

Statement regarding use of non-GAAP financial measures

In this press release, the Company's financial results and financial guidance are provided in accordance with accounting principles generally accepted in the United States (GAAP) and using certain non-GAAP financial measures. Management believes that presentation of operating results using non-GAAP financial measures provides useful supplemental information to investors and facilitates the analysis of the Company's core operating results and comparison of operating results across reporting periods. Management also uses non-GAAP financial measures to establish budgets and to manage the Company's business. A reconciliation of the GAAP financial results to non-GAAP financial results is included in the attached schedules.

The Company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Non-GAAP financial results are reported in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

**Reconciliation of GAAP to Non-GAAP Financial Measures
for the Three months ended September 30, 2020**

(Unaudited data in millions, except per share amount)

	Three Months Ended	
	September 30, 2020	September 30, 2019
<i>Revenue</i>	\$ 145.2	\$ 186.3
GAAP Cost of molecular diagnostic testing	\$ 39.9	\$ 41.2
GAAP Cost of pharmaceutical and clinical services	4.3	8.5
Equity compensation	(0.3)	(0.3)
Elevate initiatives	—	(0.2)
Non-GAAP COGS	\$ 43.9	\$ 49.2
Non-GAAP Gross Margin	69.8%	73.6%
GAAP Research and Development	\$ 17.6	\$ 21.3
Equity compensation	(1.3)	(1.5)
Elevate initiatives	(0.1)	(0.7)
Other adjustments	(0.1)	—
Non-GAAP Research and Development	\$ 16.1	\$ 19.1
GAAP Contingent Consideration	\$ (1.1)	\$ 0.7
Other adjustments	1.1	(0.7)
Non-GAAP Contingent Consideration	\$ —	\$ —
GAAP Selling, General and Administrative	\$ 124.1	\$ 135.5
Acquisition - amortization of intangible assets	(15.2)	(15.2)
Equity compensation	(6.8)	(7.0)
Elevate initiatives	(1.8)	(2.3)
Other adjustments	(3.0)	(0.6)
Non-GAAP Selling, General and Administrative	\$ 97.3	\$ 110.4
GAAP Operating Loss	\$ (39.6)	\$ (20.9)
Acquisition - amortization of intangible assets	15.2	15.2
Equity compensation	8.4	8.8
Elevate initiatives	1.9	3.2
Other adjustments	2.0	1.3
Non-GAAP Operating Income (Loss)	\$ (12.1)	\$ 7.6
Non-GAAP Operating Margin	-8.3%	4.1%
GAAP Net Income (Loss) Attributable to Myriad Genetics, Inc. Stockholders	\$ (15.2)	\$ (20.6)
Acquisition - amortization of intangible assets	15.2	15.2
Equity compensation	8.4	8.8
Elevate initiatives	1.9	3.2
Other adjustments	3.5	1.3
Deferred tax impact of non-GAAP adjustments	(18.0)	1.4
Tax effect associated with non-GAAP adjustments	(7.1)	(7.8)
Non-GAAP Net Income (Loss)	\$ (11.3)	\$ 1.5
GAAP Diluted Earnings (Loss) per Share	\$ (0.20)	\$ (0.28)
Non-GAAP Diluted Earnings (Loss) per Share	\$ (0.15)	\$ 0.02
Method Change Impact on non-GAAP Diluted Earnings (Loss) per Share	\$ (0.05)	\$ (0.06)
<i>Diluted shares outstanding</i>	74.7	73.7

Free Cash Flow Reconciliation*(Unaudited data in millions)*

	Three Months Ended	
	September 30, 2020	September 30, 2019
GAAP cash flow from operations	\$ (59.3)	\$ 15.8
Capital expenditures	(1.5)	(1.4)
Free cash flow	\$ (60.8)	\$ 14.4
Elevate initiative costs	1.9	3.2
Other adjustments	2.2	0.6
Tax effect associated with non-GAAP adjustments	(1.0)	(1.1)
Non-GAAP Free cash flow	\$ (57.7)	\$ 17.1

Following is a description of the adjustments made to GAAP financial measures:

- Acquisition – amortization of intangible assets: Represents recurring amortization charges resulting from the acquisition of intangible assets, including developed technology and database rights
- Acquisition – integration related costs: Costs related to closing and integration of acquired companies
- Equity compensation – non-cash equity-based compensation provided to Myriad employees
- Elevate initiatives – transitory costs related to Myriad’s Elevate 2020 program and transformation initiatives
- Other – Other one-time non-recurring expenses including expenses related to leadership transition, COVID-19 costs, non-recurring legal expenses, and potential future consideration related to acquisitions.
- Deferred Tax impact of non-GAAP adjustments - Changes in effective tax rate based upon ASU 2016-09 and the deferred tax impact of non-deductible acquisition costs