluding the impact of this asset acquisition, research and development expenses increased by $38.9 million. The increase in research and development expenses is primarily due to an increase in clinical trial related expenses, which were driven by the BLUE-C study. In addition, personnel related costs increased due to an increase in headcount to support our ongoing clinical trials, which was partially offset by favorable stock-based compensation expense primarily driven by a decrease in expense associated with equity awards issued in connection with the Thrive acquisition. 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	**2022**	**2021**	**Change**
Direct research and development	$ 44.1	$ 19.0	$ 25.1
Personnel expenses	35.5	21.7	13.8
Stock-based compensation	9.6	14.8	(5.2)
Facility and support services	9.6	6.0	3.6
Professional fees	2.2	1.0	1.2
Other research and development	1.2	0.8	0.4
Licensed technology acquisition	—	52.3	(52.3)
Total research and development expenses	$ 102.2	$ 115.6	$ (13.4)

Sales and marketing expenses. The increase in sales and marketing expenses was primarily due to an increase in direct marketing spend to support the future growth of our products and increased personnel expenses and stock-based compensation as a result of an increase in headcount, including the approximately 400 former Pfizer, Inc. ("Pfizer") sales representatives that were onboarded in the third quarter of 2021. This increase was partially offset by a decrease in professional and legal fees primarily due to a decrease in expenses incurred related to our promotion agreement with Pfizer, which was amended in the fourth quarter of 2021 as further discussed in Note 11 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. We expect that sales and marketing expenses will generally continue to increase in future periods to support the expected future growth of our Cologuard, Oncotype, and pipeline products. We expect sales and marketing expenses to decrease as a percentage of revenue over time.

	Three Months Ended March 31,		
Amounts in millions	**2022**	**2021**	**Change**
Personnel expenses	$ 122.9	$ 85.0	$ 37.9
Direct marketing costs	64.3	41.4	22.9
Professional and legal fees	18.2	27.6	(9.4)
Stock-based compensation	15.0	13.2	1.8
Facility and support services	10.5	17.7	(7.2)
Other sales and marketing expenses	1.3	1.2	0.1
Total sales and marketing expenses	$ 232.2	$ 186.1	$ 46.1

General and administrative expenses. The decrease in general and administrative expenses was primarily due to lower acquisition and integration related costs in the three months ended March 31, 2022, as compared to the prior year period. We incurred $115.0 million in acquisition and integration related costs incurred during the three months ended March 31, 2021 as part of our acquisition of Thrive in January 2021, which primarily consisted of integration related stock-based compensation and professional and legal fees incurred. Acquisition and integration related costs were not significant for the three months ended March 31, 2022. When excluding the impact of acquisition and integration related costs, personnel expenses increased due to an increase in headcount to prepare for future growth in our operations and from our recent acquisitions. In addition, facility and support services increased to support the build out of our facilities and our increased headcount. The decrease in other general and administrative expenses is primarily due to a gain of $26.7 million recorded during the three months ended March 31, 2022 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. 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	**2022**	**2021**	**Change**
Personnel expenses	$ 100.5	$ 72.5	$ 28.0
Facility and support services	31.7	15.2	16.5
Professional and legal fees	26.9	35.3	(8.4)
Stock-based compensation	23.5	131.4	(107.9)
Other general and administrative	(12.8)	13.3	(26.1)
Total general and administrative expenses	$ 169.8	$ 267.7	$ (97.9)

Amortization of acquired intangible assets. Amortization of acquired intangible assets increased to $24.7 million for the three months ended March 31, 2022 compared to $23.2 million for the three months ended March 31, 2021. The increase in amortization of acquired intangible assets was due to the amortization of intangible assets acquired as part of our acquisitions of Ashion in April 2021 and PreventionGenetics in December 2021.

Investment income (expense), net. For the three months ended March 31, 2022, we had net investment expense of $1.5 million, compared to net investment income of $31.2 million for the three months ended March 31, 2021. The net investment expense for the three months ended March 31, 2022 was primarily due to losses recorded on our equity securities. Net investment income for the three months ended March 31, 2021 was primarily due to the realized gain of $30.5 million that was recorded on our preferred stock investment in Thrive at closing in January 2021, which represented the adjustment to our historical investment to its fair value prior to our acquisition of Thrive. Our acquisition of Thrive is further described in Note 19 of our most recently filed Form 10-K for the year ended December 31, 2021.

Interest expense. Interest expense decreased to $4.5 million for the three months ended March 31, 2022 compared to $4.6 million for the three months ended March 31, 2021. Interest expense recorded from our outstanding convertible notes totaled $4.0 million during each of the three months ended March 31, 2022 and 2021. The convertible notes are further described in Note 9 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. In addition, we recognized an immaterial amount of interest expense relating to stated interest expense on our finance leases for the three months ended March 31, 2022 and 2021.

Income tax benefit. Income tax benefit decreased to $2.0 million for the three months ended March 31, 2022 compared to $242.8 million for the three months ended March 31, 2021. This decrease in income tax benefit is primarily due to an income tax benefit of $239.2 million recorded during the three months ended March 31, 2021, as a result of the change in the deferred tax asset valuation allowance resulting from the acquisition of Thrive.

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 and cash equivalents and marketable securities on hand at March 31, 2022, 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. Our revolving loan provides us with a revolving line of credit of up to $150.0 million. Our revolving loan agreement is collateralized by our marketable securities held by PNC Bank, National Association, which must continue to maintain a minimum market value of $150.0 million. 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 planned operations, 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, 2022, we had approximately $189.8 million in unrestricted cash and cash equivalents and approximately $627.2 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

Amounts In millions	Three Months Ended March 31, 2022	2021
Net cash used in operating activities	$ (173.8)	$ (77.2)
Net cash provided by (used in) investing activities	45.6	(317.5)
Net cash provided by financing activities	2.7	7.2

Operating activities

The increase in cash used in operating activities for the three months ended March 31, 2022 was primarily due to an increase in cash payments made related to expenses necessary to process our tests and an increase in operating expenses to prepare for future growth of our operations. This was partially offset by an increase in revenue, which was driven by an increase in completed Cologuard and Oncotype tests.

Investing activities

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. Cash used in investing activities for the three months ended March 31, 2021, consisted primarily of our acquisition of Thrive of $343.2 million, our TARDIS license asset acquisition of $25.0 million, purchases of property and equipment of $12.9 million, and investments in privately held companies of $10.0 million.

Financing activities

The cash provided by financing activities during 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 cash outflows of $1.5 million for other financing activities. The cash provided by financing activities for the three months ended March 31, 2021 consisted of proceeds of $8.8 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, 2021 was provided in the Management's Discussion and Analysis of Financial Condition and Results of Operation of our 2021 Form 10-K. 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, 2022.

As of March 31, 2022, 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. ("GAAP"). 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.

While our significant accounting policies are more fully described in Note 1 of our financial statements included in our 2021 Form 10-K, as well as our Management's Discussion and Analysis of Financial Condition and Results of Operations on our 2021 Form 10-K, we believe that the following judgments are most critical to aid in fully understanding and evaluating our reported financial results.

Revenue Recognition. We recognize revenues when we release a result to the ordering healthcare provider, in an amount that reflects the consideration we expect to collect in exchange for those services. The amount of revenue we recognize is based on the established billing rates less contractual and other adjustments, which yields the unconstrained amount that we expect to ultimately collect.

We determine the amount we expect to ultimately collect using historical collections, established reimbursement rates, and other adjustments. Any changes in these inputs would ultimately impact the amount of revenue recognized during the period. The expected amount is typically lower than, if applicable, the agreed-upon reimbursement amount due to several factors, such as the amount of any patient co-payments, out-of-network payers, the existence of secondary payers, and claim denials. The consideration derived from our contracts is fixed when we contract with a direct bill payer. Our ability to collect is not contingent on the customer's ability to collect through their downstream billing efforts.

In the case of some of our agreements, the right to bill and collect exists prior to the receipt of a specimen and release of a test result to the ordering healthcare provider, which results in deferred revenue. The deferred revenue balance is generally relieved upon the release of the applicable patient's test result to the ordering healthcare provider or as of the date the customer has surpassed the window of time in which they are able to exercise their rights for testing services. We believe these points in time represent our fulfillment of our obligations to the customer.

The quality of our billing operations, most notably those activities that relate to obtaining the correct information in order to bill effectively for services provided, directly impacts the collectability of our receivables and revenue estimates. As such, we continually assess the state of our order to cash operations in order to identify areas of risk and opportunity that allow us to appropriately estimate receivables and revenue. Upon ultimate collection, the aggregate amount received from payers and patients where reimbursement was estimated is compared to previous collection estimates and, if necessary, the transaction price is adjusted. Finally, should we later determine the judgments underlying estimated collections change, our financial results could be negatively impacted in future quarters.

Tax Positions. We record a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

We compute our provision for income taxes based on the statutory tax rates and tax planning opportunities available to us in the various jurisdictions that we operate. Judgment is required in evaluating our tax positions and determining our annual tax provision.

We have incurred significant losses since our inception and due to the uncertainty of the amount and timing of future taxable income, it may be necessary to record an allowance to reduce the tax assets we have recognized.

Management has determined that a valuation allowance is necessary to reduce the tax assets to the amount that is more likely than not to be realized. Based on this determination, we continue to maintain a full valuation allowance against its deferred tax assets. Due to the existence of the valuation allowance, future changes in our unrecognized tax benefits will not impact our effective tax rate.

Business Combinations and Asset Acquisitions. We account for acquired businesses using the acquisition method of accounting, which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Goodwill is the residual after allocating the purchase price to net assets acquired, unless the transaction is an asset acquisition in which the excess is allocated to acquired assets on a relative fair value basis. Determining the fair value of identifiable assets and liabilities, particularly intangible assets and contingent consideration, requires management to make significant judgements and estimates.

Key assumptions used to value our finite lived intangible assets acquired through business combinations include projected revenue growth, projected gross margin and operating expenses, discount rates, terminal growth rate, and other factors. We believe that the estimates applied are based on reasonable assumptions, but the estimates are inherently uncertain. As a result, the actual results may differ from the assumptions and judgments used to determine fair value of the assets acquired, which could result in material impairment charges in the future. Determining the useful life of the developed technology also requires judgment and actual useful life may differ.

In-process research and development ("IPR&D") assets may be identified as a result of business combinations. There are major risks and uncertainties associated with IPR&D due to the regulatory approvals needed, which rely on the success of clinical trials that demonstrate product effectiveness. Key assumptions used to calculate the fair value of the IPR&D asset included inputs such as projected revenues, gross margin, required rate of return, tax rate, probability of commercial success, and obsolescence factor. We believe that the estimates applied are based on reasonable assumptions, but the estimates are inherently uncertain. As a result, the eventual realized value of the IPR&D project may vary from its fair value at the date of acquisition, and material IPR&D impairment charges may occur in future periods.

Business Combinations may include contingent consideration to be paid based on the occurrence of future events, such as the achievement of certain development, regulatory and sales milestones. Contingent consideration is a financial liability recorded at fair value at the acquisition date. The estimate of fair value contains uncertainties as it involves judgement about the likelihood and timing of achieving milestones as well as the present-value factor.

Remeasurement of Contingent Consideration. We remeasure the fair value of outstanding contingent consideration liabilities at each reporting period. The estimate of fair value contains uncertainties as it involves judgement about the likelihood and timing of achieving milestones as well as the present-value factor. A change in the probability of success assumption could have a material impact on the estimated fair value.

Impairment of Indefinite-Lived Assets. We test indefinite-lived assets for impairment on an annual basis during the fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Based on the qualitative assessment, if it is determined that the fair value of indefinite-lived intangible assets is more likely than not to be less than its carrying amount, the fair value will be calculated and compared with its carrying amount and an impairment charge will be recognized for the amount that the carrying value exceeds the fair value. Determining whether impairment indicators exist and estimating the fair value of our indefinite-lived intangible assets if necessary for impairment testing requires significant judgment. Qualitative factors considered in this assessment include industry and market conditions, overall financial performance, and other relevant events and factors. We also perform our annual IPR&D assessment using a qualitative assessment. Qualitative factors considered in this assessment include industry and market conditions, financial and strategic factors, the status of product development, and the consideration of legal, competitive, regulatory, and technical risks. There were no events or changes in circumstances that indicated that the carrying amount of our indefinite-lived assets may not be recoverable in the first quarter of 2022.

Impairment of Long-Lived Assets. We evaluate the fair value of long-lived assets, which include property, plant and equipment, finite-lived intangible assets, and investments in privately held companies, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. The review of qualitative factors requires significant judgement. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Recent Accounting Pronouncements

See Note 1 in the Notes to 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. 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, 2022 and December 31, 2021 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 ten percent adverse movement in 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.

A hypothetical ten percent change in interest rates would not have a material adverse impact on our future operating results or cash flows. All of our 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, 2022, we had open foreign currency forward contracts with notional amounts of $48.9 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, 2022, 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, 2022 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 the Notes to 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 2021 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 2021 Form 10-K.

The ongoing military action by Russia in Ukraine could have negative impact on the global economy which could materially adversely affect our business, operations, operating results and financial condition.

On February 24, 2022, Russian forces launched significant military action against Ukraine, and sustained conflict and disruption in the region is possible. The impact to Ukraine as well as actions taken by other countries, including new and stricter sanctions imposed by Canada, the United Kingdom, the European Union, the U.S. and other countries and companies and organizations against officials, individuals, regions, and industries in Russia and Ukraine, and actions taken by Russia in response to such sanctions, and each country's potential response to such sanctions, tensions, and military actions could adversely affect the global economy and financial markets and thus could affect our business, operations, operating results and financial condition as well as the price of our common stock and our ability to raise additional capital when needed on acceptable terms. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions caused by Russian military action or resulting sanctions may magnify the impact of other risks described in our Annual Report on Form 10-K.

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

Not applicable.

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
10.1	2010 Employee Stock Purchase Plan (As Amended and Restated on March 11, 2022)*	X			
10.2	Non-Employee Director Compensation Policy dated January 25, 2022*	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, 2022 filed on April 26, 2022, 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, 2022, filed with the Securities and Exchange Commission on April 26, 2022, 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: April 26, 2022

By: /s/ Kevin T. Conroy

Kevin T. Conroy
President and Chief Executive Officer
(*Principal Executive Officer*)

Date: April 26, 2022

By: /s/ Jeffrey T. Elliott

Jeffrey T. Elliott
Executive Vice President, Chief Financial Officer and Chief Operating Officer
(*Principal Financial and Accounting Officer*)

EXACT SCIENCES CORPORATION

2010 EMPLOYEE STOCK PURCHASE PLAN

(As amended and restated on March 11, 2022)

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 (45^{th}) 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 2,800,000 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. If the participant's accumulated payroll deductions on any Exercise Date 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 of 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 carried forward to the next Exercise Date or Offering Period.

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 a 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 adopted by the Board of Directors on April 15, 2010 and was approved by the stockholders of the Company on July 16, 2010.

EXHIBIT 10.2

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 set forth below:

A. Initial 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, with the number of restricted shares or deferred stock units to be issued being determined based on the closing sale price of the Company's common stock on the date of grant. 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, 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, 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 or Change in Control, as applicable. If the director ceases to serve on the Board for any reason other than death, 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 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:	$30,000
Lead independent director (if no independent chair) add. compensation:	$30,000

Committee Member Cash Compensation	
Committee chair cash compensation	
— Audit and Finance	$25,000
— Compensation and Management Development	$20,000
— Nominating & Governance	$15,000
— Innovation, Technology & Pipeline	$13,000
Committee member (other than committee chair) cash compensation	
— Audit and Finance	$12,500
— Compensation and Management Development	$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 based on the closing sale price of the Company's common stock on the date of grant. 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.

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 director following the date of such annual meeting shall be granted restricted stock or deferred stock units having a value of $250,000 with the number of restricted stock or deferred stock units to be issued being determined, based on the closing sale price of the Company's common stock on the date of grant. 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 the date of the annual meeting with respect to the first award made to a director under this Policy 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, 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 based on the closing sale price of the Company's common stock on the date of grant. 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 the date of the annual meeting with respect to the first award made to the chair under this Policy 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, such grant shall be made in restricted stock.

c. Grants of annual equity compensation described in Section 2 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 if there is a Change in Control prior to the Annual Award Vesting Date, then the shares shall become fully vested as of the date of such death or Change in Control, as applicable. If a director ceases to serve as a director at any time for any reason other than death 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 other than at an annual stockholders meeting), and to the extent the shares 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 determined, based on the closing sale price of the Company's common stock on the date of such director's appointment, and 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 two such meetings a year and that such meetings would take place at the Company's headquarters in Madison, Wisconsin, at the Mayo Clinic in Rochester, Minnesota, 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 based on the closing sale price of the Company's common stock on the date of such meeting (which shall be the date of grant). 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.

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 2010 Omnibus Long-Term Incentive Plan ("Plan"). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

2. 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 retirement or removal from the board.

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

4. 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.

5. The exercise price for all stock options under this Policy shall be the Company's closing stock price on the date of grant, or, if the date of grant is not a trading day, then the first trading day after the date of grant.

6. For purposes of determining the number of stock options in a given grant, stock options shall be valued using the Black-Scholes method.

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.

Approved January 25, 2022

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: April 26, 2022

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: April 26, 2022

By: /s/ Jeffrey T. Elliott

Jeffrey T. Elliott
Executive Vice President, Chief Financial Officer and Chief Operating 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, 2022 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: April 26, 2022

/s/ Kevin T. Conroy

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

Dated: April 26, 2022

/s/ Jeffrey T. Elliott

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