AN EXECUTIVE OVERVIEW OF FORM 10-Q PERFORMANCE, REVENUE DIVERSIFICATION, AND STRATEGIC EXPANSION

TEMPUS AI Q3 2026 FINANCIAL AND OPERATIONAL BREAKDOWN



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Executive Overview and Filing Context

Annotated excerpt of the SEC Form 10-Q cover page highlighting the registrant name, period ended September 30, 2026, and filing date of November 2, 2026.

- Tempus AI, Inc. filed Form 10-Q with the SEC on November 2, 2026, covering the quarterly period ended September 30, 2026.
- The filing demonstrates sustained top-line acceleration driven by volume expansion in Intelligent Diagnostics and high-margin data licensing.
- Core strategic focus continues to center on uniting multimodal clinical and genomic data with artificial intelligence applications.
- Key corporate developments include balance sheet de-leveraging, debt restructuring via zero-coupon convertible notes, and pending M&A.

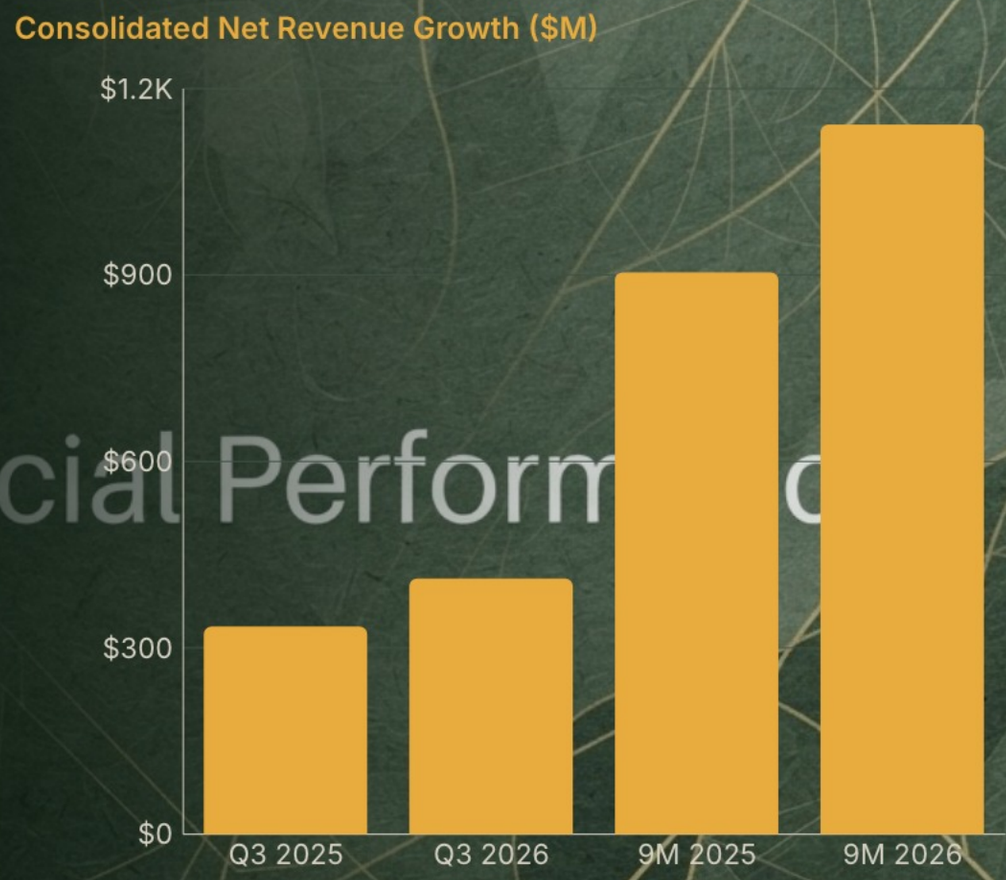
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Consolidated Financial Performance

Bar chart comparing consolidated net revenue across Q3 2025, Q3 2026, 9M 2025, and 9M 2026 in millions of dollars.

- Total net revenue reached $411.54 million for Q3 2026, up 23.1% year-over-year from $334.21 million in Q3 2025.
- Nine-month revenue surpassed $1.14 billion compared to $904.58 million in the prior-year period, representing 26.3% growth.
- Operating losses narrowed to $56.86 million in Q3 2026 from $61.00 million in Q3 2025, demonstrating operating discipline.
- Net loss significantly improved to $14.85 million for the quarter, compared to a net loss of $79.98 million in Q3 2025.

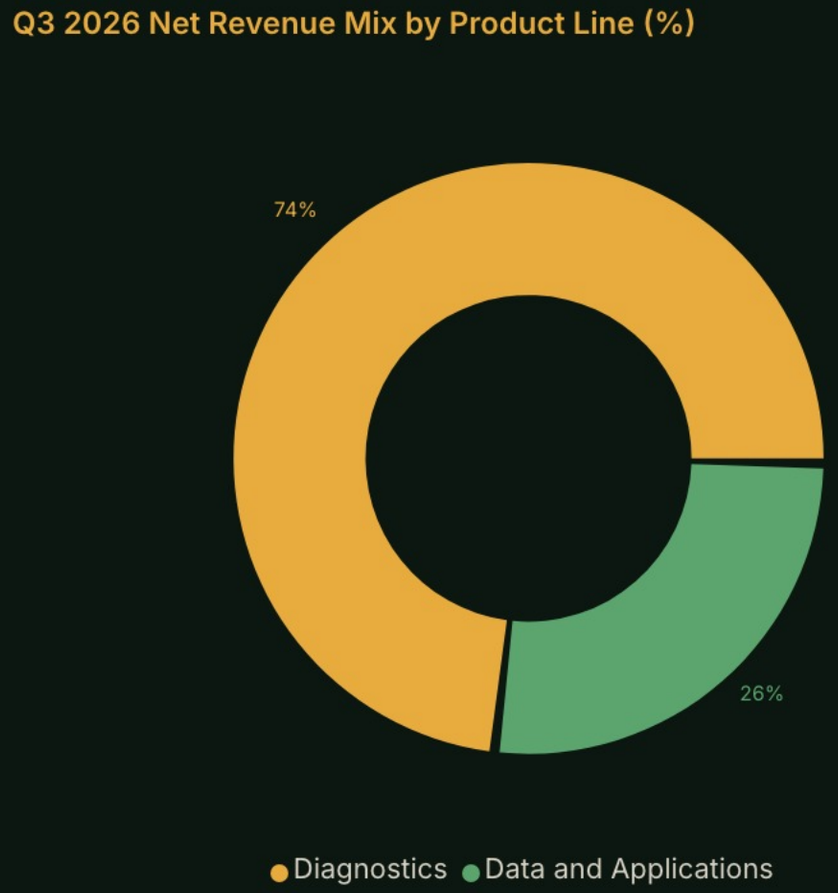


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Segment Revenue Composition

Pie chart displaying Q3 2026 net revenue distribution between Diagnostics and Data and Applications.

- Diagnostics generated $303.47 million in Q3 2026, representing 73.7% of total quarterly revenue.
- Data and Applications delivered $108.07 million in Q3 2026, capturing 26.3% of the quarterly revenue mix.
- Data and Applications outpaced segment growth at 32.9% year-over-year, compared to 20.0% growth in Diagnostics.
- Both segments create self-reinforcing network effects: clinical testing feeds de-identified records into the data licensing ecosystem.



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Diagnostics Operational Metrics and Scale

Table comparing diagnostic testing volume by category between Q3 2025 and Q3 2026.

- Total diagnostic test volume reached approximately 244,500 tests in Q3 2026, up 12.7% from approximately 217,000 in Q3 2025.
- Clinical oncology test volume grew 31.8% to 101,500 tests, driving an oncology revenue increase of $38.1 million.
- Hereditary testing volumes reached 143,000 tests, up from 140,000 tests, benefiting from average selling price increases and Ambry integration.
- Nine-month cumulative volume reached approximately 700,500 tests, anchored by 417,000 hereditary tests.

Quarterly Diagnostic Test Volumes

TEST CATEGORY	Q3 2025 VOLUME	Q3 2026 VOLUME	YOY CHANGE
Oncology Tests	77,000	101,500	+31.8%
Hereditary Tests	140,000	143,000	+2.1%
Total Tests	217,000	244,500	+12.7%

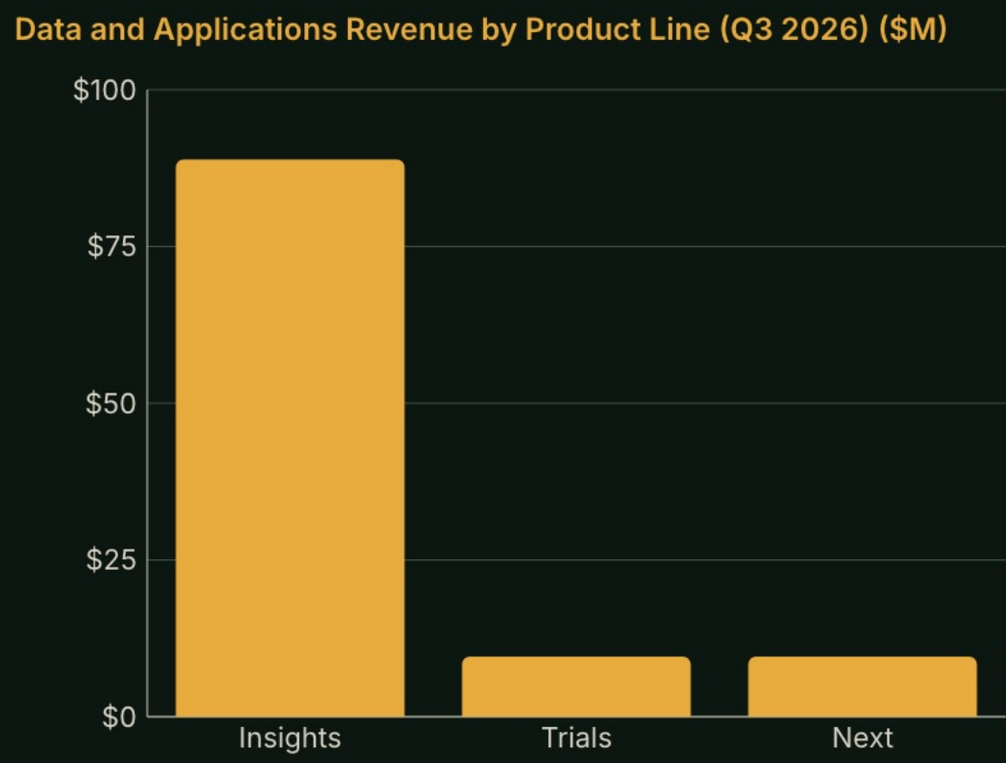
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Data and Applications Product Line Dynamics

Bar chart detailing Q3 2026 Data and Applications revenue by product line across Insights, Trials, and Next.

- Insights products drove segment performance, generating $88.9 million in Q3 2026 revenue, up from $69.0 million in Q3 2025.
- The Next platform grew 200% year-over-year to $9.6 million for the quarter, expanding real-time algorithmic care gap solutions.
- Clinical trial matching via the Trials product contributed $9.6 million in quarterly revenue.
- Multi-year contract remaining performance obligations stood at $514.0 million as of September 30, 2026, with 44% recognized within 12 months.



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Operating Expense Profile and Cost Structure

Table summarizing Q3 2026 operating expenses versus Q3 2025 with absolute dollar and percentage variances.

- Total cost and operating expenses rose 18.5% year-over-year to $468.40 million in Q3 2026, scaling slower than total revenue.
- Selling, general, and administrative expenses totaled $231.86 million, driven by cloud storage ($69.74 million accrued) and payroll.
- Technology research and development increased 20.0% to $45.71 million to support infrastructure and multimodal algorithms.
- Core scientific research and development rose modestly by 2.3% to $46.00 million, reflecting controlled laboratory assay investment.

Operating Expense Breakdown (Q3 2026 vs Q3 2025)

COST CATEGORY	Q3 2025 ($M)	Q3 2026 ($M)	CHANGE (%)
Cost of Diagnostics	$98.64	$114.04	+15.6%
Cost of Data & Apps	$25.62	$30.79	+20.2%
Technology R&D	$38.09	$45.71	+20.0%
Scientific R&D	$44.96	$46.00	+2.3%
SG&A	$187.89	$231.86	+23.4%

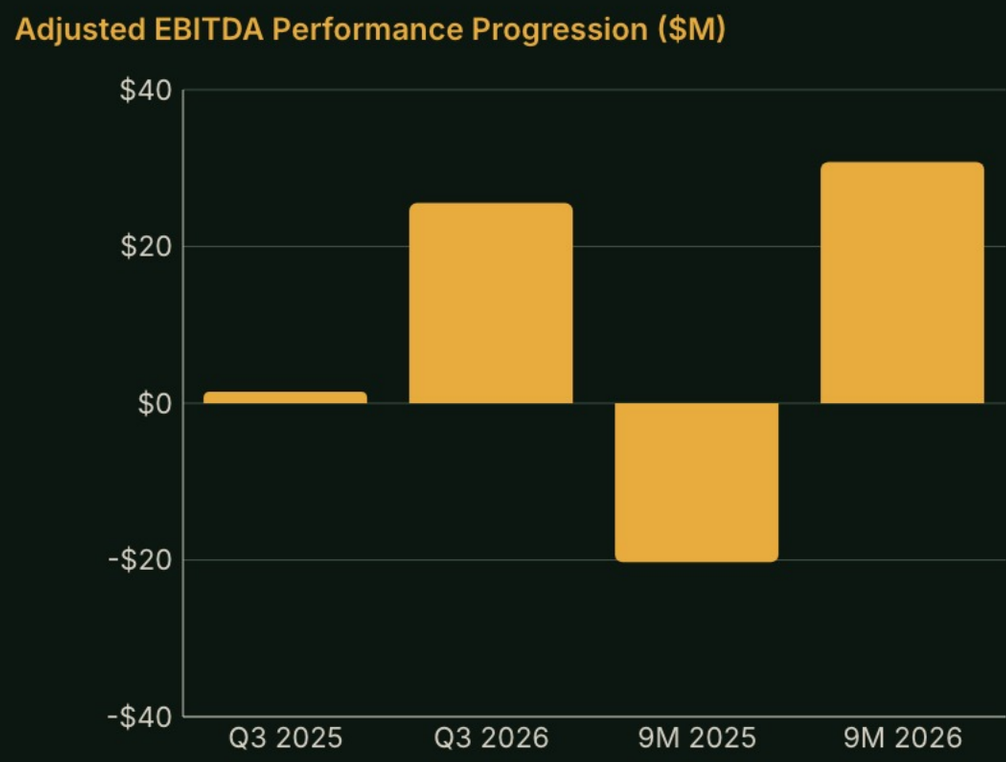
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Adjusted EBITDA Expansion and Margin Path

Bar chart displaying Adjusted EBITDA progression across Q3 2025, Q3 2026, 9M 2025, and 9M 2026.

- Q3 2026 Adjusted EBITDA expanded significantly to $25.57 million, compared to $1.48 million in Q3 2025.
- Nine-month Adjusted EBITDA inflected positive to $30.78 million, swinging from a loss of $20.28 million in the prior-year period.
- Reconciliation adjustments for Q3 2026 exclude non-cash stock compensation of $48.07 million and net fair value gains of $41.49 million.
- Sustained Adjusted EBITDA growth highlights increasing operating leverage as software and data revenues expand over fixed lab overhead.



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Capital Structure and Debt Modernization

Comparison table outlining the capital structure terms between the 2030 and 2032 Convertible Senior Notes.

- Issued $460.0 million of 0.00% Convertible Senior Notes due 2032 in May 2026, securing $442.0 million in net proceeds.
- Used note proceeds to repay $317.9 million to completely terminate high-cost senior secured term loans and revolving facilities with Ares.
- Prepayment eliminated floating SOFR-plus debt, incurring an $11.64 million debt extinguishment charge in 9M 2026.
- Existing convertible debt structure now consists of $750.0 million of 0.75% 2030 Notes and $460.0 million of 0.00% 2032 Notes, paired with capped calls.

Convertible Senior Notes Capital Structure Profile

FEATURE	2030 NOTES	2032 NOTES
Principal Amount	$750.0M	$460.0M
Stated Coupon	0.75%	0.00%
Initial Conversion Price	$84.19 per share	$69.26 per share
Capped Call Upper Limit	$111.1950 per share	$98.9400 per share
Maturity Date	July 15, 2032	May 15, 2032

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Strategic Portfolio Expansion and M&A

Timeline depicting major M&A transactions and execution milestones from early 2025 through late 2026.

- Completed acquisition of Center Health on August 7, 2026, adding an AI-enabled chronic disease management platform for $18.8 million in consideration.
- Announced merger agreement on July 20, 2026, to acquire Personalis, Inc. for $16.25 per share, representing a total enterprise value of $1.5 billion.
- Personalis acquisition will enhance minimal residual disease (MRD) liquid biopsy capabilities; shareholder vote set for November 30, 2026.
- Consideration for Personalis is structured primarily in Class A common stock, with an option to fund up to 50% in cash.

February 2025

Ambry Genetics Acquisition

Added inherited cancer risk and rare disease testing

August 2025

Paige.AI Acquisition

Integrated digital pathology and expanded dataset

August 2026

Center Health Acquisition

Acquired chronic disease management AI platform

Q4 2026 (Pending)

Personalis Merger Close

Special meeting scheduled for November 30, 2026

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Strategic Enterprise Collaborations

Quote card citing the company's strategic positioning on Intelligent Diagnostics and healthcare data infrastructure.

- Multi-party oncology Foundation Model agreement with AstraZeneca and Pathos involves $200.0 million in data license commitments over three years.
- Executed October 2026 oncology data licensing SOW with Bristol-Myers Squibb valued at $137.5 million in fixed payments through 2031.
- Finalized neurology licensing and agentic tool agreement with Pathos and BMS for up to $55.0 million covering 500,000 Alzheimer's and neurology records.
- 50/50 joint venture SB Tempus Corp. with SoftBank continues commercial scaling of clinical sequencing and real-world data in Japan.

“We endeavor to unlock the true power of precision medicine by creating Intelligent Diagnostics through the practical application of artificial intelligence, or AI, in healthcare.”

— Tempus AI, Inc., Q3 2026 Form 10-Q Filing

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Balance Sheet Resilience and Liquidity Profile

Table comparing key balance sheet liquidity and asset accounts between December 31, 2025, and September 30, 2026.

- Total cash, cash equivalents, and restricted cash stood at $595.23 million as of September 30, 2026.
- Total liquidity is augmented by $259.15 million in marketable equity securities, including holdings in Recursion and Personalis.
- Operating cash outflow for 9M 2026 contracted significantly to $71.59 million, down from $181.30 million in 9M 2025.
- Management confirms existing cash, liquid investments, and operational cash flows are sufficient to fund operations for at least 12 months.

Liquidity and Balance Sheet Summary

BALANCE SHEET METRIC	DECEMBER 31, 2025	SEPTEMBER 30, 2026
Cash & Cash Equivalents	$604.8M	$590.5M
Marketable Equity Securities	$150.2M	$259.2M
Total Current Assets	$1,167.2M	$1,136.9M
Total Debt Outstanding (Principal)	$1,346.7M	$1,386.0M
Total Stockholders' Equity	$491.3M	$500.4M

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Core Takeaways and Forward Outlook

Framework diagram depicting the Tempus Platform flywheel connecting Clinical Diagnostic Sequencing, Multimodal Data Ingestion, and AI-Driven Applications.

- Form 10-Q filing reflects accelerating commercial execution across both clinical diagnostics and data licensing segments.
- Positive Adjusted EBITDA inflection ($30.78 million for 9M 2026) validates operating leverage in the dual-engine business model.
- Complete retirement of high-interest term debt materially de-risks capital structure and reduces ongoing interest burden.
- Near-term catalysts center on closing the Personalis transaction and executing on new multi-year pharma contracts with BMS and AstraZeneca.

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