PacBio Q1 2025 Earnings Presentation

May 8, 2025 | First Quarter 2025 Earnings Call

Statement regarding use of non-GAAP financial measures

This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements, including statements relating to PacBio’s cost-saving plans and initiatives as well as the expected financial impact and timing of these plans and initiatives; PacBio’s financial guidance and expectations for future periods; developments affecting our industry and the markets in which we compete, including the impact of new products and technologies and tariffs; anticipated future customer use of our products; and the availability, uses, accuracy, coverage, advantages, quality or performance of, or benefits or expected benefits of using, PacBio products or technologies; and our expectations as to the timing and outcome of our independent committee investigation, the filing of our periodic reports, and the investigations expected financial and operational impacts. Reported results and orders for any instrument system should not be considered an indication of future performance. You should not place undue reliance on forward-looking statements because they are subject to assumptions, risks, and uncertainties and could cause actual outcomes and results to differ materially from currently anticipated results, including, challenges inherent in developing, manufacturing, launching, marketing and selling new products, and achieving anticipated new sales; potential cancellation of existing instrument orders; assumptions, risks and uncertainties related to the ability to attract new customers and retain and grow sales from existing customers; risks related to PacBio's ability to successfully execute and realize the benefits of acquisitions; the impact of tariffs and export restrictions; rapidly changing technologies and extensive competition in genomic sequencing; unanticipated increases in costs or expenses; interruptions or delays in the supply of components or materials for, or manufacturing of, PacBio products and products under development; potential product performance and quality issues and potential delays in development timelines; the possible loss of key employees, customers, or suppliers; customers and prospective customers curtailing or suspending activities using PacBio's products; third-party claims alleging infringement of patents and proprietary rights or seeking to invalidate PacBio's patents or proprietary rights; risks associated with international operations; other risks associated with general macroeconomic conditions and geopolitical instability; risks related to our ongoing independent investigation, including the possible discovery of new information in the course investigation and any related expansion of the investigation’s scope and/or extension of its timing; the findings, conclusions and recommendations of the independent committee, which may include, among other things, findings resulting in material weaknesses; the Board and PacBio’s response to the independent committee’s findings, conclusions and recommendations, including possible significant costs associated with the implementation of remedial measures; the review of our independent registered public accounting firm of the independent committee’s findings, conclusions and recommendations; the risk that required SEC reports, including but not limited to the Form 10-Q for the first quarter of 2025, may not be able to be filed on a timely basis and the related consequences thereof, including the potential receipt of a notice of failure to satisfy a continued listing rule or standard by NASDAQ; the expenses incurred to date, and expected to be incurred in the future, related to the investigation, including costs associated with legal, accounting, and professional services associated with the investigation; and the greater risks associated with litigation and/or government and regulatory proceedings. Additional factors that could materially affect actual results can be found in PacBio's most recent filings with the Securities and Exchange Commission, including PacBio's most recent reports on Forms 8-K, 10-K, and 10-Q, and include those listed under the caption “Risk Factors.” These forward-looking statements are based on current expectations and speak only as of the date hereof; except as required by law, PacBio disclaims any obligation to revise or update these forward-looking statements to reflect events or circumstances in the future, even if new information becomes available.

The unaudited condensed consolidated financial statements that follow should be read in conjunction with the notes set forth in PacBio's Quarterly Report on Form 10-Q when filed with the Securities and Exchange Commission.

Statement regarding preliminary financial results

This presentation contains preliminary financial results which are unaudited and based on current expectations and may be adjusted as a result of, among other things, completion of quarterly review procedures.

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements, including statements relating to PacBio’s cost-saving plans and initiatives as well as the expected financial impact and timing of these plans and initiatives; PacBio’s financial guidance and expectations for future periods; developments affecting our industry and the markets in which we compete, including the impact of new products and technologies and tariffs; anticipated future customer use of our products; and the availability, uses, accuracy, coverage, advantages, quality or performance of, or benefits or expected benefits of using, PacBio products or technologies; and our expectations as to the timing and outcome of our independent committee investigation, the filing of our periodic reports, and the investigations expected financial and operational impacts. Reported results and orders for any instrument system should not be considered an indication of future performance. You should not place undue reliance on forward-looking statements because they are subject to assumptions, risks, and uncertainties and could cause actual outcomes and results to differ materially from currently anticipated results, including, challenges inherent in developing, manufacturing, launching, marketing and selling new products, and achieving anticipated new sales; potential cancellation of existing instrument orders; assumptions, risks and uncertainties related to the ability to attract new customers and retain and grow sales from existing customers; risks related to PacBio's ability to successfully execute and realize the benefits of acquisitions; the impact of tariffs and export restrictions; rapidly changing technologies and extensive competition in genomic sequencing; unanticipated increases in costs or expenses; interruptions or delays in the supply of components or materials for, or manufacturing of, PacBio products and products under development; potential product performance and quality issues and potential delays in development timelines; the possible loss of key employees, customers, or suppliers; customers and prospective customers curtailing or suspending activities using PacBio's products; third-party claims alleging infringement of patents and proprietary rights or seeking to invalidate PacBio's patents or proprietary rights; risks associated with international operations; other risks associated with general macroeconomic conditions and geopolitical instability; risks related to our ongoing independent investigation, including the possible discovery of new information in the course investigation and any related expansion of the investigation’s scope and/or extension of its timing; the findings, conclusions and recommendations of the independent committee, which may include, among other things, findings resulting in material weaknesses; the Board and PacBio’s response to the independent committee’s findings, conclusions and recommendations, including possible significant costs associated with the implementation of remedial measures; the review of our independent registered public accounting firm of the independent committee’s findings, conclusions and recommendations; the risk that required SEC reports, including but not limited to the Form 10-Q for the first quarter of 2025, may not be able to be filed on a timely basis and the related consequences thereof, including the potential receipt of a notice of failure to satisfy a continued listing rule or standard by NASDAQ; the expenses incurred to date, and expected to be incurred in the future, related to the investigation, including costs associated with legal, accounting, and professional services associated with the investigation; and the greater risks associated with litigation and/or government and regulatory proceedings. Additional factors that could materially affect actual results can be found in PacBio's most recent filings with the Securities and Exchange Commission, including PacBio's most recent reports on Forms 8-K, 10-K, and 10-Q, and include those listed under the caption “Risk Factors.” These forward-looking statements are based on current expectations and speak only as of the date hereof; except as required by law, PacBio disclaims any obligation to revise or update these forward-looking statements to reflect events or circumstances in the future, even if new information becomes available. The unaudited condensed consolidated financial statements that follow should be read in conjunction with the notes set forth in PacBio's Quarterly Report on Form 10-Q when filed with the Securities and Exchange Commission.

Business & Commercial Updates

Christian Henry, President & CEO

Q1 revenue summary

$37.2M

Product and service revenue

Q1 instrument revenue

$11.0M

Instrument revenue lower y/y, largely due to increased uncertainty in academic funding

12
Revio systems

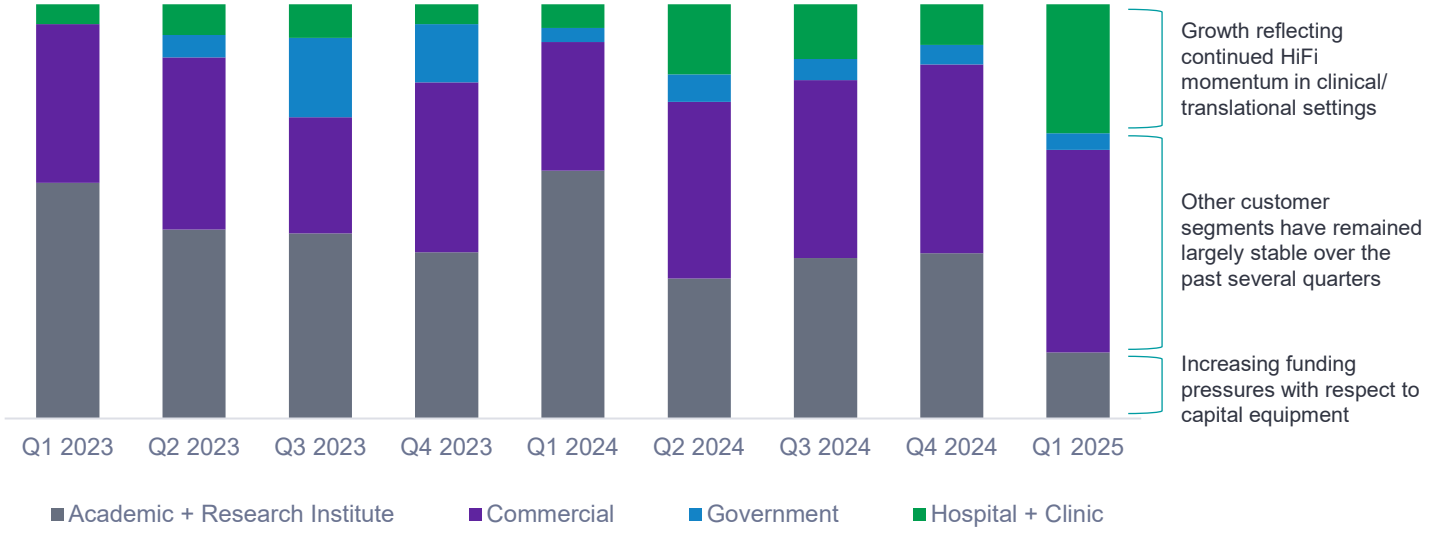
28
Vega systems

~50%

of Revio and Vega systems to new customers

282 cumulative Revio shipments and 35 cumulative Vega shipments

% share of instrument shipment dollars by customer type[1]



[1]Represents shipments in dollars and may not directly correlate to revenue

Q1 consumable revenue

$20.1M

Q1 consumable revenue – 26% y/y growth and a company record

$236,000

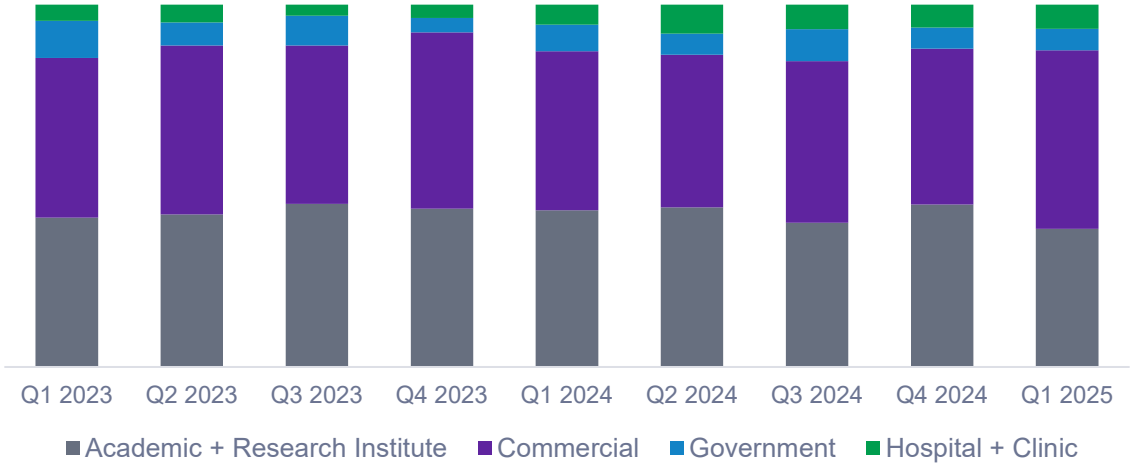
Q1 annualized Revio pull through

37%

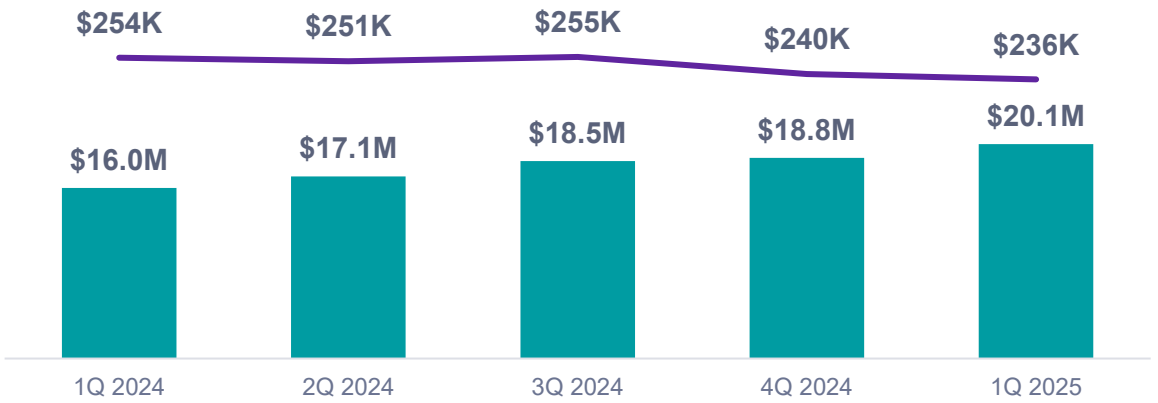
Total year-over-year petabase output growth in Q1 from PacBio long-read sequencers

Share of consumable shipment $ by customer type[1]

Consumable demand from our 'academic and research institution' customers remained relatively stable compared to prior quarters, indicating more resilience in usage-driven spend vs. capital purchases



Quarterly consumable revenue and Revio pull through



[1]Represents shipments in dollars and may not directly correlate to revenue

Full year outlook

Updated assumptions:

Newly implemented tariffs between the U.S. and China and additional pressure from proposed NIH budget reductions for FY 2026, have introduced incremental risks.

In light of these developments, we are adjusting the lower end of our previously guided revenue range by $5 million.

$150M to $170M

Representing ~4% growth at midpoint

Committed to our plan of turning cash flow positive as we exit 2027 and remain focused on disciplined cost management to reduce our cash burn.

Note: Guidance as of May 8, 2025 only

In response to ongoing market uncertainty and headwinds in our industry, we executed a restructuring plan in April

Expect to lower our annualized non-GAAP OpEx run-rate by $45 million to $50 million by year-end[1]

Long read prioritization

- Advancing development programs aimed at enhancing our existing platforms, including the future launch of multi-use SMRT cells.
- Accelerating development efforts for ultra-high throughput long-read sequencing system.

Updated short read strategy

- Pausing development of our high-throughput short-read sequencing platform.
- Remain fully committed to selling the Onso platform and supporting our current Onso customers through ongoing commercial support and consumable supply.

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[1]Compared to our prior guidance of $270 million to $280 million
Note: Guidance as of May 8, 2025 only

Continued to roll out SPRQ chemistry, which significantly enhances Revio's data output and performance while reducing amount of DNA input required

We're seeing this development help our customers overcome a sample input barrier, because in previous scenarios we've had to set lower expectations for customers when sample requirements were not met. That is no longer the case. ***SPRQ chemistry suddenly opens up the possibility for HiFi sequencing for customers with difficult samples****.*

- Dr. Harsha Gowda, Director and Senior Principal Scientist of Research and Operations at Signios Biosciences

We used the Nanobind extraction kit, made the libraries, and ***typically would have expected between 70–80 Gb, but got 110 Gb with SPRQ****. The quality scores were also up with the new chemistry as well, so we were quite happy.*

- Dr. Pamela Nicholson, Head of University of Bern's sequencing facility

Customer uptake has exceeded expectations, with nearly 90% of our Revio reagent kit shipments in the first quarter being SPRQ chemistry.

Encouraging customer response for Vega system

Users achieving strong results – consistently exceeding spec of 60Gb of HiFi data per SMRT Cell[1]

Adoption across a wide range of sequencing applications

~50% of Vega shipments through Q1 were to new PacBio instrument customers

Expect to continue ramping Vega manufacturing through the second quarter and reach run-rate production in the second half of 2025

Gene Editing | Microbiology | RNA | Targeted seq. | WGS | Plant + animal | Metagenomics | Oncology | Rare disease

[1]Based on insert sizes 15-20 kb and 24-hour movie time

Integrating advanced deep-learning models into workflows, enhancing methylation detection accuracy + enabling 5mC, 6mA, and native 5hmC.

"In this study, we constructed a hybrid model with CNN and transformer layers, named HK model 2. ***We improve the area under the receiver operating characteristic curve (AUC) for 5mC detection from 0.91 for HK model 1 to 0.99 for HK model 2."***

"Using HK model 2 to analyze 5mC patterns of cell-free DNA (cfDNA) molecules, we ***demonstrate the enhanced detection of patients with hepatocellular carcinoma, with an AUC of 0.97****. Moreover, HK model 2-based detection of 6mA enables the detection of jagged ends of cfDNA and the delineation of cellular chromatin structures."*

"HK model 2 is thus a ***versatile tool expanding the applications of single molecule real-time sequencing in liquid biopsies****."*

Transformer-based deep learning for accurate detection of multiple base modifications using single molecule real-time sequencing

Xi Hu, Yuwei Shi, Suk Hang Cheng, Zhaoyang Huang, Ze Zhou, Xiaoyu Shi, Yi Zhang, Jing Liu, Mary-Jane L. Ma, Spencer C. Ding, Jiaen Deng, Rong Qiao, Wenlei Peng, L. Y. Lois Choy, Stephanie C. Y. Yu, W. K. Jacky Lam, K. C. Allen Chan, Hongsheng Li, Peiyong Jiang & Y. M. Dennis Lo

Communications Biology **8**, Article number: 606 (2025) | Cite this article

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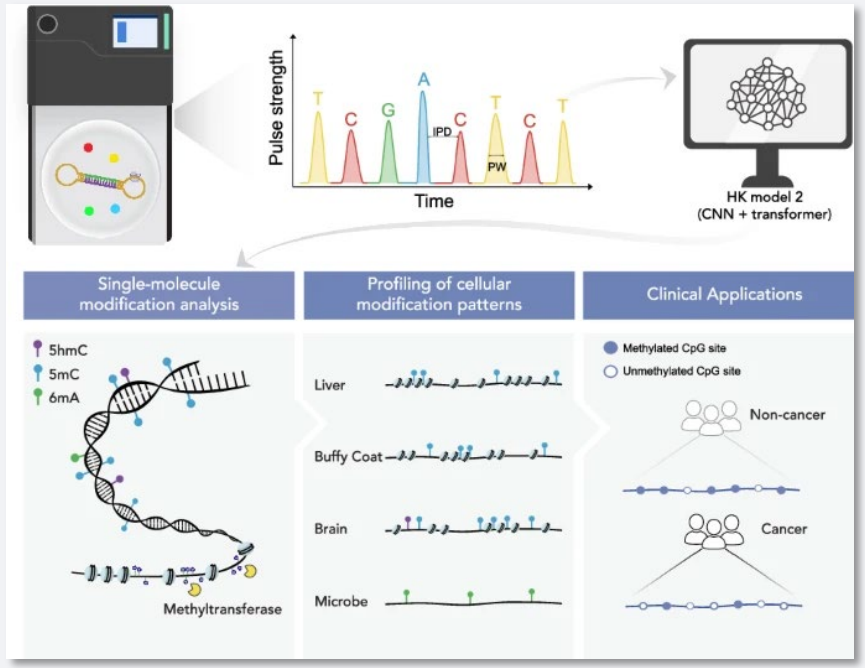
Abstract

We had previously reported a convolutional neural network (CNN) based approach, called the holistic kinetic model (HK model 1), for detecting 5-methylcytosine (5mC) by single molecule real-time sequencing (Pacific Biosciences). In this study, we constructed a hybrid model with CNN and transformer layers, named HK model 2. We improve the area under the receiver operating characteristic curve (AUC) for 5mC detection from 0.91 for HK model 1 to 0.99 for HK model 2. We further demonstrate that HK model 2 can detect other types of base



Hu X, Shi Y, Cheng SH, Huang Z, Zhou Z, Shi X, Zhang Y, Liu J, Ma ML, Ding SC, Deng J, Qiao R, Peng W, Choy LYL, Yu SCY, Lam WKJ, Chan KCA, Li H, Jiang P, Lo YMD. Transformer-based deep learning for accurate detection of multiple base modifications using single molecule real-time sequencing. Commun Biol. 2025 Apr 14;8(1):606. doi: 10.1038/s42003-025-08009-8. PMID: 40229481; PMCID: PMC11997116

Revio enabling population scale and clinical research across the globe

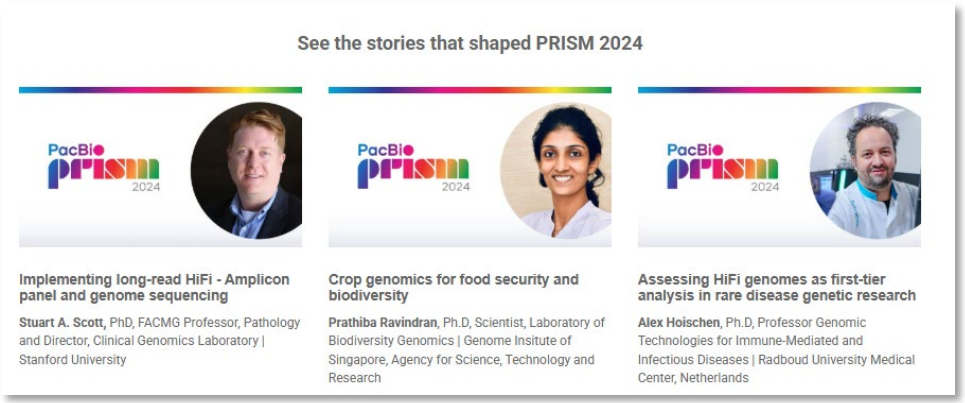
Davos Alzheimer's Collaborative's North African Dementia Registry project: Selected PacBio as technology partner to build a comprehensive multi-omics dataset, advancing global understanding of Alzheimer's genetics, especially within diverse and underrepresented populations.

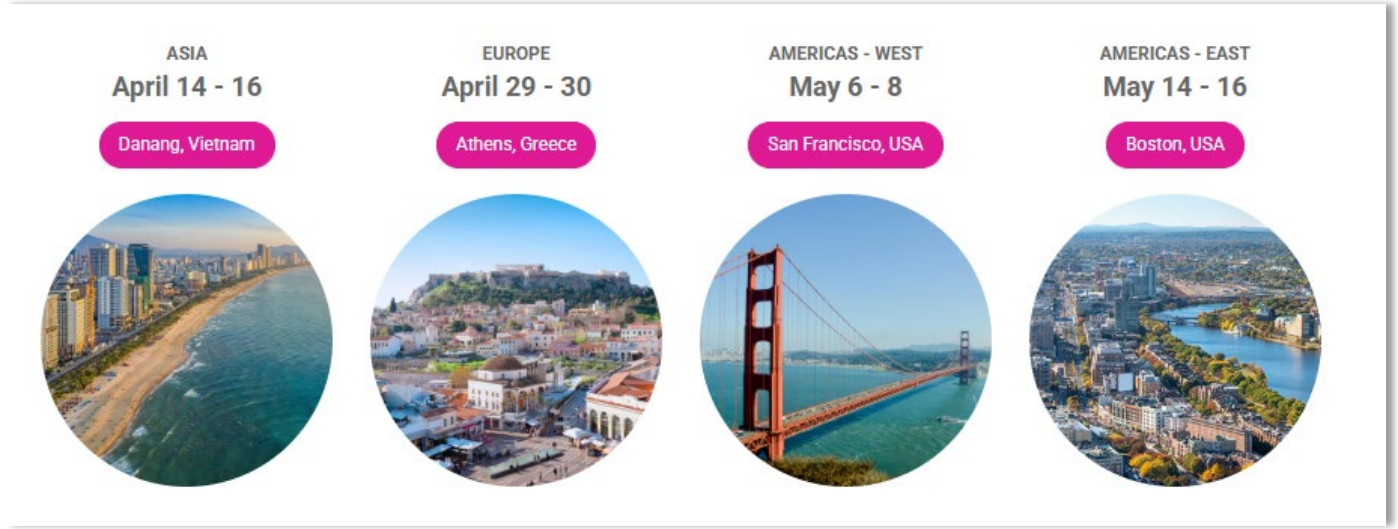
Momentum with our 'hospital and clinic' customer base: Revio placements at leading institutions like Lurie Children's Hospital in Chicago, Imagine Institute in France, and Institute of Medical Genetics at the University of Zurich to leverage Revio to improve genetic disease testing capabilities and solve more cases for variant detection previously missed with other technologies.

Collaboration with Chulalongkorn University in Thailand: Integrating PacBio HiFi whole genome sequencing into national newborn screening research program.

>50

Initial Net Promotor Score (NPS) from our annual customer survey





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Financial Results

Jim Gibson, Chief Financial Officer

Q1 2025 revenue

$37.2M
Q1 2025 revenue
(vs. $38.8M in Q1 2024)

$236,000
Q1 2025 annualized Revio pull-through

282
Cumulative Revio shipments as of March 31, 2025 (+12 vs. December 31, 2024)

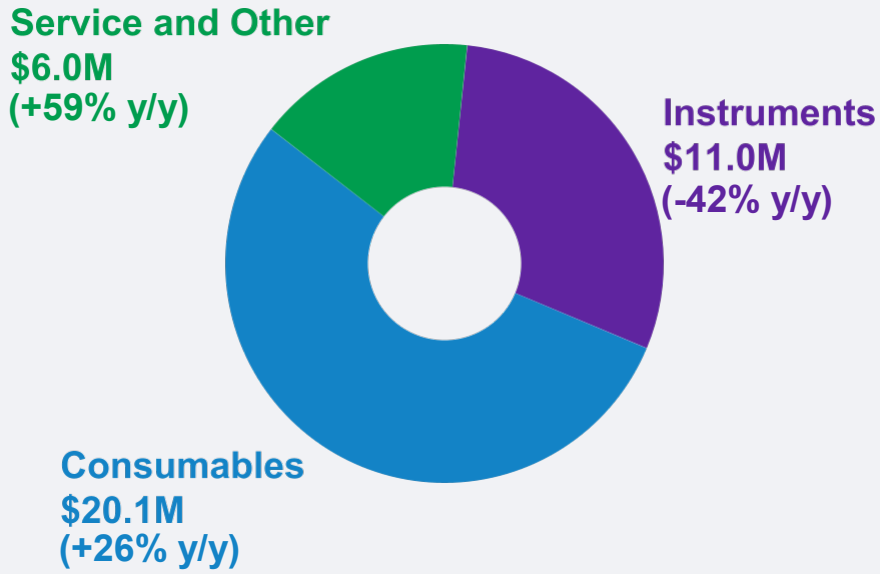
Regional commentary

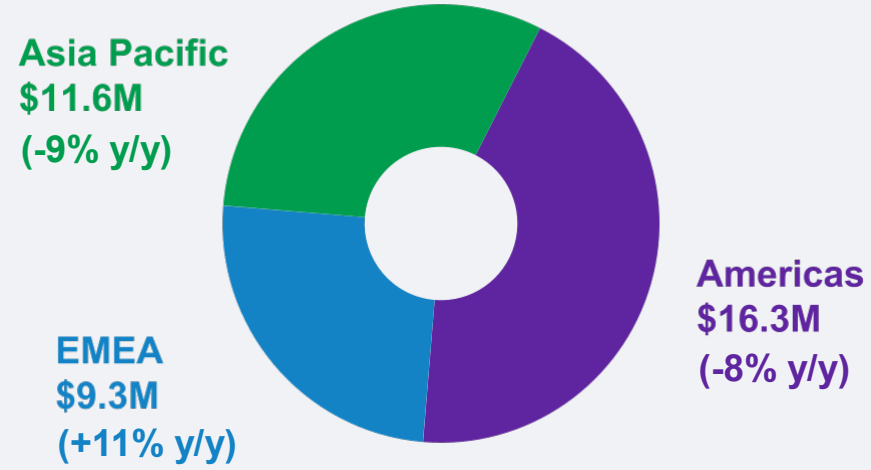
Americas: Continuing to be impacted the most by government funding headwinds and NIH funding uncertainty.

Asia Pacific: Consumables were particularly strong in the region as Revio system utilization increased to its highest level since the Revio launch. Customers in Japan received their typical fiscal year-end stocking orders and some customers in China made purchases ahead of potential tariffs.

EMEA: Europe in particular saw strong Revio placements in the 'Hospital and Clinic' customer base.

Q1 2025 Revenue





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Q1 2025 financials

Non-GAAP gross margin: Increased year-over-year due to improved product mix, as consumables, which have higher gross margins, represented 54% of total revenue in the first quarter of 2025 compared to 41% of total revenue in the first quarter 2024. In addition, we realized per unit cost savings from both Revio instrument and Revio consumables.

Non-GAAP OpEx: Decreased year-over-year primarily due to the restructuring initiative we implemented in Q2 2024.

Cash and Investments: First quarter 2025 cash payments included a $5 million licensing payment.

~40%

Q1 2025 Non-GAAP gross margin[1]
(vs. ~33% in Q1 2024)

$61.7M

Q1 2025 Non-GAAP OpEx[1]
(-29% vs. Q1 2024); includes $8.0M in non-cash share-based compensation

570

Headcount as of March 31, 2025 (vs. 575 as of December 31, 2024)

~$343M

Cash, cash equivalents, + investments as of March 31, 2025

$44.4M

Q1 2025 non-GAAP net loss representing $0.15 per share[1]

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[1]See Appendix for statement regarding use of non-GAAP financial measures

2025 revenue guidance

Revenue

$150M to $170M

Representing ~4% growth at midpoint

Q2 2025 Guidance

Revenue

~flat vs. Q1 2025

Other commentary and expectations

Midpoint assumptions:

- Vega instrument revenue partially offsets decline in Revio instrument revenue.
- Annualized pull-through per Revio system in the low-to-mid 200,000s.

Macro and funding environment:

- Navigating an extremely dynamic macro environment, especially with respect to potential tariffs and NIH funding.

Q2 2025 assumptions:

- Forecasting limited sales to China after April 10.
- As a result, expect revenue in Q2 2025 to be flat compared to Q1 2025.

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Note: Guidance as of May 8, 2025 only

2025 P&L and cash guidance

Non-GAAP gross margin
35% to 40%
Exiting the year above 40%

Non-GAAP OpEx
$240M to $250M
Representing 15% decline at the midpoint

Interest & other income
$5M to $7M

Weighted average shares
~299M

Ending cash/investments
$270M

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Other commentary:

Expect cost improvements for Revio system and consumables in 2H.

Vega COGS per unit is expected to improve as the platform moves into manufacturing run rate.

Should the U.S. enact tariffs on certain countries in our supply chain, we could face incremental pressure to our cost of goods in the 2H. Our guidance does not factor in a material increase in COGS related to tariffs.

Expect Q2 non-GAAP GM% to be lower than Q1 primarily due to mix.

Ending cash/investments implies $115M burn in FY25 when excluding the $5 million licensing payment in Q1, this represents an improvement of $72M in adjusted cash burn compared to 2024.

We remain on track to achieve positive cash flow by the end of 2027 and believe our $343 million in cash and investments as of March 31 will fund us through this transition.

Note: Guidance as of May 8, 2025 only

Closing remarks

Christian Henry, President and CEO

Solid start to 2025, though remain cautious given the macro environment, including uncertainty around academic funding and potential impact of trade policy developments.

Restructuring initiative allows us to emerge as leaner, more focused organization to execute on our strategic priorities:

1. Enable the full-scale release of Vega to broaden reach in market
2. Accelerate samples onto the Revio platform via SPRQ chemistry and application kits
3. Invest in future long-read product updates and system launches
4. Progress our clinical strategy to improve outcomes and create durability

PacBio

MISSION

Enabling the promise of genomics to better human health

We create the world’s most advanced sequencing technologies

Appendix

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

(in thousands, except per share amounts)	Three Months Ended March 31, 2025	December 31, 2024	March 31, 2024
Revenue:			
Product revenue	$ 31,113	$ 34,098	$ 35,009
Service and other revenue	6,040	5,126	3,801
Total revenue	37,153	39,224	38,810
Cost of Revenue:			
Cost of product revenue [1]	26,333	23,476	22,447
Cost of service and other revenue	3,778	3,469	3,738
Amortization of acquired intangible assets	4,345	2,221	1,343
Loss on purchase commitment [1]	4,068	—	—
Total cost of revenue	38,524	29,166	27,528
Gross (loss) profit	(1,371)	10,058	11,282
Operating Expense:			
Research and development [1]	29,053	27,466	43,455
Sales, general and administrative [1] [2]	40,168	41,641	43,753
Impairment charges [3]	15,000	91,300	—
Amortization of acquired intangible assets [4]	362,042	4,629	5,506
Change in fair value of contingent consideration [5]	(18,700)	(1,950)	(70)
Total operating expense	427,563	163,086	92,644
Operating loss	(428,934)	(153,028)	(81,362)
Gain on debt restructuring [6]	—	154,407	—
Interest expense	(1,737)	(2,757)	(3,575)
Other income, net	4,294	4,065	6,759
(Loss) income before income taxes	(426,377)	2,687	(78,178)
Income tax (benefit) provision	(302)	316	—
Net (loss) income	$ (426,075)	$ 2,371	$ (78,178)
Net (loss) income per share:			
Basic	$ (1.44)	$ 0.01	$ (0.29)
Diluted	$ (1.44)	$ (0.49)	$ (0.29)
Weighted average shares outstanding used in calculating net (loss) income per share:			
Basic	296,858	282,999	269,578
Diluted	296,858	306,892	269,578

(1) Balances for the three months ended March 31, 2025 include restructuring costs. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

(2) Balance for the three months ended December 31, 2024 includes restructuring costs. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

(3) In-process research and development ("IPR&D") impairment charge during the three months ended March 31, 2025 was driven primarily by macroeconomic factors and restructuring initiatives, including the focus on long-read innovation, resulting in changes to the timing and amounts of cash flows. Goodwill and IPR&D impairment charges during the three months ended December 31, 2024 were related to a significant increase in the carrying value of the reporting unit resulting primarily from the troubled debt restructuring, and changes in the timing and amount of expected future cash flows due to macroeconomic uncertainties, among other factors.

(4) Balance for the three months ended March 31, 2025 includes accelerated amortization of acquired intangible assets related to restructuring initiatives. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

(5) Change in fair value of contingent consideration in all periods presented was due to fair value adjustments of a milestone payment payable upon the achievement of a milestone event.

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

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

(in thousands)	March 31, 2025	December 31, 2024
Assets		
Cash and investments	$ 343,110	$ 389,931
Accounts receivable, net	31,645	27,524
Inventory, net	54,007	58,755
Prepaid expenses and other current assets	15,471	18,781
Property and equipment, net	24,794	30,505
Operating lease right-of-use assets, net	44,408	16,091
Restricted cash	2,222	2,222
Intangible assets, net	18,182	389,572
Goodwill	317,761	317,761
Other long-term assets	9,189	9,305
Total Assets	$ 860,789	$ 1,260,447
Liabilities and Stockholders' Equity		
Accounts payable	$ 14,037	$ 16,590
Accrued expenses	29,337	22,595
Deferred revenue	21,096	19,764
Operating lease liabilities	52,897	24,940
Contingent consideration liability	—	18,700
Convertible senior notes, net	646,214	647,494
Other liabilities	5,570	3,770
Stockholders' equity	91,638	506,594
Total Liabilities and Stockholders' Equity	$ 860,789	$ 1,260,447

Pacific Biosciences of California, Inc.
Reconciliation of Non-GAAP Financial Measures

(in thousands, except per share amounts)	Three Months Ended March 31, 2025	December 31, 2024	March 31, 2024
GAAP net (loss) income	$ (426,075)	$ 2,371	$ (78,178)
Change in fair value of contingent consideration [1]	(18,700)	(1,950)	(70)
Gain on debt restructuring [2]	–	(154,407)	–
Impairment charges [3]	15,000	91,300	–
Amortization of acquired intangible assets [4]	366,387	6,850	6,849
Income tax benefit [4]	(546)	–	–
Restructuring [5]	19,529	493	–
Non-GAAP net loss	$ (44,405)	$ (55,343)	$ (71,399)
GAAP basic net (loss) income per share	$ (1.44)	$ 0.01	$ (0.29)
Change in fair value of contingent consideration [1]	(0.06)	(0.01)	–
Gain on debt restructuring [2]	–	(0.55)	–
Impairment charges [3]	0.05	0.32	–
Amortization of acquired intangible assets [4]	1.23	0.02	0.03
Restructuring [5]	0.07	–	–
Other adjustments and rounding differences	–	0.01	–
Non-GAAP basic net loss per share	$ (0.15)	$ (0.20)	$ (0.26)
GAAP gross (loss) profit	$ (1,371)	$ 10,058	$ 11,282
Amortization of acquired intangible assets [4]	4,345	2,221	1,343
Restructuring [5]	12,027	–	–
Non-GAAP gross profit	$ 15,001	$ 12,279	$ 12,625
GAAP gross (loss) profit %	(4)%	26 %	29 %
Non-GAAP gross profit %	40 %	31 %	33 %
GAAP total operating expense	$ 427,563	$ 163,086	$ 92,644
Change in fair value of contingent consideration [1]	18,700	1,950	70
Impairment charges [3]	(15,000)	(91,300)	–
Amortization of acquired intangible assets [4]	(362,042)	(4,629)	(5,506)
Restructuring [5]	(7,502)	(493)	–
Non-GAAP total operating expense	$ 61,719	$ 68,614	$ 87,208

(1) Change in fair value of contingent consideration in all periods presented was due to fair value adjustments of a milestone payment payable upon the achievement of a milestone event.

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

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

(4) A deferred income tax benefit during the three months ended March 31, 2025 is primarily related to the change in the deferred tax liability balance resulting from the accelerated amortization of acquired intangible assets and impairment of IPR&D.

(5) For the three months ended March 31, 2025, restructuring costs related to the 2025 plan included $7.7 million in excess inventory and $3.8 million in purchase commitment losses included in cost of revenue, as well as operating expenses of $4.6 million in employee separation costs, $2.4 million in accelerated depreciation, a $15.0 million IPR&D impairment, and $359.3 million in accelerated amortization of acquired intangibles. For the three months ended December 31, 2024, restructuring costs related to the 2024 plan primarily reflected charges from the San Diego office abandonment.

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