



NEWS RELEASE

Castle Biosciences to Acquire AltheaDx

4/4/2022

Furtheres mid- and long-term growth with strategic advance into pharmacogenomics and mental health

Castle executive management to host conference call and webcast today at 4:30 p.m. ET

FRIENDSWOOD, Texas--(BUSINESS WIRE)-- Castle Biosciences, Inc. (Nasdaq: CSTL), a company improving health through innovative tests that guide patient care, today announced it has signed a definitive agreement to acquire 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® is its PGx test for depression, anxiety and other mental health conditions.

"As a company, we focus on transforming disease management through the personalized information our innovative tests provide," said Derek Maetzold, Castle's president and chief executive officer. "Similar to our acquisition of Cernostics in December 2021, the pending acquisition of AltheaDx enables us to offer a testing solution that we believe has the potential to accelerate our impact on patient care in an area of high unmet clinical need, significantly expand our in-market expected estimated U.S. TAM to approximately \$8 billion and offer incremental value to patients and clinicians over standard of care. Further, this acquisition would enable us to potentially develop a mental health franchise, starting with a test that currently receives Medicare reimbursement for depression."

"Castle Biosciences has strong expertise in providing advanced tests that improve health and guide patient care, and we are excited to join the team," said David Nikodem, Ph.D., chief executive officer of AltheaDx. "Precision

medicine solutions, such as IDgenetix, have great potential as clinical decision support tools by providing critical genetic information to healthcare providers in pursuit of personalized care.”

Maetzold continued, “Data from a randomized controlled clinical trial in patients diagnosed with moderate and severe depression and anxiety supported the clinical utility of IDgenetix over standard of care, when physicians used the test prior to prescribing a medication. The data demonstrated that in patients diagnosed with moderate and severe depression, response rates and remission rates were significantly higher in the IDgenetix-guided group as compared to the control group at 12 weeks. We believe two forward-looking decisions made by AltheaDx contributed to these study results. The first was recognizing that both drug-gene and drug-drug interactions may impact the effectiveness of individual therapies, and the second was their proprietary approach to analyzing genetic data.

“As it relates to the unmet clinical need, assessing treatment response is critical, particularly when considering response to selective serotonin reuptake inhibitors (SSRIs) because rates of response to these treatments varies from 40-60% of patients and remission rates range from 30-45%.¹ We believe the value of IDgenetix lies in providing important genetic information to clinicians, with the potential to help improve their patients’ chances of response and/or remission, by identifying appropriate medications more efficiently than the standard of care trial-and-error approach.”

Transaction Terms and Other Information

Under the terms of the definitive agreement, AltheaDx will become a wholly owned subsidiary of Castle Biosciences. At closing, Castle will pay \$65.0 million in initial consideration to AltheaDx security holders, which will consist 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. The transaction is expected to close in the second quarter of 2022, subject to customary conditions to closing.

Upon closing of the transaction, the executive management team and other AltheaDx staff are expected to stay with Castle. AltheaDx’s laboratory and operations are expected to remain in San Diego.

Conference Call and Webcast Details

Company management will host a conference call and webcast to discuss this transaction at 4:30 p.m. Eastern time today. A live webcast of the conference call can be accessed here:

<https://event.on24.com/wcc/r/3703718/43292F55EF3242D27D296AF9E1F79C24> or via the webcast link on the

Investor Relations page of the Company's **website** (<https://ir.castlebiosciences.com/overview/default.aspx>). During the call and webcast, the Company will present a slide deck associated with the announcement, which has been posted to the Investor Relations page of the Company's website.

Please access the webcast at least 10 minutes before the conference call start time. An archive of the webcast will be available on the Company's website until April 21, 2022.

To access the live conference call via phone, please dial 1 844 200 6205 from the United States and Canada, or +1 929 526 1599 internationally, at least 10 minutes prior to the start of the call, using the conference ID 717384.

There will be a brief Question & Answer session following management commentary.

About AltheaDx and IDgenetix

AltheaDx, Inc. is a San Diego-based commercial stage molecular diagnostics company specializing in the field of pharmacogenomics (PGx) and focused on mental health. With an experienced team in place, AltheaDx maintains a CAP-accredited, CLIA-certified laboratory (State of California), which is also approved by the New York State Department of Health. IDgenetix® is a PGx product test for depression and anxiety and is supported by a published/peer-reviewed randomized controlled trial. This trial demonstrated clinical utility over standard of care when physicians used IDgenetix prior to prescribing a medication. IDgenetix for depression has been reimbursed by Medicare since the fall of 2020.

¹ <https://effectivehealthcare.ahrq.gov/products/depression-treatment-ssri/research-protocol>

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 and Barrett's esophagus. 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 and connect with us on **LinkedIn, Facebook, Twitter** and **Instagram**.

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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 are typically identified by the words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would” and similar expressions, although not all forward-looking statements contain these identifying words. Forward-looking statements in this presentation include, but are not limited to, statements concerning: the anticipated consummation of the acquisition of AltheaDx and the expected timing and actual closing of the transactions contemplated thereby, and the expected benefits resulting therefrom; our objectives, expectations (financial or otherwise) and intentions, future financial results and growth potential, including our expected estimated U.S. TAM for IDgenetix following our anticipated acquisition of AltheaDx; updates in our financial guidance for the 2022 fiscal year after giving effect to the anticipated acquisition of AltheaDx; our anticipated product portfolio and pipeline opportunities, including our ability to integrate IDgenetix into our existing portfolio of commercial offerings; the ability of the AltheaDx and Castle teams to successfully collaborate and the ability of IDgenetix to complement our portfolio of personalized testing solutions and enable our growth with advancement into pharmacogenomics and mental health; the ability of IDgenetix to accelerate our impact on patients with mental health conditions, enable us to offer incremental value to patients and clinicians over standard of care and potentially develop a mental health franchise; our belief that both drug-gene and drug-drug interactions may impact the effectiveness of individual therapies; and our belief that IDgenetix provides important genetic information that has the potential to help improve patients’ chances of response and/or remission by identifying appropriate medications more efficiently than the standard of care trial. 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 related to our ability to complete the acquisition of AltheaDx on the proposed terms and schedule, including risks and uncertainties related to the satisfaction of closing conditions, which may result in the conditions to closing not being satisfied and the transaction being delayed or not being ultimately consummated; 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 expected estimated U.S. TAM for IDgenetix, which may prove to be inaccurate; expanded Medicare reimbursement coverage for IDgenetix may never be

granted, which could reduce our expected estimated TAM for IDgenetix; our assumptions underlying the anticipated contributions from the AltheaDx acquisition to our 2022 financial guidance, which could be inaccurate; risks related to future opportunities and plans for our company following our anticipated acquisition of AltheaDx, including uncertainty of our expected financial performance and results of our company following completion of the proposed acquisition; disruption from the proposed 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; the effects of the COVID-19 pandemic on our business and our efforts to address its impact on our business; the potential of precision medicine solutions to serve as clinical decision support tools by providing critical genetic information to healthcare providers in pursuit of personalized care; IDgenetix's ability to 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 year ended December 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.

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Source: Castle Biosciences, Inc.