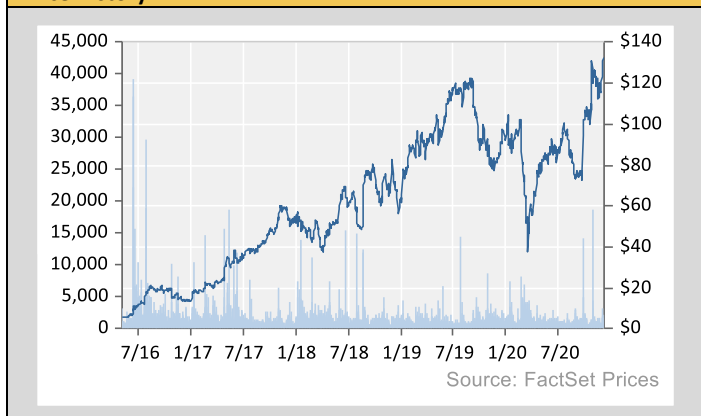


Recommendation: Buy

Current Price	\$135.40	---	Ticker	EXAS
1 Year Bear	\$57	-58%	Sh. Out. (M)	159
1 Year Base	\$169	25%	M.Cap. (\$B)	21.5
1 Year Bull	\$238	76%	EV (\$B)	23.1

Price History

	5Y	3Y	2Y	LTM	YTD	3M	1M
Return	N/A	149%	86%	52%	40%	70%	5%

Financials

	2016	2017	2018	2019	2020F	2021F	2022F
Sales (\$B)	0.10	0.27	0.45	0.88	1.47	1.90	2.33
Gr. %	152%	168%	71%	93%	67%	29%	23%
v. Cons.	-	-	-	-	-	17%	24%
Industry	10.9%	4.0%	7.0%	7.9%	11.7%	24.4%	2.8%
EPS	(1.63)	(0.99)	(1.43)	(0.64)	(2.98)	(1.47)	(0.88)
Gr. %	-5%	-39%	44%	-55%	366%	-51%	-40%
v. Cons.	-	-	-	-	-	-59%	-56%
Industry	-12%	-19%	3%	-26%	-58%	294%	6%

Ratios

	2016	2017	2018	2019	2020F	2021F	2022F
NPM	-168%	43%	-39%	-10%	-31%	-12%	-6%
Industry	-71%	-49%	-30%	-30%	-11%	-293%	-22%
ROE	-51%	-27%	-29%	-6%	-19%	-10%	-6%
Industry	-53%	-73%	-116%	-38%	-42%	-26%	-30%
ROA	-45%	-24%	-17%	-3%	-10%	-5%	-3%
Industry	-31%	-31%	-30%	-22%	-34%		
A T/O	0.27	0.55	0.43	0.35	0.37	0.43	0.52
A/E	1.12	1.14	1.77	1.69	1.70	1.87	1.87

Valuation

	2016	2017	2018	2019	2020F	2021F	2022F
P/E	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Industry		N/A	N/A	49	71	121	91
P/S	13.8	22.9	17.0	13.9	16.3		
P/B	4.4	12.2	11.4	6.0	7.4		
P/CF	-10.5	-84.7	-111	-110	2927		
EV/EBITDA	-7.40	-57.5	-53.9	-124	-116		
D/P	0.0%	0.0%	0.0%	0.0%	0.0%		

Health Technology, Biotechnology

Exact Sciences Co.**Summary**

I recommend a buy rating with a target of \$169. EXAS has an opportunity to dramatically improve efficiency, increase margins, and increase sales with its experienced sales force. Despite high competition, EXAS has opportunity for long term sales growth because of the experienced R&D team working on developing new key products. COVID-19 uncertainty impacts the ability of the core business growth in the past, but now it serves as a catalyst for the Cologuard sales. However, COVID-19 still negatively impacts the precision oncology segment. The stock is undervalued based on trading history and DCF analysis. Relative valuation shows mix results; however, its long-term future growth is strong which leads to a buy.

Key Drivers

- **Cologuard Sales Growth:** There is a significant unmet market for colon cancer screening. With the expansion of coverage to people at age 45 versus 50, Cologuard can capture more market share. However, COVID-19 has drastically negatively affected the CRC screening industry in the short-run.
- **Acquisition and Revenue Diversification:** EXAS grew significantly this year through the acquisition of Genomic Health and by offering COVID-19 testing, which helped mitigate the impact of the pandemic on Cologuard.
- **Research and Development:** EXAS is currently focusing its research and development efforts on building a pipeline of potential future products such as the multi-cancer blood test.
- **Competitive Analysis:** EXAS is under serious pressure from a highly competitive and innovative market. EXAS' success depends heavily on improving its products through research and creating new solutions in this innovative industry.
- **Macroeconomic Trends:** The stock is highly correlated with the PMI which is correlated with the market. It is a high beta stock.

Valuation

Using a relative valuation approach, Exact Sciences Corporation appears to show mix results in comparison to the biotechnology industry. DCF analysis implies that the stock is worth \$189. A combination of the approaches suggests that Exact Sciences is undervalued, as the stock's value is about \$169 and the shares trade at \$135.

Risks

- COVID -19 reduced patient visits affecting sales
- Any changes to reimbursement rates will significantly impact revenue
- EXAS is in a highly competitive industry

Company Overview

Exact Sciences Corporation (EXAS) is a global diagnostics company that focuses on early detection and prevention of cancer. The company initially focused on commercializing its flagship product, Cologuard. Cologuard is a non-invasive, stool-based test to detect colorectal cancer (CRC) and pre-cancer that can be used at home. This test is prescribed by a medical provider and is covered by Medicare and most major insurers.

In 2019, EXAS expanded its product portfolio by acquiring Genomic Health. Genomic Health provides EXAS with genomic-based diagnostic tests through its Oncotype IQ platform. These tests take a tumor cancer sample from a patient to analyze the genes to determine how the patient's cancer is likely to behave, reoccur, and respond to different treatments. This additional genomic insight helps doctors optimize treatment decisions for breast, prostate, colon, and other advanced cancers.

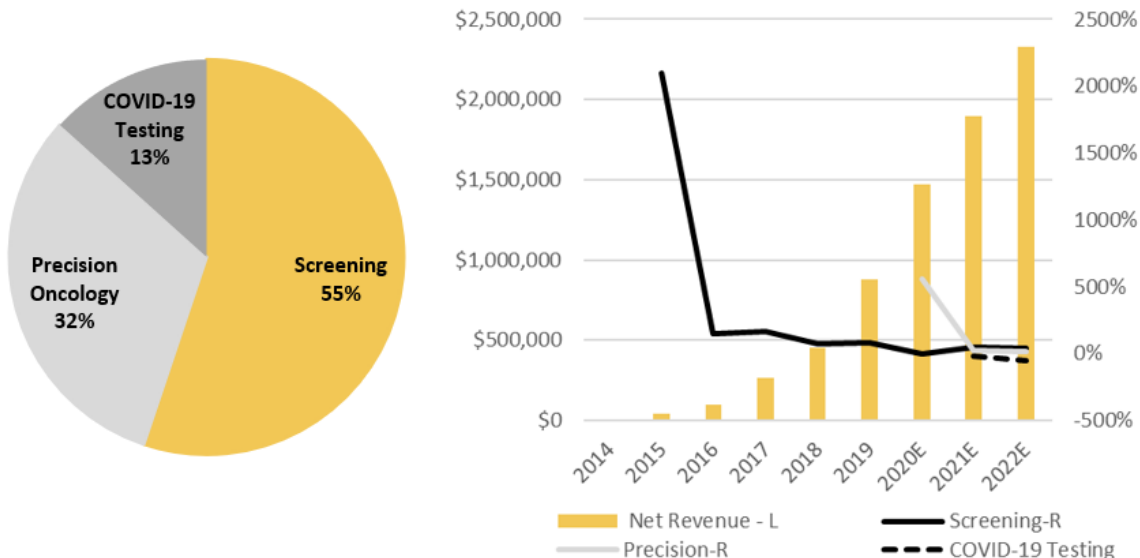
EXAS has a goal of bringing new innovative cancer tests to patients globally. EXAS' research and development team is currently working on additional tests for different types of cancers through the collaboration with Mayo Clinic. EXAS has two state-of-the-art, highly automated lab facilities in Madison, Wisconsin to manufacture/process the Cologuard tests and two other labs on the West Coast to process other products. It operates in over 90 countries with over 400 employees. Most of its revenue is generated in the United States (93%). Additionally, EXAS added COVID testing services to its product portfolio in late March 2020. Exact Sciences Corporation was founded in 1995 and is headquartered in Madison, Wisconsin. As of September 30th, 2020 (YTD), Exact Sciences conducts business through three segments: Screening (55%), Precision Oncology (32%), and COVID-19 Testing (13%)¹.

- **Screening:** Screening includes domestic laboratory service revenue from Cologuard and revenue from Biomatrix products. More than 99% of the screening revenue is related to Cologuard sales. The screening segment includes three sub-segments: Medicare Part B&C, Commercial, and Other. The screening segment has a 3-year CAGR of 101%.
- **Precision Oncology:** Precision Oncology includes global laboratory service revenue from Oncotype IQ products. Within the Oncotype IQ platform is its flagship product line, Oncotype DX. Oncotype DX is used to analyze tumors to predict the risk of treatment and recurrence for breast, prostate, and colon cancer. This segment was created at the end of 2019. This segment also includes three sub-segments: Medicare Part B&C, Commercial, and Other. This segment is estimated to grow 578% at the end of 2020 due to the acquisition of Genomic Health.
- **COVID-19 Testing:** EXAS partnered with various customers, including the State of Wisconsin Department of Health, to administer COVID-19 testing. Its customers are responsible for employing trained personnel to collect specimens. Specimens are sent to EXAS' laboratory where it runs the assay and provides test results to customers. The COVID-19 testing segment is temporary. Since its creation in the second quarter of 2020, this segment grew 195% this year.

EXAS has experienced rapid growth and has a 5-year CAGR of 244.8%

¹ Refer to Figure 1

Figures 1 & 2: 2020 YTD Revenue by segment (left); revenue history (in thousands) and YoY sales growth rates (right)



Source: Company reports, FactSet

Business/Industry Drivers

Though several factors may contribute to EXAS’ future success, the following are the most important business drivers:

- 1) Cologuard Sales Growth
- 2) Acquisition and Revenue Diversification
- 3) Research and Development
- 4) Competitor Analysis
- 5) Macroeconomic Trends: PMI

Cologuard is the first and only FDA-approved sDNA non-invasive colorectal cancer screening test

Cologuard Sales Growth

Colorectal cancer (CRC) is the second leading cause of cancer death in the United States partly because the cancer is undetected until later stages when treatment is limited. Cologuard finds CRC during the earlier stages by testing patient’s stool DNA (sDNA) to detect cancer. In August 2014, the U.S. Food and Drug Administration (FDA) approved EXAS for the use of Cologuard as a CRC screening test in adults 50 years of age and older who are at average-risk for CRC. Upon approval, Cologuard became the first and only FDA-approved sDNA, non-invasive colorectal cancer screening test giving EXAS a competitive advantage. To sustain the competitive advantage, EXAS continues to research and improve the Cologuard test. In 2019, EXAS released its Cologuard screening performance data from a clinical trial. Research from EXAS and Mayo clinic showed new markers to detect CRC and advanced adenoma (AA) with better accuracy. This clinical trial was tested with 725 stool samples. The study highlighted the performance of Cologuard in the small population:

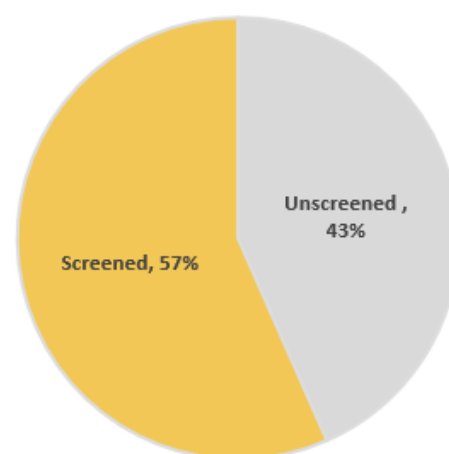
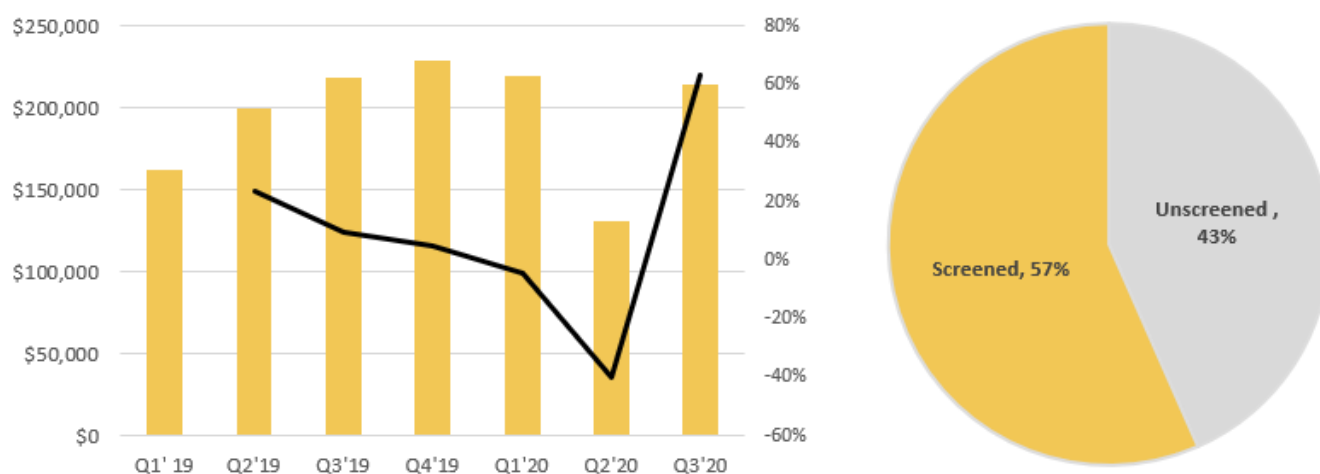
- Cancer Sensitivity: 92% vs Colonoscopy 95%
- Specificity: 92% vs Colonoscopy’s Specificity 86%
- AA² Sensitivity: 65%

² Advanced adenoma (AA) is a tumor that measures 10mm or more in size, contains a substantial villous component, or exhibits high-grade dysplasia. Reference: <https://www.ajronline.org/doi/full/10.2214/AJR.06.0764>

The promising results displayed Cologuard’s same ability to accurately identify 92% of CRC in patients which is around the standard colonoscopy procedure³. The test results also highlighted better specificity with only 8% false positives in testing. A larger study will be conducted which will also include blood-based CRC screening test with hopes of receiving FDA approval. Cologuard can continue to grow in market share in this competitive, \$18 billion industry with the highest non-invasive accuracy.

In September 2019, the FDA expanded Cologuard’s indication to include average-risk adults between ages 45-49, which added about 20 million people to the CRC market who have yet to be screened. There are about 106 million Americans who are at average-risk for CRC between the ages of 45-85. Within the 106 million market, 46 million Americans still need to be screened. There is a large opportunity to capture some of the 43% of Americans who have not been screened (Figure 4). With its competitive advantage, EXAS still has a lot of room to grow its Cologuard sales. The total market will continue to grow as the population ages. Currently, EXAS only has a 5.4% share of the colon cancer market. EXAS’ goal is to be 40% penetrated. If EXAS captures 40% of the market share (\$7.2 billion estimate) and it has a similar net profit margin from a mature molecular diagnostics company such as Becton Dickinson (BDX) at 19.8%, EXAS’ estimated net income is \$1.4 billion. The estimated EPS is \$11 after using EXAS’ 2019 number of shares.

Figures 3 and 4: Sequential screening segment sales (in thousands) (left) and colon cancer diagnostics target market (right)



Source: Company reports, Cowen Conference

EXAS has taken other steps to continue to grow Cologuard’s market share. EXAS recently grew its sales force and has increased advertising to bring more awareness to Cologuard. As of September 30th, 2020 (YTD), sales and marketing expenses grew 59% year over year due to the added sales force and the Genomic Health acquisition. Overall, EXAS has invested about \$45 million (4% of 2020 sales YTD as of Q3) in the primary sales care expansion and training. There is a large backlog of colonoscopy surgeries where the sales team can help bring more awareness about Cologuard as an option for average-risk patients.

Additionally, EXAS launched its telemedicine website in Q1 2020 where patients can order Cologuard online after consulting a doctor virtually. EXAS currently uses paper fax to receive product orders from medical professionals and has workers who manually enter its customers’ information per order into its system. EXAS will be rolling out EPIC, an EHR software system, at the end of 2020. EPIC will become a core

³ Refer to Appendix 9: Colorectal Cancer Screening Competitive Landscape

component of EXAS' IT system through its capabilities to aid in electronic order entry of products from medical professionals, revenue cycle, and customer care. Any medical professional who uses EPIC can order Cologuard in the second half of 2021. Throughout the years, EXAS has spent \$400 million (39% of 2020 sales YTD as of Q3) on its IT infrastructure for telemedicine and the EPIC conversion. This will help EXAS in the long term because 45% of primary care physicians use EPIC and those who order via EPIC, order over 50% more than fax orders.

Figure 3 shows that the screening segment has been growing every quarter until the pandemic. Specifically, Cologuard's sales declined in April and May because fewer people were conducting wellness checks during the COVID-19 pandemic. In wellness checks, medical professionals recommend screening tests such as Cologuard. The company has bounced back in June/July 2020 with the implementation of telemedicine and electronic orders.

Acquisition and Revenue Diversification

Over the past three years, EXAS utilized acquisitions to accelerate research and development of products, support current services, and to diversify its product portfolio. The most recent, relevant acquisitions include Thrive, Genomic Health, and Biomatrix. Each of these acquisitions improved EXAS' value by either reducing risk or providing growth opportunities.

EXAS has made eight acquisitions in the last four years to help with product development and revenue diversification

EXAS recently acquired Thrive in October 2020 to support the successful development and implementation of multi-cancer liquid biopsy screening. Thrive has been working on a multi-cancer screening test called CancerSeek which detects ten different types of cancers in a blood sample using its mutation and protein biomarker approach. EXAS also has a multi-cancer liquid biopsy test in its early stages that detects the top six cancers through the methylation biomarker approach. EXAS is looking to enhance accuracy by combining the tests. When this test launches, EXAS will significantly increase sales as it enters the novel \$25 billion liquid biopsy industry⁴.

EXAS acquired Genomic Health in December 2019 to accelerate revenue growth beyond its organic rate and to diversify revenue from uncontrollable factors. After the acquisition, EXAS' price/sales ratio fell below the 5-year average because the market did not like that EXAS entered a different market with Genomic. The Genomic Health acquisition introduced EXAS to genomic-based diagnostics tests that help optimize cancer care with its flagship product line Oncotype DX. Specifically, the Oncotype DX breast cancer test is the flagship product that produces most of the segment's current revenue. Revenue for Q2 2020 is 35% above what it was one year ago. Additionally, the six-month revenue to-date is higher in 2020 by 70% when compared to 2019 six-month revenue to-date.

EXAS acquired Biomatrix, Inc. for an undisclosed amount in October 2018 which became the platform technologies used in Cologuard. Biomatrix, Inc. has a blood preservation technology that preserves DNA in blood. EXAS has seen 50% better DNA preservation using Biometrica products. The technologies are highly sophisticated and flexible. In fact, EXAS used Biomatrix to create highly accurate tests to detect COVID-19. While revenue was down in other segments during Q2 2020, EXAS was able to gain about \$35 million in the introduction of the COVID testing segment, which was 13% of the revenue mix.

⁴ Source: Company Presentations

Figures 5: Acquisition Deals by Year

Close Year	Deals	Target	Transaction Value (Millions)	Use
2017	1	Sampleminded, Inc.	3.2	Software for clinical trials
2018	1	Biomatrix, Inc.	Not disclosed	Biotechnology - Blood preservation
2018	1	Armune Bioscience, Inc	12.0	Develops molecular & prognostic tests
2019	1	Genomic Health, Inc.	2,520.0	Genomic testing for cancer patients
2020	2	Paradigm Diagnostics, Inc. & Viomics, Inc.	30.4	Medical Specialties, Packaged Software
2020	1	Thrive	2,160.0	Biotechnology - Liquid Biopsy Screening
2020	1	Base Genomics	410.0	Biotechnology - Liquid Biopsy Screening

Source: Company reports, Earnings Transcripts, FactSet

Research and Development Pipeline

EXAS focuses its research and development efforts on new products and enhancing existing products. It is building its product portfolio and focused on improving Cologuard's performance characteristics and on developing blood or other fluid-based ("liquid biopsy") tests.

EXAS has successfully performed validation studies on multiple types of cancer using tissue, blood, and other samples through the collaboration with Mayo Foundation for Medical Education and Research. EXAS hopes to gain market share by developing products that addresses an unmet medical need with accurate performance and utility. EXAS has recently concentrated on diagnostics tests. EXAS' diagnostics tests usually detect cancer by identifying certain biomarkers in the blood or stool. The company is focusing on five areas:

EXAS' largest opportunity in the future is the development of a multi-cancer liquid biopsy with a \$25 billion novel market

- 1. Multi-Cancer "Liquid Biopsy" Screening:** A diagnostic blood test to detect multiple cancers with one sample.
- 2. The enhancement of Colon Cancer Screening:** EXAS is improving the specificity to reduce the number of false positive tests. Additionally, its working on creating a "liquid biopsy" blood test to detect CRC.
- 3. Hepatocellular Carcinoma ("HCC") Test Development ("Liver Liquid Biopsy"):** EXAS is creating a blood-based test for the detection of liver cancer/disease. This test is expected to launch next year.
- 4. In Vitro Device ("IVD") Version of Oncotype DX Breast Cancer Test:** EXAS is looking to create a test that can be performed/analyzed anywhere instead of its centralized lab in California. This may open opportunities internationally.
- 5. Development Studies for Oncotype DX Products:** EXAS may conduct additional studies to expand the use of genomic testing to address additional populations.

EXAS' largest opportunity in the future will be the multi-cancer blood screening. Recently, EXAS announced preliminary results for the multi-cancer screening which showed that in less than 440 samples, EXAS had an 83% overall sensitivity across six cancers, including esophageal, liver, lung, ovarian, pancreatic, and stomach. This is more accurate than Grail's overall sensitivity. Grail, which was acquired by Illumina (ILMN), has an overall sensitivity rate less than 60%. At the time of the announcement, EXAS' shares went up about 30% because this is the highest accuracy of detection of multiple cancers by any company. Multi-Cancer screening is the future and several companies are competing to be the best standard in the untapped, \$25 billion market⁵. If we assume that EXAS captures 25% of this \$25 billion market and it receives a P/S of 4.5, which is the average of some of the bigger players in the molecular diagnostics industry⁶, then this is worth \$28 billion or 130% of the company's current market cap.

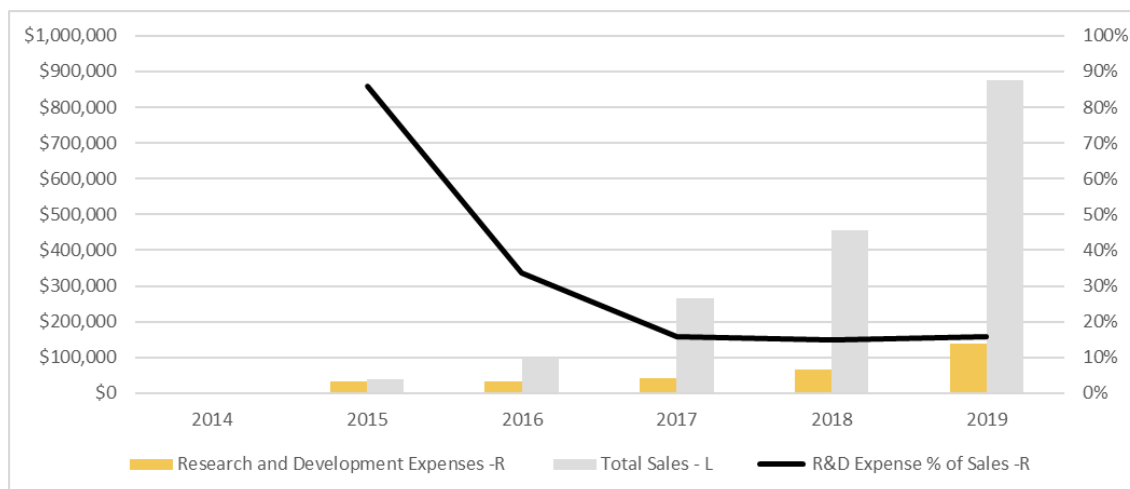
⁵ Source: Company presentation

⁶ Source: <https://www.prnewswire.com/news-releases/global-7-7-bn-molecular-diagnostics-market-2018-2019--2024--300795037.html>

Although EXAS' overall spending on research and development has been rising, the graph (Figure 6) below shows that it is decreasing as a percent of sales. The firm is no longer a startup where R&D may be larger than sales. It has gained efficiency and sales are rising rapidly. This is leading to improving profit margins (-168% in 2016 to -10% in 2019). Although, its acquisitions have purchased R&D.

Figure 6: R & D Expense as a Percent of Sales & R&D Expenses and Net Sales (in thousands)

EXAS R&D expenses has not grown as rapidly as its revenue, but it has also purchased R&D through its acquisitions



Source: Company Reports

Competitive Analysis

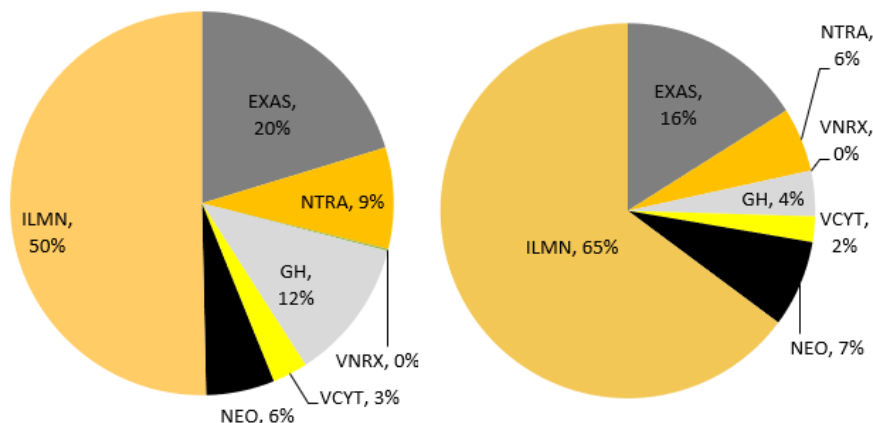
EXAS operates in a rapidly competitive and evolving industry. There are many public and private companies that have products or are developing products like EXAS. Some of its potential and current competitors have greater brand recognition, financial health, partnerships, and/or development resources. Another important competitive factor is the experience management has in this field. EXAS' CEO, Kevin Conroy has 18 years of experience; he previously worked as a CEO of Third Wave Technologies before it was acquired by Hologic. Competition will continue to increase in the cancer screening and diagnostic area which may adversely affect the firm's revenue and share price. EXAS has many private and public competitors. Some competitors include:

- 1) Natera Inc (NTRA)
- 2) Volition Diagnostics (VNRX)
- 3) Guardant Health, Inc (GH)
- 4) Veracyte (VCYT)
- 5) NeoGenomics (NEO)
- 6) Illumina (ILMN)

As shown in figures 7 and 8, EXAS' share of market capital is a higher than the percentage (20%) than its percentage of sales in comparison (16%). This suggests that the market is slightly more optimistic about the future growth of EXAS than its competitors.

Figure 7 & 8: Industry concentration by market cap (left) and sales (right)

EXAS share of market cap is more than its shares of sales



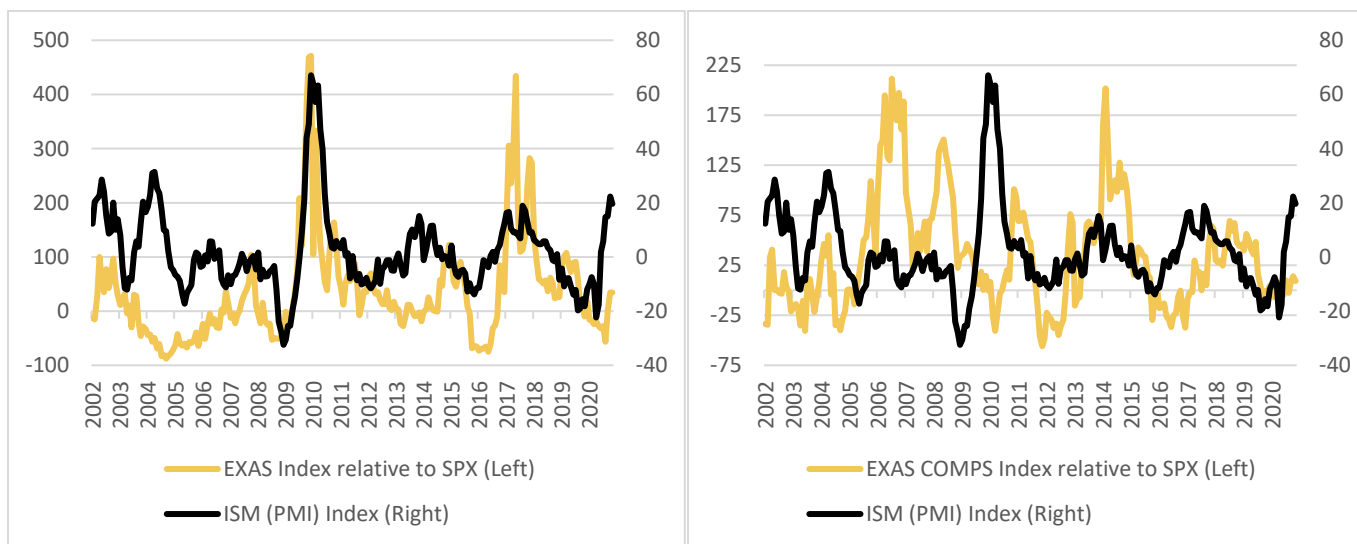
Source: IMCP, FactSet

EXAS is positively correlated with the ISM PMI Index

Macroeconomic Trends

As shown in figure 9 below, EXAS relative performance to the S&P 500 (SPX) is correlated with the ISM PMI Index. Sometimes there is a lag or lead due to its high beta, but one can see that EXAS performance relative to SPX is positively correlated with the ISM PMI index, a gauge for economic expansion and contraction. On the other hand, EXAS competitors relative to SPX are not as correlated. The PMI is highly correlated with the S&P 500 because the PMI is a gauge of the economy. While EXAS' business is driven by company specific drivers, its stock still acts much more like cyclical stocks. It is a high beta stock to the economy and overall market.

Figure 9 & 10: EXAS index relative to SPX vs ISM (PMI) Index (left) and EXAS Comps index relative to SPX (right)



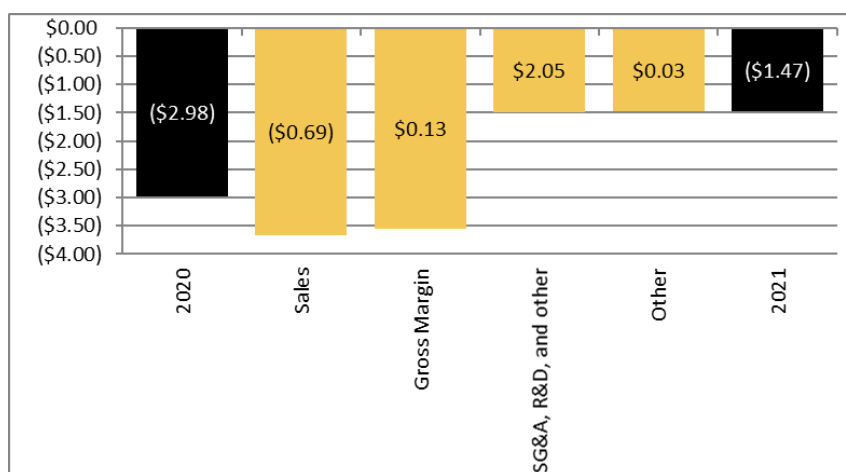
Source: FactSet

Financial Analysis

Quantification of Drivers

I anticipate EPS to grow significantly to (\$1.47) in FY 2021 – up from (\$2.98) in 2020. I forecast a 29.2% growth rate in revenue, which decreases EPS by \$0.69 assuming no change in margins. EPS will be enhanced by a rise in gross margins, adding \$0.13. I expect EXAS to gradually grow Cologuard prices from \$481 to \$500 in the next few years which contributes to the slight increase in gross margins. The largest increase in EPS is driven by the huge decrease in SG&A, R&D, and other expenses per sales. This will contribute \$2.05 to FY 2021 EPS. The increase in operational efficiency is due to prior investments in IT infrastructure, research, and sales. Additionally, the increase in sales is expected from the backlog of colon cancer screening, increase in electronic orders, and an improvement in the COVID environment. I anticipate EXAS will be able to reduce SG&A costs related to the reduction of manual administrative labor.

Figure 11: Quantification of 2021 EPS drivers

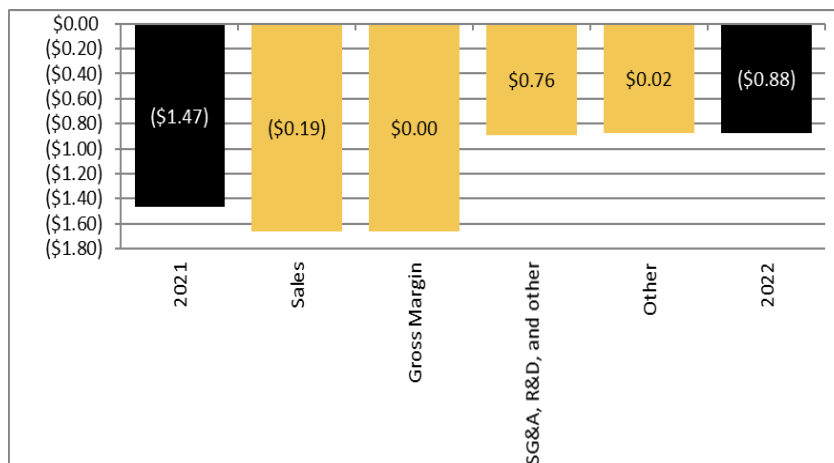


Source: Company Reports, IMCP

I expect EPS to increase from (\$1.47) to (\$0.88) in FY 2022. Sales growth of 22.8% will decrease the EPS by \$0.19, but this is without the impact of accompanying SG&A and R&D margin improvement. I anticipate no changes in gross margin to the EPS. I also believe that EXAS will continue to improve in SG&A, R&D, and other expenses as a percent of sales which will boost operating margin from -6.8% to -1.8% and contribute \$0.76 to FY 2022 EPS growth. Sales will rise post-COVID-19 and due to growth discussed earlier.

Figure 12: Quantification of 2022 EPS drivers

EPS should improve from (2.98) in 2020 to (0.88) in 2022



Source: Company Reports, IMCP

Estimate & Consensus

I am slightly more pessimistic than the consensus EPS estimates for 2021 and 2022 because of my higher estimates in SG&A, R&D, and other expenses. I believe EXAS will need to expand its sales team more than consensus to continue to grow sales. I also anticipate higher expenses in research and development with the new, large clinical trials to improve the Cologuard test and create the multi-cancer liquid biopsy screening. Although I anticipate slightly lower EPS vs consensus, I anticipate slightly stronger sales growth than consensus in 2022.

Figure 13: EXAS estimate revenue and EPS vs market Consensus

	FY 2021E		FY 2022E	
	Estimate	Consensus	Estimate	Consensus
Revenue	\$ 1,896,821	\$ 1,872,700	\$ 2,328,731	\$ 2,207,100
YoY Growth	29%	29%	23%	18%
EPS	\$ (1.47)	\$ (1.21)	\$ (0.88)	\$ (0.53)
YoY Growth	-51%	-60%	-40%	-56%

Source: Factset, IMCP

Revenues

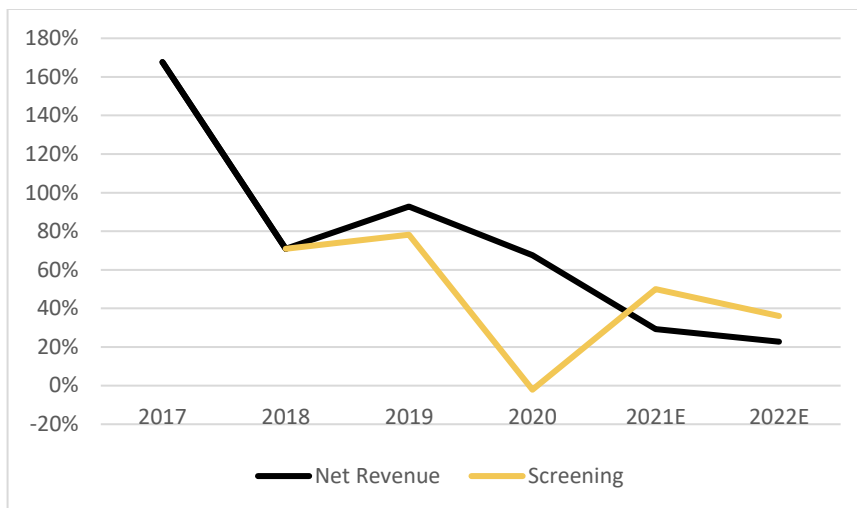
Overall sales have increased significantly since the initial commercialization of Cologuard in 2014. Between 2014 to 2017, sales grew at a CAGR of 510%. The huge increases in sales each year were largely driven by the rise in insurance coverage of Cologuard. However, sales growth started to slow from 168% in 2017 to 71% in 2018.⁷ By then, EXAS captured most major insurers, so the growth rate normalized to only reflect the rise in the firm’s market share for Cologuard sales. In 2020, EXAS’ screening segment is anticipated to hit a historic low of -2% growth rate due to the early effects of the pandemic on regular doctor visits. I anticipate high revenue growth in 2021 due to an increase in e-ordering capabilities, increased awareness of non-invasive screening, and a huge backlog of colonoscopy screenings. In 2022, I anticipate a slight decrease in growth due to entrance of new competitors with liquid CRC screening

⁷ Refer to Figure 14

products. Despite the slowing growth, the screening segment will still be the largest driver of sales growth for EXAS.⁸ As noted previously, EXAS has a current CRC market share of 5.4% of the \$18 billion total addressable market. Once EXAS creates a quality, liquid screening for CRC, revenue growth will increase significantly for this segment since it will have two non-invasive screening options in the large CRC total addressable market.

Figure 14: Net revenue vs screening growth rates

Cologuard sales hit a historic low in FY 2020 but is expected to rebound in FY 2021



Source: Company Reports

In 2019, net revenue increased slightly higher than screening revenue due to the addition of the Precision Oncology segment in Quarter 4. This segment increased 558% in 2020 from 2019, which is due to when this segment was introduced. I anticipate the growth rate to normalize next year which will affect the overall net revenue growth rates over the next two years. The overall estimated CAGR for the global precision market is 11.5%⁹, so I anticipate a slightly higher growth rate of 15% and 17% for FY 2021 and FY 2022 because EXAS has an experienced sales team and has better products based on its accuracy versus competitors. There is room to grow internationally as well.

COVID-19 revenue should begin to decline as the vaccines rollout.¹⁰ I anticipate a decrease of 20% and 50% for FY 2021 and FY 2022. Sales are still positive as not everyone may get vaccinated and the virus may mutate enough to be with us permanently. The decrease as a percentage of sales can be seen in Figure 15.

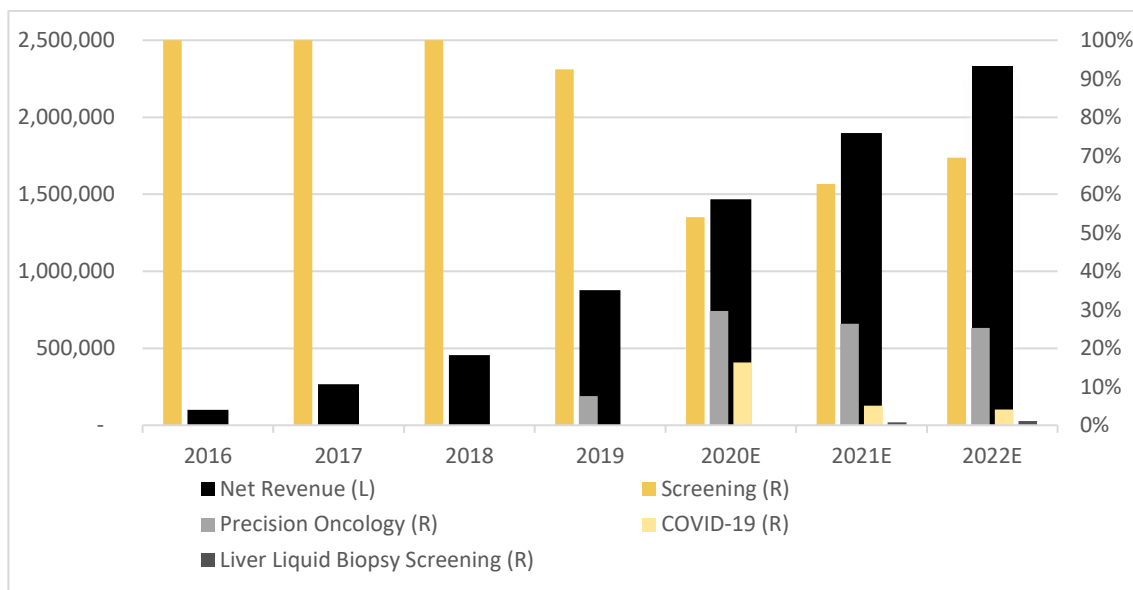
On another note, EXAS mentioned that it will be rolling out its liver liquid biopsy, so I forecast that EXAS will be able to capture 1% market share of the three million Americans at risk during FY 2021 and continue to grow year over year by 70% in FY 2022.

⁸ Refer to Figure 15

⁹ <https://www.precedenceresearch.com/precision-medicine-market>

¹⁰ Refer to Figure 15

Figure 15: Net revenue (in thousands) (L) and segment revenue as a % of total sales (R)



Source: Company Reports, IMCP

Operating Income and Margins

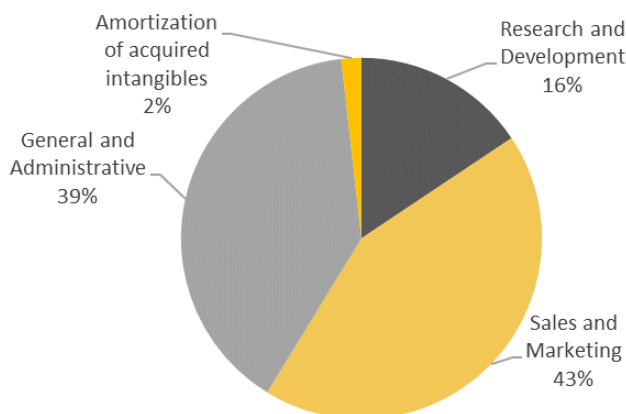
Most of Exact Science’s yearly operating expenses fluctuate directly with revenue.¹¹ Operating expense is composed primarily of sales & marketing, general & administration, and research & development. The amortization of acquired intangibles expenses mainly represents developed technology amortization expenses from the companies it has previously acquired. SG&A, R&D, and other expenses as a percent of sales fell from 223% in 2016 to 102% in 2019. The firm will continue to lower the ratio since it has become more efficient with its resources as its sales grow faster than expenses. The firm, however, will not cut costs that will affect overall revenue.

The largest expense comes from its sales and marketing structure.¹² Historically, sales and marketing has accounted for around 50% of the firm’s total expenses as the firm operates in an innovative, competitive product-based industry. Creating awareness and education of new products by medical professionals are necessary to execute on sales goals.

¹¹ Refer to Figure 17

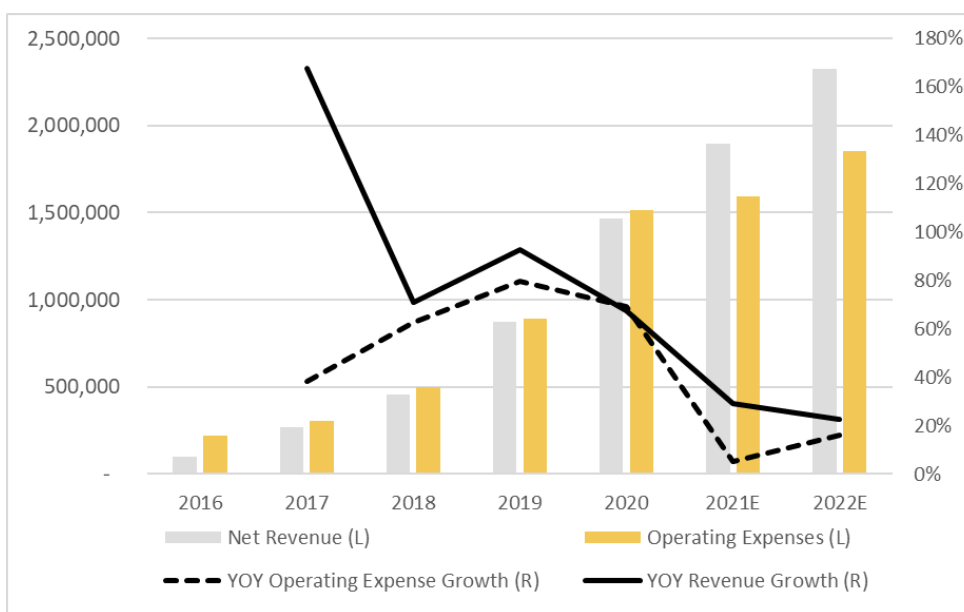
¹² Refer to Figure 16

Figure 16: Composition of 2019 operating expenses



Source: Company Reports

Figure 17: Operating expenses & revenues in thousands (left) vs YoY operating expenses & revenue growth (right)



Source: Company Reports, IMCP

Return on Equity

EXAS and most of its close competitors have a negative ROE. Historically, EXAS’ ROE relative to its competition is a little higher than average. In the past three years, its ROE has risen by 21%¹³ as margins have risen. Note also how leverage (A/E) has risen. The firm has added more debt/equity-like securities to fund acquisitions. I anticipate ROE to become positive within the next three years as EBIT margins rise above zero with growth of sales and improved operating efficiency.

ROE has risen 21% in the past three years

¹³ Refer to Figure 18

Figure 18: ROE breakdown, 2017-2022E

5-stage DuPont	2017	2018	2019	2020	2021E	2022E
EBIT / sales	-43%	-30%	-24%	-24%	-7%	-2%
Sales / avg assets	0.55	0.43	0.35	0.37	0.43	0.52
EBT / EBIT	100%	127%	130%	127%	173%	324%
Net income / EBT	100%	100%	31%	102%	102%	102%
ROA	-23%	-17%	-3%	-12%	-5%	-3%
Avg assets / avg equity	1.14	1.77	1.69	1.70	1.87	1.87
ROE	-27%	-29%	-6%	-20%	-10%	-6%

Source: IMCP

Free Cash Flow**Figure 19: Free cash flow breakdown (in thousands), 2016-2022E**

Free Cash Flow -With Cash and Debt							
Items	2016	2017	2018	2019	2020E	2021E	2022E
NOPAT	-\$166,998	-\$114,191	-\$138,341	-\$64,749	-\$358,328	-\$131,031	-\$42,582
<i>Growth</i>		-31.6%	21.1%	-53.2%	453.4%	-63.4%	-67.5%
NOWC	40,876	72,050	128,154	174,898	878,790	775,292	686,846
Net fixed assets	43,467	111,344	295,955	2,948,809	2,747,743	2,873,971	3,024,325
Total net operating capital	\$84,343	\$183,394	\$424,109	\$3,123,707	\$3,626,533	\$3,649,263	\$3,711,172
<i>Growth</i>		117.4%	131.3%	636.5%	16.1%	0.6%	1.7%
- Change in NOWC		31,174	56,104	46,744	703,892	(103,498)	(88,446)
- Change in NFA		67,877	184,611	2,652,854	(201,066)	126,228	150,354
FCFF		-\$213,242	-\$379,056	-\$2,764,347	-\$861,154	-\$153,761	-\$104,491
<i>Growth</i>			77.8%	629.3%	-68.8%	-82.1%	-32.0%
- After-tax interest expense		206	36,808	19,244	96,740	96,239	95,509
+ Net new short-term and long-term debt		(356)	684,800	139,220	750,458	-	-
FCFE		-\$213,804	\$268,936	-\$2,644,371	-\$207,437	-\$250,000	-\$200,000
<i>Growth</i>			-225.8%	-1083.3%	-92.2%	20.5%	-20.0%
Sources of cash (FCFE)		-\$213,804	\$268,936	-\$2,644,371	-\$207,437	-\$250,000	-\$200,000
Uses of cash							
Other expense		\$0	\$0	\$0	\$0	\$0	\$0
Increase mkt sec		85,045	616,528	(817,351)	329,923	-	-
Dividends		-	-	-	-	-	-
Change in other equity		(299,520)	(335,672)	(1,691,113)	(504,108)	(250,000)	(200,000)
		(\$214,475)	\$280,856	(\$2,508,464)	(\$174,185)	(\$250,000)	(\$200,000)
Change in other liab		(671)	11,920	135,907	33,252	-	-
Total		(\$213,804)	\$268,936	(\$2,644,371)	(\$207,437)	(\$250,000)	(\$200,000)

Source: IMCP, Company Reports

EXAS significantly increased its NFA in 2019, decreasing free cash flow

EXAS' free cash flow has been remarkably volatile over the last several years. The firm's free cash flow decreased significantly from 2018 to 2019 but has slightly recovered. As stated earlier, in 2019, EXAS acquired Genomic Health and received about \$1 billion intangible assets in the process. The change in NFA increased by over 1000% causing FCF and FCFE to decrease significantly. In 2020, FCFE increased due to the issuance of more convertible notes earlier in the year; although, NOPAT declined.

I forecast that NOPAT will grow at a much faster pace than net operating capital over the next two years. Plus, I expect EXAS will not acquire as many assets in the next two years as it grows its profitability internally. Additionally, I anticipate that EXAS will be investing in capital by issuing more shares for a source of cash, and it will also run-down cash reducing cash by \$124 and \$209 million in FY 2021 and FY 2022. By FY 2022, it will still have about a half billion dollars of cash or around 2% of its current market cap.

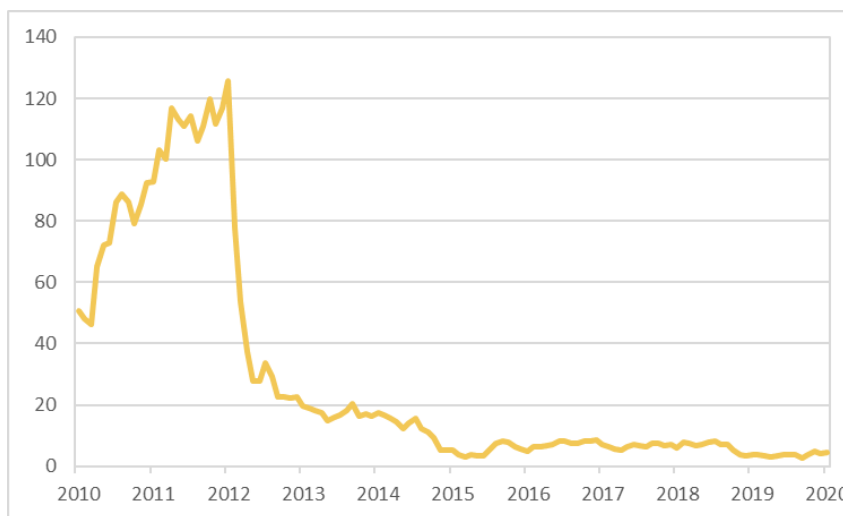
Valuation

EXAS was valued using multiples and a 3-stage discounting cash flow model. Based on sales multiples, the stock is worth \$140. Relative valuation shows mixed results. NTM price to earnings valuation yielded a price of \$106; however, a composite fundamental to valuation shows the stock is undervalued. A detailed DCF analysis values EXAS higher, at \$189; I give this value a bit more weight because it incorporates assumptions that reflect EXAS' ongoing structural changes. Based on these valuations, I value the stock at \$169.

Trading History

EXAS is currently trading near its all-time low P/S relative to the S&P 500. The stock traded at an exceptionally high P/S in 2012 in anticipation of the explosive growth that has materialized. While the P/S versus the S&P 500 is low versus its history, the absolute level of NTM P/S of 11.7 (five-year average of 13.2) is still very high. This reflects the market's anticipation of sales growth and improving margins.

Figure 20: EXAS NTM P/S relative to S&P 500



Source: FactSet

EXAS NTM P/S relative to the S&P 500 is trading at an all-time low

Assuming the P/S slightly decreases to 10.7 NTM P/S at the end of 2021, it should trade at \$158.79 by the end of the year:

- Price 2021E = 2021 NTM P/S x 2022 Estimated sales per share = 10.7 x \$14.84 = \$158.79

Discounting \$158.79 back to today at a 13.6% cost of equity (explained in Discounted Cash Flow section) yields a price of \$139.78. Given EXAS' potential for earnings growth and an estimated normalized sales growth rate, this seems to be a fair valuation.

Relative Valuation

Exact Sciences is currently trading at a P/S ratio well below the average than its comps group with a 2020 P/S of 15 compared to a P/S of 23.6 for the comps as shown in Figure 21.¹⁴ This indicates that the company is cheaper than its competitors. The firm has a significant amount of long-term debt compared to its competitors.¹⁵ Investors may also be concerned about the fact that EXAS continues to dilute shares with the issuance of stock and convertible notes. Note that this issuance has been to fund acquisitions as it buys growth opportunities; the highest growth from Cologuard may be in the past. EXAS' beta of 1.32 is a lot higher than the average of its peer group. Additionally, EXAS' P/B of 8.74 is below its peer group's average of 10.88.

Figure 21: EXAS comparable companies

Ticker	Current Price	Market Value	Earnings Growth							Beta	LT Debt/Equity	S&P Rating	LTM Dividend	
			LTG	NTM	2019	2020	2021	2022	Pst 5yr				Yield	Payout
EXAS	\$135.77	\$21,592	4.0	-45.0%	-55.2%	368.8%	-59.7%	-56.2%	1.32	73.4%	C	0.00%	0.0%	
NTRA	\$106.26	\$9,071	2.0	-1.0%	-19.4%	41.9%	-9.1%	-34.2%	1.33	41.3%		0.00%	0.0%	
GH	\$126.68	\$12,665	17.0	-7.0%	-70.0%	160.7%	-33.8%	-37.2%	0.57	3.6%		0.00%	0.0%	
VCYT	\$54.57	\$3,159		-44.5%	-56.5%	133.3%	-52.4%	-46.7%	1.04	2.6%		0.00%	0.0%	
ILMN	\$366.78	\$53,550	15.3	32.5%	14.9%	-33.8%	45.3%	7.6%	23.3%	0.72	31.7%	C	0.00%	0.0%
NEO	\$55.25	\$6,134	9.5	-637.6%	55.0%	-77.4%	328.6%	70.0%	26.9%	0.72	31.7%	C	0.00%	0.0%
Average	\$140.89	\$17,695	9.6	-117.1%	-21.9%	98.9%	36.5%	-16.1%	25.1%	0.95	30.7%		0.00%	
Median	\$116.47	\$10,868	9.5	-25.8%	-37.3%	87.6%	-21.4%	-35.7%	25.1%	0.88	31.7%		0.00%	
SPX	\$3,735				20.9%	1.0%	-20.8%	27.5%						
Ticker	2020		2022	2020				EV/ROIC	EBIT	P/CF	Sales Growth			Book Equity
	ROE	P/B		2022	NPM	P/S	NM				OM	Current	NTM	
EXAS	-19.3%	8.74	-256.2	-33.1%	14.96	-9.6%	-19.5%	-3.6%	-74.7	744.6	35.7%	14.9%	244.8%	\$15.54
NTRA	-40.4%	16.91	-69.9	-56.4%	23.59	-41.3%	-42.7%	-51.6%	-15.9		21.3%	15.1%	13.7%	\$6.29
GH	-20.0%	11.59	-139.2	-77.0%	44.53	-35.3%	-38.2%	-11.4%	-81.2		26.3%	29.6%		\$10.93
VCYT	-8.6%	7.46	-341.1	-31.7%	27.50	-10.5%	-12.6%	-7.1%	-75.5		24.0%		25.8%	\$7.31
ILMN	13.5%	11.39	53.9	20.1%	16.97	28.3%	28.0%	18.1%	48.3	66.7	20.0%	12.6%	13.7%	\$32.19
NEO	1.2%	9.20	108.3	1.8%	13.83	2.0%	4.0%	1.5%	184.6	2422.1	20.0%	12.6%	36.2%	\$6.00
Average	-12.3%	10.88	-107.3	-29.4%	23.56	-11%	-14%	-9.0%	-2.4	1077.8	25%	17.0%	66.9%	
Median	-14.0%	10.30	-104.6	-32.4%	20.28	-10.0%	-16.0%	-5.4%	-45.3	744.6	22.7%	14.9%	25.8%	
SPX			22.7											

Source: FactSet, IMCP

¹⁴ Volition RX (VRNX) is excluded from EXAS' peer group because it was skewing the average

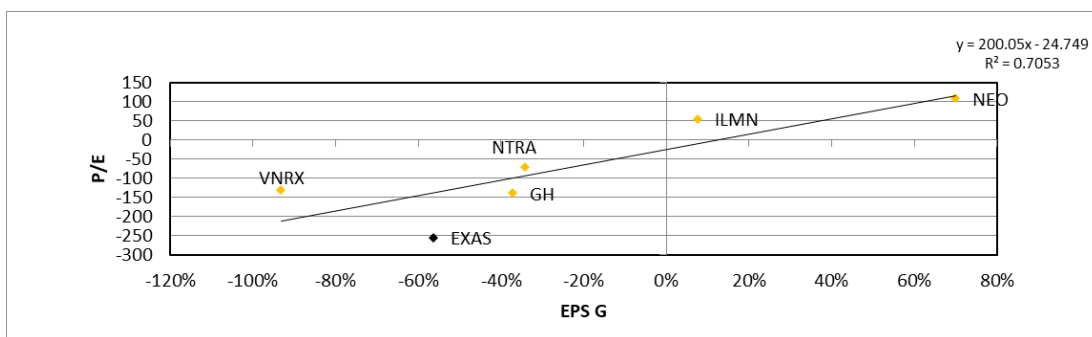
¹⁵ Refer to Figure 21

A more thorough analysis of P/E and 2022 EPS growth is shown in figure 22. ¹⁶The calculated R-squared of the regression indicates that over 70% of a sampled firm’s P/E is explained by its long-term growth (EPS G).¹⁷

- Estimated P/E = Estimated NTM 2022 EPS growth (-56.2%) x 200.05-24.7409 = -137.169
- Target Price = Estimated P/E (-137.169) x 2022E EPS (-0.88) = \$120.71

Discounting back to the present at a 13.6% cost of equity leads to a target price of \$106.26 using this metric.

Figure 22: P/E vs LTG (EPS.G)



Source: IMCP

I created a composite ranking of several valuation and fundamental metrics to further compare EXAS to competing firms. Since the variables have different scales, each was converted to a percentile before calculating the composite score. Notably, product pipeline was added as a fundamental variable because of its importance in the biotechnology industry. A fundamental weighting of earnings growth-LTG¹⁸, product pipeline, and sales growth-STM¹⁹ was compared to 2020 P/E and P/S. After eliminating Illumina (ILMN), an extreme outlier, the regression line had an R-squared of 0.76. One can see that EXAS is below the line, so it is inexpensive based on its fundamentals.

Figure 23: Composite valuation, % of range

Ticker	Fundamentals			Valuation		Fund	Value
	50%	2.5%	47.5%	25%	75%		
	Earnings Growth LTG	Product Pipeline	Sales Growth STM	P/E 2020	P/S 2020		
EXAS	23%	5	50%	-6%	34%	48%	24%
NTRA	12%	2	51%	-5%	53%	35%	38%
VNRX	56%	1	71%	-1%	66%	64%	49%
GH	100%	5	100%	-7%	100%	110%	73%
VCYT	56%	4	71%	-11%	62%	72%	44%
NEO	56%	6	43%	100%	31%	63%	48%

Source: IMCP, FactSet

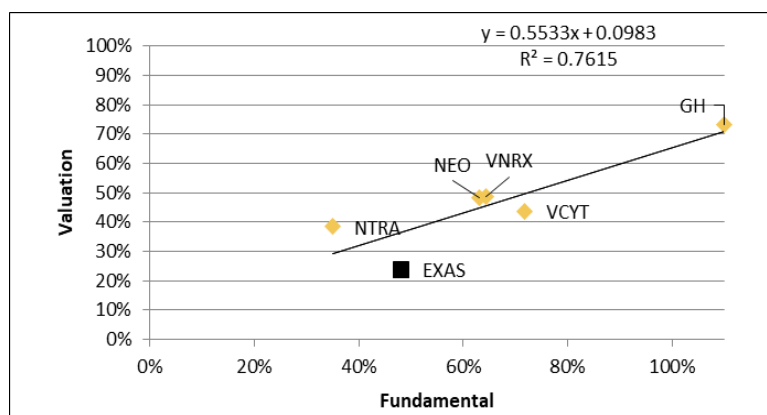
¹⁶ EXAS and most of its competitors are not profitable.

¹⁷ Volition RX is excluded from this regression because it was skewing the regression line

¹⁸ Long-term growth

¹⁹ Second twelve months

Figure 24: Composite relative valuation



Source: IMCP, FactSet

Discounted Cash Flow Analysis

A three-stage discounted cash flow model was also used to value EXAS.

For the purpose of this analysis, the company's cost of equity was calculated to be 13.6% using the Capital Asset Pricing Model. The underlying assumptions used in calculating this rate are as follows:

- The risk-free rate, as represented by the ten-year Treasury bond yield, is 1%.
- A ten-year beta of 1.4 was utilized since the company has higher risk than the market.
- A long-term market rate of return of 10% was assumed, since historically, the market has generated an annual return of about 10%.

Given the above assumptions, the cost of equity is 13.6% ($1 + 1.4(10 - 1)$).

Stage One - The model's first stage simply discounts fiscal years 2021 and 2022 free cash flow to equity (FCFE). These per share cash flows are forecasted to be -\$1.61 and -\$1.27, respectively. Discounting these cash flows, using the cost of equity calculated above, results in values of -\$1.42 and -\$0.99, respectively. Thus, stage one of this discounted cash flow analysis contributes -\$2.41 to value.

Stage Two - Stage two of the model focuses on fiscal years 2023 to 2027. During this period, FCFE is calculated based on revenue growth, NOPAT margin and capital growth assumptions. The resulting cash flows are then discounted using the company's 13.6% cost of equity. I assume varying growth rates through 2023-2027, as it is anticipated that EXAS introduces new products to the product pipeline during different years that causes growth to leap and then slow. Additionally, this growth rate includes international expansion and growth of current products in the pipeline. My estimates for sales growth are as follows: 2023 -> 32%, 2024 -> 28%, 2025 -> 24%, 2026 -> 50%, 2027 -> 35%. In 2026, I anticipate the commercialization of EXAS' multi-cancer liquid biopsy screening driving the large growth in 2026 and 2027. The ratio of NOWC to sales will remain the same 2023-2025, but I anticipate a slight growth to 4.0 during 2026-2027 from 3.39 in 2022. I anticipate that the NFA turnover will rise from 0.92 in 2022 to 1.5 in 2027 because of improvements in sales and operations. Also, the NOPAT margin is expected to rise to 26% in 2027 from 6% in 2023 due to operational efficiency. I based 26% on other mature companies within the molecular diagnostics industry such as Becton, Dickinson, PerkinElmer, and Qiagen. Even with rising margins and sales, FCFE is still negative in 2026 as the firm's investment die greater than profits.

Figure 25: FCFE and discounted FCFE, 2021– 2027

Year ending January	First Stage		Second Stage				
	2021	2022	2023	2024	2025	2026	2027
FCFE	(\$1.61)	(\$1.27)	(\$2.92)	(\$1.95)	(\$0.22)	(\$2.71)	\$1.94
Discounted FCFE	\$ (1.42)	\$ (0.99)	\$ (1.99)	\$ (1.17)	\$ (0.12)	\$ (1.26)	\$ 0.79

²⁰

Source: IMCP

Added together, these discounted cash flows total (\$3.75).

Stage Three – Net income for the years 2021– 2027 is calculated based upon the same margin and growth assumptions used to determine FCFE in stage two. EPS is expected to grow from a loss of \$1.47 in 2021 to a gain of \$11.90 in 2027.

Figure 26: EPS estimates for 2021 – 2027

Year ending January	2021	2022	2023	2024	2025	2026	2027
EPS	(\$1.47)	(\$0.88)	\$0.36	\$1.63	\$3.39	\$6.99	\$11.90

Source: IMCP

Stage three of the model requires an assumption regarding the company's terminal price-to-earnings ratio. For the purpose of this analysis, it is generally assumed that a biotechnology company experiences a high P/E growth during Phase 3 of an FDA approval as well as after the release of the new products if the company is profitable. A high P/E ratio reflects high growth expectations. Based on research on mature companies within the molecular diagnostics industry such as Becton, Dickinson, Qiagen, Hologic, and PerkinElmer. A P/E ratio of 40 is assumed at the end of EXAS' terminal year. While this may be a high multiple at the end of 2027, one must consider what the market will price in today. As stated previously, EXAS is currently leading in research on the accuracy of the multi-cancer, liquid biopsy screening product, and for this reason, I believe this is a fair P/E. The issue is that EXAS may not be the first to the \$25 billion market, but there is more than enough room for multiple biotechnology companies to grow significantly in this novel market, so a P/E of 40 may not be too aggressive.

Given the assumed terminal earnings per share of \$11.90 and a price to earnings ratio of 40, a terminal value of \$475.87 per share is calculated. Using the 13.6% cost of equity, this number is discounted back to a present value of \$194.91.

Total Present Value – given the above assumptions and utilizing a three stage discounted cash flow model, an intrinsic value of \$188.75 is calculated (-2.41 - 3.75 + 194.91). Given EXAS' current price of \$135.77, this model indicates that the stock is undervalued.

²⁰ FCFE and discounted FCFE was estimated with cash and debt changes

Scenario Analysis

The uncertainty of healthcare breakthroughs in the biotechnology industry sector can cause significant changes to my valuation assumptions. To try to understand how these fluctuations could change my target price, I adjusted my DCF model assumptions to create two scenarios. In each of my scenarios, I adjusted the beta, second stage growth rate, and the terminal P/E. The bull case is under the assumption EXAS grows its product pipeline with products that have a distinct competitive advantage (highest accuracy). The bear case is under the assumption the FDA and CMS do not approve its multi-cancer liquid biopsy screening and CRC blood screening within the next seven years. It assumes that EXAS has not increased its product pipeline and competition has risen. Lastly, I wanted to understand the market assumptions on EXAS' current price, so I adjusted beta, growth rates, and the P/E ratio. A bull case suggests a \$238 value and the bear case is \$57. The market implied expectations include a 41 P/E (slightly up from my 40 terminal P/E), a 0.1 higher beta, and decreased growth rates of 25% each year.

Figure 27 & 28 & 29: Bull case (top), bear case (middle), and estimated market expectations (bottom)

Bull Case	Changes	
First Stage	\$ (2.43) Decrease beta by .1	1.3
Second Stage	\$ (5.01) Increase growth rates to 35% each year	
Third Stage	\$ 244.90 Increase terminal P/E by 5 similar to Becton, Dickinson	45
Value (P/E)	\$ 237.46	

Bear Case	Changes	
First Stage	\$ (2.38) Increase beta by .1	1.5
Second Stage	\$ 0.38 Decrease growth rates to 20% each year	
Third Stage	\$ 58.87 Decrease terminal P/E by 10	30
Value (P/E)	\$ 56.87 Decrease margins to increase each year by 4% versus 5%	

Market Price	Changes	
First Stage	\$ (2.38) Increase beta by .1	1.5
Second Stage	\$ 0.62 Decrease growth rates to 25% each year	
Third Stage	\$ 135.92 Increase terminal to P/E by 1	41
Value (P/E)	\$ 134.16	

Business Risks

COVID - 19 pandemic conditions:

The pandemic has caused patients and doctors to cancel doctor appointments that are not urgent. In 2021, patients and doctors may continue to delay scheduling or cancel wellness visits and other non-emergency appointment and procedures (including prostate cancer and mammograms screenings), causing a decrease in sales of key products.

Reimbursement rates risks:

In 2019, 95% of EXAS' revenue is through reimbursement from government insurance plans, managed care organizations, and private insurance plans. Any changes to reimbursement rates will significantly affect its revenue.

Competitive marketplace:

EXAS competes with many companies and institutions in the highly competitive biotechnology industry. There are several public and private companies that compete within the same total addressable market which develop or offer similar products. Competitors include:

- 1) biotechnology: diagnostic and other life science companies
- 2) public and private research organizations
- 3) academic and scientific institutions; and
- 4) governmental agencies.

Regulatory risks:

EXAS is subject to various regulations including FDA regulations, US laws, international laws, and complex laws applicable to clinical diagnostics. Failure to abide to any of these laws could result in a decrease in revenue.

Currently unprofitable:

EXAS has invested significantly toward commercialization and development of its CRC screening technology, Oncotype DX tests, and other services. As in the past, EXAS may need additional capital to continue to execute its business plans. This may affect when or if EXAS will be profitable.

Concentrated revenue on key products:

EXAS' success depends heavily on its two flagship products: Cologuard CRC screening test and its Oncotype DX breast cancer tests.

Single-source suppliers:

EXAS purchases certain components to create the Cologuard test from manufacturers and third-party suppliers. Due to the distinctive attributes of its products, EXAS uses a single-source supplier for some of its components. It may rely on more single-source suppliers when it expands its markets, but currently, the loss of any single-source supplier may be disruptive for EXAS' business.

Appendix 1: Porter's 5 Forces

Threat of New Entrants – Low

Barriers to entry in the biotechnology-diagnostics industry is high. This is due to the large amount of capital needed to develop and improve products. The novel products this field produces are highly sophisticated. Additionally, firms must comply with a high number of FDA regulations and laws. Lastly, the Centers for Medicare & Medicaid Services (CMS) has specific guidelines to receive reimbursement for products which is a main source of revenue for this industry.

Threat of Substitutes – High

Although it may be difficult to break into this industry, there are already many competitors. EXAS faces direct competition with its flagship product, Cologuard.²¹

Supplier Power - High

EXAS relies on single-source suppliers for certain components of its products. The supplier may be able to negotiate an increase in price which will negatively affect EXAS gross margins.

Buyer Power – High

Any price changes to reimbursement rates will significantly affect EXAS since 95% of its revenue is through reimbursements of some type of insurance.

Intensity of Competition – Very High

There are numerous public and private competitors working on innovative products for cancer. The traditional rivals are fighting even harder to keep or increase market share as new companies start developing blood screening tests. If a company announces a positive product development, stock prices of firms with similar products may fall.

Appendix 2: SWOT Analysis

Strengths	Weaknesses
Strong historical sales growth Strong partnerships High gross margin Strong sales & R&D team	Lack of revenue diversification High operating costs Not profitable Dilution of shares
Opportunities	Threats
Creation of multi-cancer screening International expansion Product pipeline growth Launch of EPIC/online services	COVID-19 pandemic Reimbursement changes Government regulation High level of competition

²¹ See Appendix 9

Appendix 3: Sales Forecast

Sales (in thousands)							
Items	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21E	Dec-22E
Sales	99,376	265,989	454,462	876,293	1,467,963	1,896,821	2,328,731
<i>Growth</i>		167.7%	70.9%	92.8%	67.5%	29.2%	22.8%
Screening	99,376	265,989	454,462	810,120	793,003	1,189,504	1,619,184
<i>Growth</i>		167.7%	70.9%	78.3%	-2.1%	50.0%	36.1%
<i>% of sales</i>	100.0%	100.0%	100.0%	92.4%	54.0%	62.7%	69.5%
Precision Oncology	-	-	-	66,173	435,282	500,574	588,175
<i>Growth</i>					557.8%	15.0%	17.5%
<i>% of sales</i>	0.0%	0.0%	0.0%	7.6%	29.7%	26.4%	25.3%
COVID-19 Testing	-	-	-	-	239,678	191,743	95,871
<i>Growth</i>						-20.0%	-50.0%
<i>% of sales</i>	0.0%	0.0%	0.0%	0.0%	16.3%	10.1%	4.1%
Liver Liquid Biospy Screening	-	-	-	-	-	15,000	25,500
<i>Growth</i>							70.0%
<i>% of sales</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	1.1%
Total	100.0%	100.0%	100.0%	100.0%	100.2%	100.0%	100.0%
United States	99,376	265,989	454,462	864,849	1,396,899	1,707,139	2,142,432
<i>Growth</i>		167.7%	70.9%	90.3%	61.5%	22.2%	25.5%
<i>% of sales</i>	100.0%	100.0%	100.0%	98.7%	95.2%	90.0%	92.0%
International	-	-	-	11,444	73,521	189,682	186,298
<i>Growth</i>					542.4%	158.0%	-1.8%
<i>% of sales</i>	0.0%	0.0%	0.0%	1.3%	5.0%	10.0%	8.0%

Appendix 4: Income Statement

Income Statement (in thousands)							
Items	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21E	Dec-22E
Sales	\$99,376	\$265,989	\$454,462	\$876,293	\$1,467,963	\$1,896,821	\$2,328,731
Direct costs	45,195	78,305	116,644	216,717	366,991	455,237	558,895
Gross Margin	54,181	187,684	337,818	659,576	1,100,972	1,441,584	1,769,835
SG&A, R&D, D&A, and other	221,179	302,062	476,086	866,828	1,453,703	1,570,568	1,811,752
EBIT	(166,998)	(114,378)	(138,268)	(207,252)	(352,731)	(128,984)	(41,917)
Interest	213	206	36,789	61,599	95,229	94,736	94,017
EBT	(167,211)	(114,584)	(175,057)	(268,851)	(447,960)	(223,720)	(135,934)
Taxes	-	(187)	92	(184,858)	7,109	3,550	2,157
Income	(167,211)	(114,397)	(175,149)	(83,993)	(455,069)	(227,270)	(138,091)
Other	-	-	-	-	-	-	-
Net income	(167,211)	(114,397)	(175,149)	(83,993)	(455,069)	(227,270)	(138,091)
Basic Shares	102,335.0	115,684.0	122,207.0	131,257.0	152,500.0	154,975.2	156,955.4
Fully Diluted Shares	102,335.0	115,684.0	122,207.0	131,257.0	152,500.0	154,975.2	156,955.4
EPS	(\$1.63)	(\$0.99)	(\$1.43)	(\$0.64)	(\$2.98)	(\$1.47)	(\$0.88)
EPS Fully Diluted	(\$1.63)	(\$0.99)	(\$1.43)	(\$0.64)	(\$2.98)	(\$1.47)	(\$0.88)

Appendix 5: Balance Sheets

Balance Sheet (in thousands)							
Items	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21E	Dec-22E
Cash	48,921	77,491	160,430	177,254	806,678	682,348	472,603
Operating assets ex cash	22,473	62,501	103,885	233,304	323,625	417,301	512,321
Operating assets	71,394	139,992	264,315	410,558	1,130,303	1,099,648	984,924
Operating liabilities	30,518	67,942	136,161	235,660	251,513	324,356	298,078
NOWC	40,876	72,050	128,154	174,898	878,790	775,292	686,846
NOWC ex cash (NWC)	(8,045)	(5,441)	(32,276)	(2,356)	72,112	92,944	214,243
NFA	43,467	111,344	295,955	2,948,809	2,747,743	2,873,971	3,024,325
<i>Invested capital</i>	<i>\$84,343</i>	<i>\$183,394</i>	<i>\$424,109</i>	<i>\$3,123,707</i>	<i>\$3,626,533</i>	<i>\$3,649,263</i>	<i>\$3,711,172</i>
Marketable securities	262,179	347,224	963,752	146,401	476,324	476,324	476,324
Total assets	\$377,040	\$598,560	\$1,524,022	\$3,505,768	\$4,354,370	\$4,449,943	\$4,485,573
S-T and L-T debt and financing leases	\$4,807	\$4,451	\$24,502	\$24,866	\$23,962	\$23,962	\$23,962
Other liabilities	6,420	5,749	17,669	153,576	186,828	186,828	186,828
Debt/equity-like securities	-	-	664,749	803,605	1,554,967	1,554,967	1,554,967
Equity	335,295	520,418	680,941	2,288,061	2,337,100	2,359,830	2,421,739
<i>Total supplied capital</i>	<i>\$346,522</i>	<i>\$530,618</i>	<i>\$1,387,861</i>	<i>\$3,270,108</i>	<i>\$4,102,857</i>	<i>\$4,125,587</i>	<i>\$4,187,496</i>
Total liabilities and equity	\$377,040	\$598,560	\$1,524,022	\$3,505,768	\$4,354,370	\$4,449,943	\$4,485,573

Appendix 6: Ratios

Ratios							
Items	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21E	Dec-22E
Profitability							
Gross margin	54.5%	70.6%	74.3%	75.3%	75.0%	76.0%	76.0%
Operating (EBIT) margin	-168.0%	-43.0%	-30.4%	-23.7%	-24.0%	-6.8%	-1.8%
Net profit margin	-168.3%	-43.0%	-38.5%	-9.6%	-31.0%	-12.0%	-5.9%
Activity							
NFA (gross) turnover		3.44	2.23	0.54	0.52	0.67	0.79
Total asset turnover		0.55	0.43	0.35	0.37	0.43	0.52
Liquidity							
Op asset / op liab	2.34	2.06	1.94	1.74	4.49	3.39	3.30
NOWC Percent of sales		21.2%	22.0%	17.3%	35.9%	43.6%	31.4%
Solvency							
Debt to assets	1.3%	0.7%	1.6%	0.7%	0.6%	0.5%	0.5%
Debt to equity	1.4%	0.9%	3.6%	1.1%	1.0%	1.0%	1.0%
Other liab to assets	1.7%	1.0%	1.2%	4.4%	4.3%	4.2%	4.2%
Total debt to assets	3.0%	1.7%	2.8%	5.1%	4.8%	4.7%	4.7%
Total liabilities to assets	11.1%	13.1%	11.7%	11.8%	10.6%	12.0%	11.3%
Debt to EBIT	(0.03)	(0.04)	(0.18)	(0.12)	(0.07)	(0.19)	(0.57)
EBIT/interest	(784.03)	(555.23)	(3.76)	(3.36)	(3.70)	(1.36)	(0.45)
Debt to total net op capital	5.7%	2.4%	5.8%	0.8%	0.7%	0.7%	0.6%
ROIC							
NOPAT to sales	-168.0%	-42.9%	-30.4%	-7.4%	-24.4%	-6.9%	-1.8%
Sales to NWC		(39.45)	(24.10)	(50.61)	42.09	22.98	15.16
Sales to NFA		3.44	2.23	0.54	0.52	0.67	0.79
Sales to IC ex cash		3.76	2.46	0.55	0.51	0.66	0.75
Total ROIC ex cash		-161.6%	-74.9%	-4.0%	-12.4%	-4.5%	-1.4%
NOPAT to sales	-168.0%	-42.9%	-30.4%	-7.4%	-24.4%	-6.9%	-1.8%
Sales to NOWC		4.71	4.54	5.78	2.79	2.29	3.19
Sales to NFA		3.44	2.23	0.54	0.52	0.67	0.79
Sales to IC		1.99	1.50	0.49	0.43	0.52	0.63
Total ROIC		-85.3%	-45.5%	-3.7%	-10.6%	-3.6%	-1.2%
NOPAT to sales	-168.0%	-42.9%	-30.4%	-7.4%	-24.4%	-6.9%	-1.8%
Sales to EOY NWC	(12.35)	(48.89)	(14.08)	(371.94)	20.36	20.41	10.87
Sales to EOY NFA	2.29	2.39	1.54	0.30	0.53	0.66	0.77
Sales to EOY IC ex cash	2.81	2.51	1.72	0.30	0.52	0.64	0.72
Total ROIC using EOY IC ex cash	-471.5%	-107.8%	-52.5%	-2.2%	-12.7%	-4.4%	-1.3%
NOPAT to sales	-168.0%	-42.9%	-30.4%	-7.4%	-24.4%	-6.9%	-1.8%
Sales to EOY NOWC	2.43	3.69	3.55	5.01	1.67	2.45	3.39
Sales to EOY NFA	2.29	2.39	1.54	0.30	0.53	0.66	0.77
Sales to EOY IC	1.18	1.45	1.07	0.28	0.40	0.52	0.63
Total ROIC using EOY IC	-198.0%	-62.3%	-32.6%	-2.1%	-9.9%	-3.6%	-1.1%
ROE							
5-stage							
EBIT / sales		-43.0%	-30.4%	-23.7%	-24.0%	-6.8%	-1.8%
Sales / avg assets		0.55	0.43	0.35	0.37	0.43	0.52
EBT / EBIT		100.2%	126.6%	129.7%	127.0%	173.4%	324.3%
Net income / EBT		99.8%	100.1%	31.2%	101.6%	101.6%	101.6%
ROA		-23.5%	-16.5%	-3.3%	-11.6%	-5.2%	-3.1%
Avg assets / avg equity		1.14	1.77	1.69	1.70	1.87	1.87
ROE		-26.7%	-29.2%	-5.7%	-19.7%	-9.7%	-5.8%
3-stage							
Net income / sales		-43.0%	-38.5%	-9.6%	-31.0%	-12.0%	-5.9%
Sales / avg assets		0.55	0.43	0.35	0.37	0.43	0.52
ROA		-23.5%	-16.5%	-3.3%	-11.6%	-5.2%	-3.1%
Avg assets / avg equity		1.14	1.77	1.69	1.70	1.87	1.87
ROE		-26.7%	-29.2%	-5.7%	-19.7%	-9.7%	-5.8%
Payout Ratio		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Retention Ratio		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sustainable Growth Rate		-26.7%	-29.2%	-5.7%	-19.7%	-9.7%	-5.8%

Appendix 7: Comp Sheet

Ticker	Current Price	Market Value	Price Change						Earnings Growth						LT Debt/ S&P			LTM Dividend				
			1 day	1 Mo	3 Mo	6 Mo	52 Wk	YTD	LTG	NTM	2019	2020	2021	2022	Pst 5yr	Beta	Equity	Rating	Yield	Payout		
EXAS	\$135.77	\$21,592	(2.7)	14.9	36.2	67.7	44.3	46.8	4.0	-45.0%	-55.2%	368.8%	-59.7%	-56.2%		1.32	73.4%	C	0.00%	0.0%		
NTRA	\$106.26	\$9,071	(4.9)	20.6	51.7	131.5	215.8	215.4	2.0	-1.0%	-19.4%	41.9%	-9.1%	-34.2%		1.33	41.3%		0.00%	0.0%		
VNRX	\$3.96	\$191	(8.5)	17.2	19.3	(3.6)	(13.9)	(16.5)		-1.7%	-28.1%	9.8%	-2.2%	-93.2%		2.01	13.3%		0.00%	0.0%		
GH	\$126.68	\$12,665	(5.3)	6.8	16.2	57.1	60.7	62.1	17.0	-7.0%	-70.0%	160.7%	-33.8%	-37.2%		0.57	3.6%		0.00%	0.0%		
VCYT	\$54.57	\$3,159	(2.2)	2.6	72.1	136.6	87.5	95.5		-44.5%	-56.5%	133.3%	-52.4%	-46.7%		1.04	2.6%		0.00%	0.0%		
ILMN	\$366.78	\$53,550	(0.1)	15.7	20.1	1.9	10.4	10.6	15.3	32.5%	14.9%	-33.8%	45.3%	7.6%	23.3%	0.72	31.7%	C	0.00%	0.0%		
NEO	\$55.25	\$6,134	(0.3)	16.7	52.8	102.6	85.7	88.9	9.5	-637.6%	55.0%	-77.4%	328.6%	70.0%	26.9%	0.72	31.7%	C	0.00%	0.0%		
Average	\$121.32	\$15,195	(3.4)	13.5	38.3	70.5	70.1	71.8	9.6	-100.6%	-22.8%	86.2%	31.0%	-27.1%	25.1%	1.10	28.2%		0.00%			
Median	\$106.26	\$9,071	(2.7)	15.7	36.2	67.7	60.7	62.1	9.5	-7.0%	-28.1%	41.9%	-9.1%	-37.2%	25.1%	1.04	31.7%		0.00%			
SPX	\$3,735		0.9	2.7	11.5	24.1	15.3	15.6			20.9%	1.0%	-20.8%	27.5%								
Ticker	2020		P/E							2020				EV/		P/CF			Sales Growth			Book
	ROE	P/B	2018	2019	2020	TTM	NTM	2021	2022	NPM	P/S	NM	OM	ROIC	EBIT	Current	NTM	STM	Pst 5yr	Equity		
EXAS	-19.3%	8.74	-44.1	-144.5	-45.3	-61.5	-111.8	-112.2	-256.2	-33.1%	14.96	-9.6%	-19.5%	-3.6%	-74.7	744.6	35.7%	14.9%	244.8%	\$15.54		
NTRA	-40.4%	16.91	-6.3	-18.8	-41.8	-44.5	-45.0	-46.0	-69.9	-56.4%	23.59	-41.3%	-42.7%	-51.6%	-15.9		21.3%	15.1%	13.7%	\$6.29		
VNRX	-113.9%	10.03	-3.2	-11.6	-8.8	-9.1	-9.2	-9.0	-132.0			-94168.5%	-93840.2%	-100.7%	-10.8		11815%		6.2%	\$0.39		
GH	-20.0%	11.59	-13.4	-93.0	-57.8	-66.3	-71.3	-87.4	-139.2	-77.0%	44.53	-35.3%	-38.2%	-11.4%	-81.2		26.3%	29.6%		\$10.93		
VCYT	-8.6%	7.46	-20.3	-103.4	-86.6	-80.0	-144.3	-181.9	-341.1	-31.7%	27.50	-10.5%	-12.6%	-7.1%	-75.5		24.0%		25.8%	\$7.31		
ILMN	13.5%	11.39	52.4	50.5	84.3	85.1	64.2	58.0	53.9	20.1%	16.97	28.3%	28.0%	18.1%	48.3	66.7	20.0%	12.6%	13.7%	\$32.19		
NEO	1.2%	9.20	63.1	94.4	789.3	-1139.2	211.9	184.2	108.3	1.8%	13.83	2.0%	4.0%	1.5%	184.6	2422.1	20.0%	12.6%	36.2%	\$6.00		
Average	-26.8%	10.76	4.0	-32.4	90.5	-187.9	-15.1	-27.8	-110.9	-29.4%	23.56	-13462%	-13417%	-22.1%	-3.6	1077.8	1709%	17.0%	56.7%			
Median	-19.3%	10.03	-6.3	-18.8	-41.8	-61.5	-45.0	-46.0	-132.0	-32.4%	20.28	-10.5%	-19.5%	-7.1%	-15.9	744.6	24.0%	14.9%	19.8%			
SPX			18.8	20.0	22.9			28.9	22.7													

Appendix 8: 3-stage DCF Model

	Year							
	1	2	3	4	5	6	7	
	First Stage			Second Stage				
Year ending January	2020	2021	2022	2023	2024	2025	2026	2027
Sales Growth	67.5%	29.2%	22.8%	31.6%	28.1%	24.4%	49.6%	35.3%
NOPAT / S	-24.4%	-6.9%	-1.8%	6.0%	11.0%	16.0%	21.0%	26.0%
S / NOWC	1.67	2.45	3.39	3.39	3.39	3.39	4.00	4.00
S / NFA (EOY)	0.53	0.66	0.77	0.92	1.06	1.21	1.35	1.50
S / IC (EOY)	0.40	0.52	0.63	0.72	0.81	0.89	1.01	1.09
ROIC (EOY)	-9.9%	-3.6%	-1.1%	4.3%	8.9%	14.3%	21.2%	28.4%
ROIC (BOY)	-3.6%	-1.2%	-1.2%	5.0%	10.2%	16.1%	28.0%	35.6%
Share Growth	16.2%	1.6%	1.3%	3.0%	3.0%	3.0%	3.0%	3.0%
Sales	\$1,467,963	\$1,896,821	\$2,328,731	\$3,063,882	\$3,924,759	\$4,883,523	\$7,306,338	\$9,884,998
NOPAT	(\$358,328)	(\$131,031)	(\$42,582)	\$183,833	\$431,724	\$781,364	\$1,534,331	\$2,570,100
Growth	453.4%	-63.4%	-67.5%	-531.7%	134.8%	81.0%	96.4%	67.5%
- Change in NOWC	703892	-103498	-88446	216954	253946	282821	386017	644665
NOWC EOY	878790	775292	686846	903800	1157746	1440567	1826585	2471250
Growth NOWC	402.5%	-11.8%	-11.4%	31.6%	28.1%	24.4%	26.8%	35.3%
- Chg NFA	-201066	126228	150354	320524	350781	347021	1353462	1193885
NFA EOY	2,747,743	2,873,971	3,024,325	3,344,849	3,695,630	4,042,652	5,396,114	6,589,999
Growth NFA	-6.8%	4.6%	5.2%	10.6%	10.5%	9.4%	33.5%	22.1%
Total inv in op cap	502826	22730	61909	537477	604727	629843	1739479	1838550
Total net op cap	3626533	3649263	3711172	4248649	4853376	5483219	7222698	9061248
FCFF	(\$861,154)	(\$153,761)	(\$104,491)	(\$353,644)	(\$173,004)	\$151,521	(\$205,148)	\$731,550
% of sales	-58.7%	-8.1%	-4.5%	-11.5%	-4.4%	3.1%	-2.8%	7.4%
Growth	-82.1%	-32.0%	-32.0%	238.4%	-51.1%	-187.6%	-235.4%	-456.6%
- Interest (1-tax rate)	96740	96239	95509	125660	160967	200289	299657	405416
Growth	402.7%	-0.5%	-0.8%	31.6%	28.1%	24.4%	49.6%	35.3%
+ Net new debt	750458	0	0	7565	8858	9865	24930	26534
Debt	23962	23962	23962	31527	40385	50250	75180	101714
Debt / tot net op capital	0.7%	0.7%	0.6%	0.7%	0.8%	0.9%	1.0%	1.1%
FCFE w debt	(\$207,437)	(\$250,000)	(\$200,000)	(\$471,740)	(\$325,113)	(\$38,903)	(\$479,875)	\$352,667
% of sales	-14.1%	-13.2%	-8.6%	-15.4%	-8.3%	-0.8%	-6.6%	3.6%
Growth		20.5%	-20.0%	135.9%	-31.1%	-88.0%	1133.5%	-173.5%
/ No Shares	152500.0	154975.2	156955.4	161,664.1	166,514.0	171,509.5	176,654.7	181,954.4
FCFE	(\$1.36)	(\$1.61)	(\$1.27)	(\$2.92)	(\$1.95)	(\$0.23)	(\$2.72)	\$1.94
Growth		18.6%	-21.0%	129.0%	-33.1%	-88.4%	1097.6%	-171.4%
* Discount factor		0.88	0.77	0.68	0.60	0.53	0.47	0.41
Discounted FCFE		(\$1.42)	(\$0.99)	(\$1.99)	(\$1.17)	(\$0.12)	(\$1.26)	\$0.79
	Third Stage							
Terminal value P/E								
Net income	-\$455,069	-\$227,270	-\$138,091	\$58,173	\$270,756	\$581,074	\$1,234,674	\$2,164,683
% of sales	-31.0%	-12.0%	-5.9%	1.9%	6.9%	11.9%	16.9%	21.9%
EPS	(\$2.98)	(\$1.47)	(\$0.88)	\$0.36	\$1.63	\$3.39	\$6.99	\$11.90
Growth	366.3%	-50.9%	-40.0%	NM	351.9%	108.4%	106.3%	70.2%
Terminal P/E								40.00
* Terminal EPS								\$11.90
Terminal value								\$475.87
* Discount factor								0.41
Discounted terminal value								\$194.91
Summary (using P/E multiple for terminal value)								
First stage	(\$2.41)	Present value of first 2 year cash flow						
Second stage	(\$3.75)	Present value of year 3-7 cash flow						
Third stage	\$194.91	Present value of terminal value P/E						
Value (P/E)	\$188.75							

Market Return: 10%; Risk free rate: 1%; Market Risk Premium: 9%; Beta: 1.4; Stock risk Premium: 12.6%; Cost of Equity: 13.6%

Appendix 9: Colorectal Cancer Screening Competitive Landscape

METHOD	DESCRIPTION	COST	SENSITIVITY/ SPECIFICITY FOR DETECTING CANCER	FREQUENCY	PROS	CONS
Colonoscopy (Gold Standard for Screening)	Simple and safe procedure in which doctor use a longer, thin, flexible tube with a light and camera to check for polyps or cancer inside colon/rectum.	\$1,200	Sens 95% Spec 86%	Every 5-10 years depending on whether polyps are found	Views the entire colon. Polyps can be removed during the procedure if found	Prep to clean out colon with medication. Dietary restrictions 1-3 days prior to procedure.
Cologuard (Only Stool DNA stool Test) (Highest sensitivity vs other non invasive tests)	Tests for abnormal DNA and blood in stool. Collect bowel movement and send back to the lab for analysis using collection apparatus provided with kit.	\$480	Sens 92% Spec 87%	3 years	Greater accuracy than FIT.	More expensive than FIT if test not covered by insurance. Need a colonoscopy if indicates precancer or cancer.
Fecal Immunochemical Test (FIT) (Stool Test)	It uses antibodies to detect hidden blood in the stool, which may indicate the presence of CRC, or other conditions	\$49 to \$200	Sens 73.8% Spec 96.4%	Annually	At home screening test similar to Cologuard. It is cheaper.	Not as accurate as Cologuard. Need a colonoscopy if indicates precancer or cancer.
Guaic Fecal Occult Blood Test (FOBT) (Stool Test)	Uses the chemical guaiac to detect blood in the stool.	\$14	Sens 70% Spec 92.5%	Annually	No prep. Done at home. Inexpensive	Accuracy, Dietary restrictions, Need a colonoscopy if blood is detected. Requires 3 separate samples
Flexible Sigmoidoscopy	Doctors puts a short, thin, flexible, lighted tube into rectum. The doctor checks for polyps or cancer inside the rectum and lower third of the colon.	\$600	Sens 95% Spec 87%	Every 5-10 years with a FIT every year.	No sedation required. Can biopsy if small polyp detected	Only views part of the colon. Need a colonoscopy if larger polyps or other issues are detected
Virtual Colonoscopy	Uses x-rays and computers to produce 2- or 3-D images of the entire colon and rectum	\$750 to \$5000	Sens 84% Spec 88%	Every 5 years	Quicker and less invasive than colonoscopy. No sedation is needed	Expensive and not covered by all insurance carriers, Dietary restrictions 1-3 days before the procedure, full bowel prep is required, If a polyp is found, will need a colonoscopy
Double Contrast Barium Enema	Air and barium are pumped into rectum. The solution will show polyps or tumors on X-rays.	\$147 to \$546	Very low sens and spec	Every 5-10 years	Done without sedation. Less expensive than colonoscopy	Laxative preparation is required. Polyps cannot be removed during the procedure. If polyps are found, a colonoscopy will be needed

Source: CDC Website, Colorectal Cancer Alliance Website

Sensitivity (Sens) refers to a test's ability to designate an individual with disease as positive. **Source:** health.ny.org

Specificity (Spec) refers to its ability to designate an individual who does not have a disease as negative. **Source:** health.ny.org

Appendix 10: Environmental, Social, and Governance (ESG) Analysis

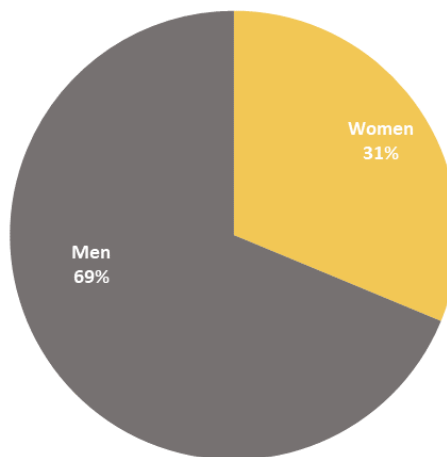
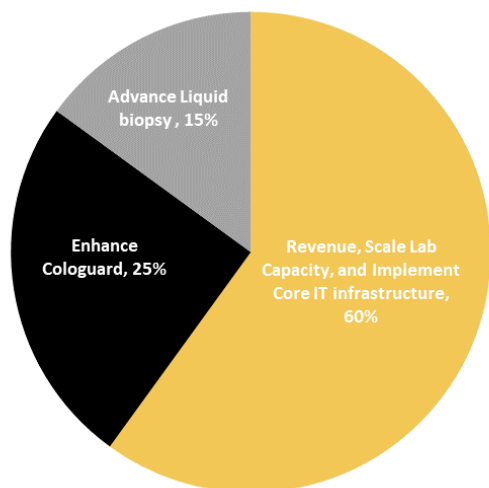
ESG stands for Environmental, Social, and Governance, and refers to three factors in measuring sustainability of firms. This is becoming more important in evaluating stocks’ long-term viability and mitigating risk.

Environmental	Social	Governance
Product Quality Management System Environmental Health & Safety (EHS) Management system	Diversity Inclusion Culture Workshop Employee Safety Protocol	Board Diversity Executive Diversity
EHS Oversight	One-to-one match program for employee charitable contributions (up to a limit)	Performance measures based off company goals
Waste Management (48K lbs of hazardous waste, 74% went to energy recovery)	Career Academy-Help participants gain basic business skills	CEO is required to own stock 6 times greater than salary
Greenovation Award Winner Energy Management-Water, Gas, &Electricity Consumption	Survey- 93% Workers say they are treated fairly	NEOs are required to own stock 2 times salary BODS are required to own stock 3 times annual retainer

Source: Company Reports

Management performance measures:

Executive Management Diversity:



Source: Company Reports

CEO: Chief Executive Officer
 NEO: Named Executive Officer
 BOD: Board of Directors