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Cancer Genetics, Inc. Finalizes Purchase of Los Angeles-based Molecular Profiling Laboratory, Response Genetics, Inc., Adding $10-$12M in Annual Revenue and Establishing a National Clinical Sales Footprint

RUTHERFORD, N.J., Oct. 12, 2015 (GLOBE NEWSWIRE) -- Cancer Genetics, Inc. (Nasdaq:CGIX) ("CGI" or the "Company"), an emerging leader in DNA-based cancer diagnostics, announced today that it finalized and closed the purchase of the assets of Los Angeles-based Response Genetics, Inc. ("RGI") on Friday, October 9, 2015.

Over ninety percent of the additional $10-$12 million in revenue that RGI will contribute to Cancer Genetics over the next year will be generated by business areas related to molecular profiling, therapeutic selection and patient monitoring in solid tumors, including lung, colorectal and skin cancers. The acquisition is also expected to add $4 million to CGI in future contract value from biopharma and clinical research clients. CGI will continue to expand the biopharma operations at RGI, which include strong historical relationships with major biopharma and pharmaceutical firms. Cancer Genetics will also continue to grow the clinical services that RGI's Los Angeles-based laboratory provides to hundreds of medical care facilities and professionals across the country. To facilitate the transition and help develop future expansion plans, RGI's Vice President of Operations, Alan Cheeks, will join the CGI management team and will be responsible for the day-to-day clinical and biopharma operations and delivery.

“The Response Genetics team is excited to become a part of the CGI family, to continue to expand our oncology-focused molecular diagnostic services and the delivery of information to improve patient insights and outcomes,” said Alan Cheeks, Vice President of Operations. “The combined company will provide global resources and expertise that uniquely positions CGI in the marketplace. As we move forward to develop a center of excellence in solid tumors on the West Coast, I’m certain we will see growth in our market share. CGI will benefit from increased demand and complexity in clinical trials and from our well positioned offering for the clinical oncology community.”

Additionally, CGI will continue working with the National Cancer Institute by providing the genomic testing for the multi-year Alchemist trials, which were awarded to Response Genetics in 2014. The trials involve genetic screening of tumor specimens removed during surgery for specific gene mutations and testing of post-operative treatment with drugs that target those mutations, but have only been approved by the FDA for use in advanced lung cancer. All screening, biomarker testing, and reporting will continue to be conducted at the Los Angeles-based lab, with substantial collaborations from other biotechnology and pharmaceutical partners. Additional information on the Alchemist trials can be found at http://www.cancer.gov/newscenter/newsfromnci/2014/ALCHEMISTlaunchQandA.

CGI will also begin to immediately offer the FDA-cleared and Medicare reimbursed Tissue of Origin test. Developed initially by Pathwork Dx, the test has been at the genomic vanguard for diagnosing metastatic, poorly differentiated, and undifferentiated cancers. This proprietary, patented and FDA-cleared test will be offered to both biopharma and clinical customers, globally. CGI estimates that the clinical diagnostic market for this test is approximately $100 to $150 million annually in the United States given that there are over 31,000 new cases of cancer of unknown origin diagnosed in the U.S., according to the American Cancer Society. In alignment with CGI’s vision of providing greater access to clinically relevant and actionable genomic tools, CGI will also explore partnerships and distribution arrangements whereby the Tissue of Origin test can be readily offered by a network of partners and clinical partners, globally.

In addition to the integration of RGI facilities, a majority of the RGI staff, including a highly trained and nationally distributed sales force, will be brought into CGI’s existing structure. CGI will integrate over 20 of RGI’s clinically-focused sales professionals across the U.S., offering both a state-of-the-art molecular hematological portfolio along with a clinically actionable and validated portfolio of tests for solid tumors. The tests include a variety of methodologies—from IHC and FISH to gene-expression, microarrays as well as next-generation sequencing (NGS). The clinical operations will report to Mr. Alan Cheeks and Dr. Gary D. Zeger, the Medical Director of the Los Angeles...
facilities. Mr. Cheeks will also be a part of the leadership team at CGI and will assume responsibility for helping to develop the center of excellence focused on solid tumor genomics and molecular profiling for clinical and biopharma customers.

“We look forward to a seamless integration of the Response Genetics team and facilities,” said Panna Sharma, President and CEO of Cancer Genetics. “Throughout the closing process, we’ve put a special focus on aligning our vision and operations to ensure that we will capture the synergies that exist between both companies. In addition to expanding our capabilities to include expertise in both solid and hematological cancers, we will also grow our national footprint significantly. Lastly, we will provide more actionable and relevant genetic information in formats that clinicians demand today. As a result of the integration, Response and CGI will offer the most complete bench to bedside oncology diagnostics in the marketplace with a unique portfolio of innovative clinical tests such as the Tissue of Origin test which will be a cornerstone of our suite of nine unique genomic tests and panels that are being offered today.”

As previously announced, the purchase price was approximately $14 million, which will include $7 million in cash and 788,584 shares of CGI common stock.

About Cancer Genetics

Cancer Genetics Inc. is an emerging leader in DNA-based cancer diagnostics. Our tests target difficult to diagnose hematological, urogenital and HPV-associated cancers. They are designed to guide the prognosis and treatment of these cancers with the goal of improving outcomes for patients. We have established strong clinical research collaborations with major cancer centers such as Memorial Sloan Kettering, The Cleveland Clinic, Mayo Clinic and the National Cancer Institute.

We also offer a comprehensive range of oncology-focused tests and laboratory services that provide critical genomic information to healthcare professionals and biopharmaceutical companies. Our state-of-the-art reference labs are CLIA certified and CAP accredited in the US and have licensure from several states including New York State.

For more information, please visit or follow us:
Internet: http://www.cancergenetics.com
Twitter: @Cancer_Genetics
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Forward Looking Statements: This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements pertaining to future financial and/or operating results, future growth in research, technology, clinical development and potential opportunities for Cancer Genetics, Inc. products and services, along with other statements about the future expectations, beliefs, goals, plans, or prospects expressed by management constitute forward-looking statements. Any statements that are not historical fact (including, but not limited to, statements that contain words such as “will,” “believes,” “plans,” “anticipates,” “expects,” “estimates”) should also be considered to be forward-looking statements. Forward-looking statements involve risks and uncertainties, including, without limitation, risks inherent in the development and/or commercialization of potential products, risks of cancellation of customer contracts or discontinuance of trials, risks that the transaction will not close or, if it closes, will not realize the currently anticipated benefits, uncertainty in the results of clinical trials or regulatory approvals, need and ability to obtain future capital, maintenance of intellectual property rights and other risks discussed in the Company’s Form 10-K for the year ended December 31, 2014 and 10-Q for the quarter ended June 30, 2015 along with other filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof. Cancer Genetics disclaims any obligation to update these forward-looking statements.

Media Relations Contact:
Marie Michellod
Cancer Genetics, Inc.
201-776-1983
Media@cgix.com

Investor Relations
Hans Vitzthum
LifeSci Advisors, LLC.
212-915-2568
hans@lifesciadvisors.com

Source: Cancer Genetics, Inc.