



NEWS RELEASE

# Castle Biosciences Completes Acquisition of AltheaDx

4/26/2022

Acquisition expands Castle's estimated U.S. TAM by approximately \$5.0 billion to \$8.0 billion

Castle also announces expanded Medicare coverage for IDgenetix to include seven additional mental health conditions beyond major depressive disorder

FRIENDSWOOD, Texas--(BUSINESS WIRE)-- Castle Biosciences, Inc. (Nasdaq: CSTL), a company improving health through innovative tests that guide patient care, today announced that it has completed its acquisition of AltheaDx, Inc. (AltheaDx). AltheaDx is a commercial-stage molecular diagnostics company specializing in the field of pharmacogenomics (PGx) testing services that are focused on mental health. IDgenetix®, AltheaDx's PGx test for mental health conditions, recently received expanded Medicare coverage for the following seven additional mental health conditions beyond major depressive disorder: schizophrenia, bipolar disorder, anxiety disorders, panic disorder, obsessive-compulsive personality disorder, post-traumatic stress disorder and attention deficit hyperactivity disorder.

"Today marks an important milestone in our Castle story as we welcome the talented AltheaDx team to our Castle family and IDgenetix to our portfolio of innovative tests," said Derek Maetzold, president and chief executive officer of Castle Biosciences. "We believe there is great potential in IDgenetix and PGx testing to improve the care of patients suffering from mental health conditions through personalized, genetic-based treatment plans that offer hope for faster and improved response to prescription medications.

"Additionally, the recent expansion of Medicare coverage for IDgenetix to include seven additional mental health conditions beyond major depressive disorder provides us with an enhanced opportunity to help patients affected by these conditions."

## Transaction Terms and Other Information

Under the terms of the definitive agreement, AltheaDx became a wholly owned subsidiary of Castle Biosciences. At closing, \$65.0 million in initial consideration was payable by Castle to AltheaDx security holders, which consisted of \$32.5 million in cash, subject to adjustments for cash, debt, transaction expenses and working capital, and \$32.5 million in common stock of Castle. Further, up to an additional \$75.0 million in cash and common stock will be payable in connection with the achievement of certain milestones based on 2022, 2023 and 2024 performance and expanded Medicare coverage for IDgenetix.

## About IDgenetix®

IDgenetix® is a pharmacogenomic (PGx) test for depression, anxiety and other mental health conditions designed to analyze a patient's genetic make-up to guide timely and evidence-based decisions on the optimal drug for each patient. IDgenetix is designed to provide important genetic information to clinicians to help guide personalized treatment plans for their patients, with the potential to help patients achieve a faster therapeutic response and improve their chances of remission by identifying appropriate medications more efficiently than the standard of care trial-and-error approach. IDgenetix provides drug-drug and drug-gene interactions and is supported by a published, peer-reviewed randomized controlled trial that demonstrated clinical utility over the standard of care when physicians used IDgenetix prior to prescribing a medication.<sup>1</sup> IDgenetix is currently reimbursed by Medicare for the following eight mental health conditions: major depressive disorder, schizophrenia, bipolar disorder, anxiety disorders, panic disorder, obsessive-compulsive personality disorder, post-traumatic stress disorder and attention deficit hyperactivity disorder.

## About Castle Biosciences

Castle Biosciences (Nasdaq: CSTL) is a leading diagnostics company improving health through innovative tests that guide patient care. The Company aims to transform disease management by keeping people first: patients, clinicians, employees and investors.

Castle's current portfolio consists of tests for skin cancers, uveal melanoma, Barrett's esophagus and mental health conditions. Additionally, the Company has active research and development programs for tests in other diseases with high clinical need, including its test in development to predict systemic therapy response in patients with moderate-to-severe psoriasis, atopic dermatitis and related conditions. To learn more, please visit **[www.CastleBiosciences.com](http://www.CastleBiosciences.com)** and connect with us on **LinkedIn, Facebook, Twitter** and **Instagram**.

DecisionDx-Melanoma, DecisionDx-CMSeq, DecisionDx-SCC, myPath Melanoma, DecisionDx DiffDx-Melanoma,

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## Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the “safe harbor” created by those sections. These forward-looking statements include, but are not limited to, statements concerning: our estimated U.S. TAM for IDgenetix following our acquisition of AltheaDx; the potential improvements in the care of patients suffering from mental health conditions through personalized, genetic-based treatment plans incorporating IDgenetix and PGx testing; the hope for faster and improved response to prescription medications offered by such treatment plans; the enhanced market opportunity provided by the recent expanded Medicare coverage for IDgenetix; and the potential for IDgenetix to help patients achieve a faster therapeutic response and improve their chances of remission.. The words “believes,” “estimates,” “expects,” “potential” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation: risks associated with business combination transactions, such as the risk that acquired businesses will not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; the calculations of, and factors that may impact the calculations of, the estimated U.S. TAM for IDgenetix, which may prove to be inaccurate; risks related to future opportunities and plans for our company following our acquisition of AltheaDx, including uncertainty of our expected financial performance and results of our company following completion of the acquisition; disruption from the acquisition, making it more difficult to conduct business as usual or maintain relationships with customers, employees or suppliers; changes in market conditions and the introduction of competitive technologies, as well as competition from other commercial-stage diagnostics companies with PGx offerings for the treatment of depression, anxiety or other mental health conditions; the impact of unanticipated regulatory obligations and oversight; our expectations regarding reimbursement for IDgenetix or tests currently in our commercial portfolio; our ability to integrate AltheaDx’ technology and tests into our commercial offerings; the effects of the COVID-19 pandemic on our business and our efforts to address its impact on our business; subsequent study or trial results and findings may contradict earlier study results and findings, including with respect to the IDgenetix PGx test discussed in this press release; actual application of our tests may not provide the aforementioned benefits to patients; and the risks set forth under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2021, and in our other

filings with the SEC. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements, except as may be required by law.

<sup>1</sup>Bradley et al. Journal of Psychiatric Research. 2018 Jan; 96:100-107; doi: 10.1016/j.jpsychires.2017.09.024

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