



# 4Q 2024 Earnings Results

Nasdaq: NEO

February 18, 2025

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## Mission

We save lives by improving patient care.

## Vision

We are becoming the world's leading provider of comprehensive cancer testing, data and solutions through uncompromising quality, exceptional customer experience, and innovative products and services.

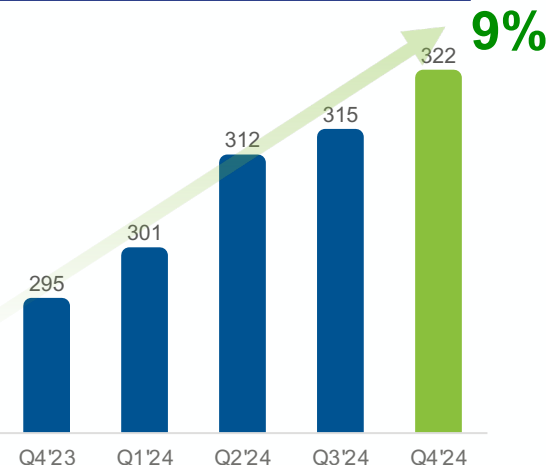
# Momentum Continues

## 4Q 2024 Highlights

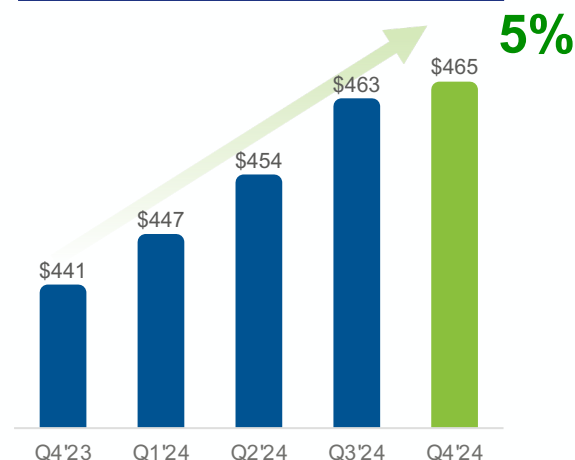
- Double digit revenue growth
- Testing volumes increased 9% vs prior year
- Adjusted Gross Margin increased to 48%
- 24% growth in Clinical NGS revenue
- AEBITDA improves 27% with 6 consecutive quarters of positive AEBITDA

**Served nearly 700,000  
Patients in 2024**

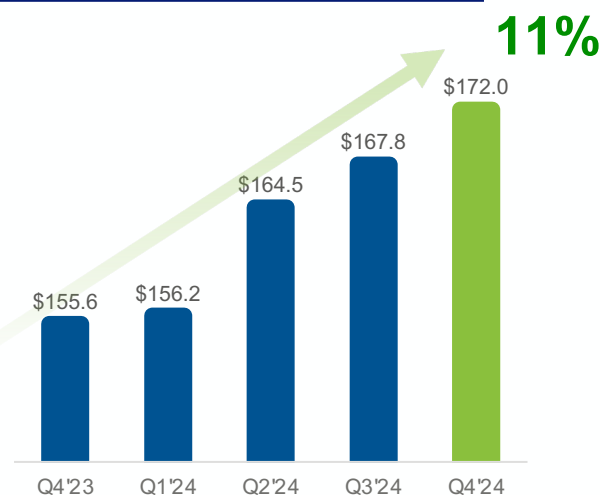
Clinical Volume (unit thousands)



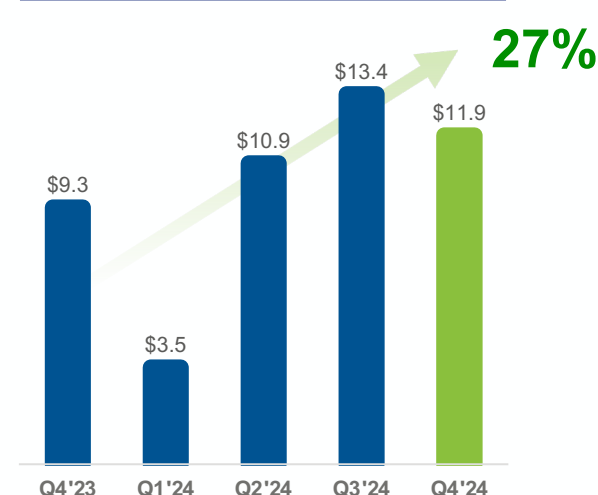
Clinical Revenue Per Test



Revenues (\$millions)



Adj. EBITDA (\$millions)



Quarterly financial information is unaudited. Growth corresponds to prior year period. Reference non-GAAP reconciliation slides in Appendix for details.

# Updating Long Range Financial Plan

## Accelerate Top Line Growth

- Annual Base Revenue growth 12-13%, including NGS growth of ~25% per year
- Continued investment in Sales and Marketing to drive top line growth
- Accelerated investments in R&D, including MRD

## Gross Margin

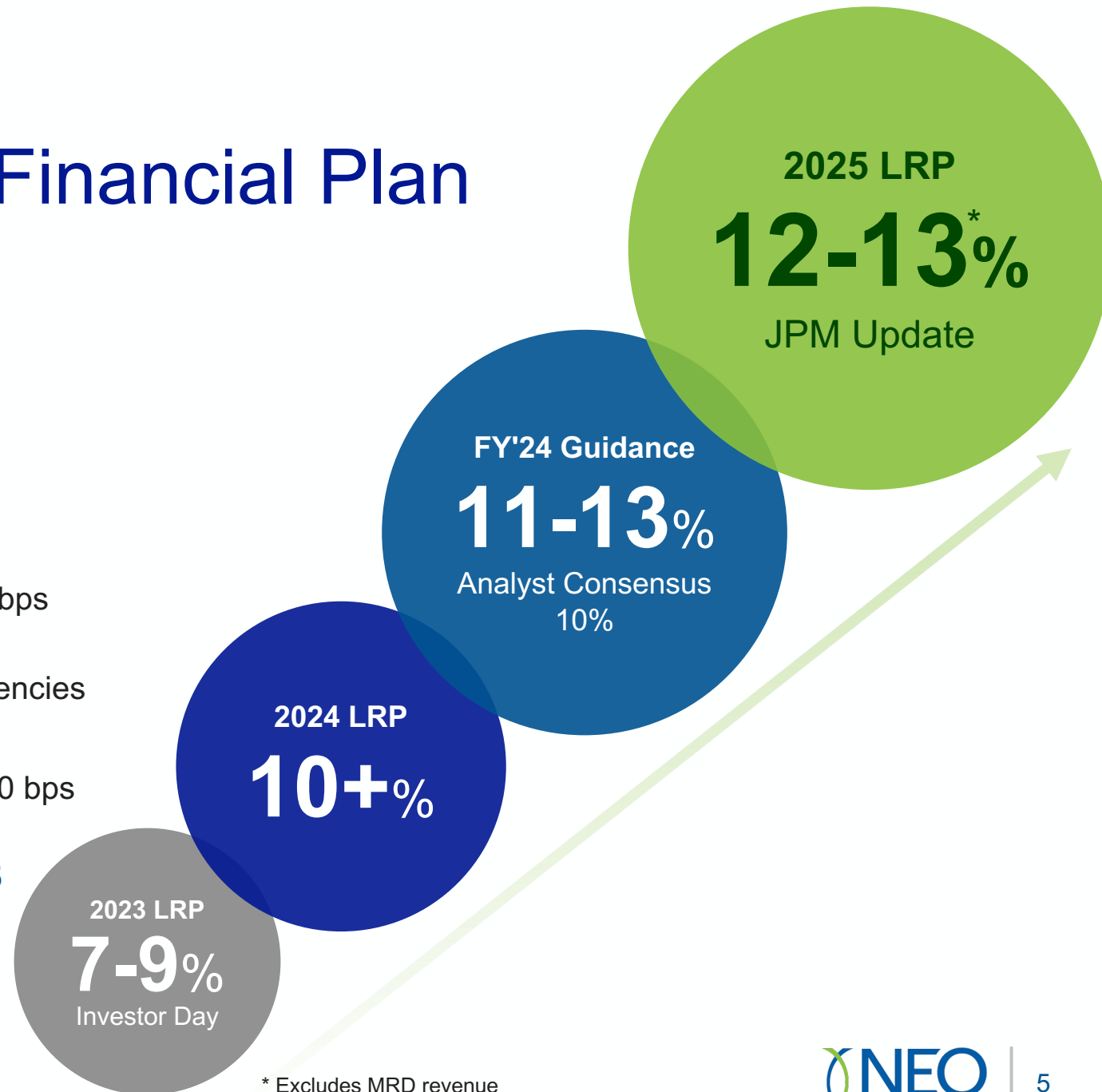
- Targeting Gross Margin expansion over 100-150 bps each year
- Annual inflation at 3-4%, offset by operating efficiencies

## Adjusted EBITDA improvement

- Targeting Adj. EBITDA margin Expansion 250-300 bps per year

## Expect Positive Cash Flow from Operations in 2025

## Assume \$30-35M Capital Expenditure per year

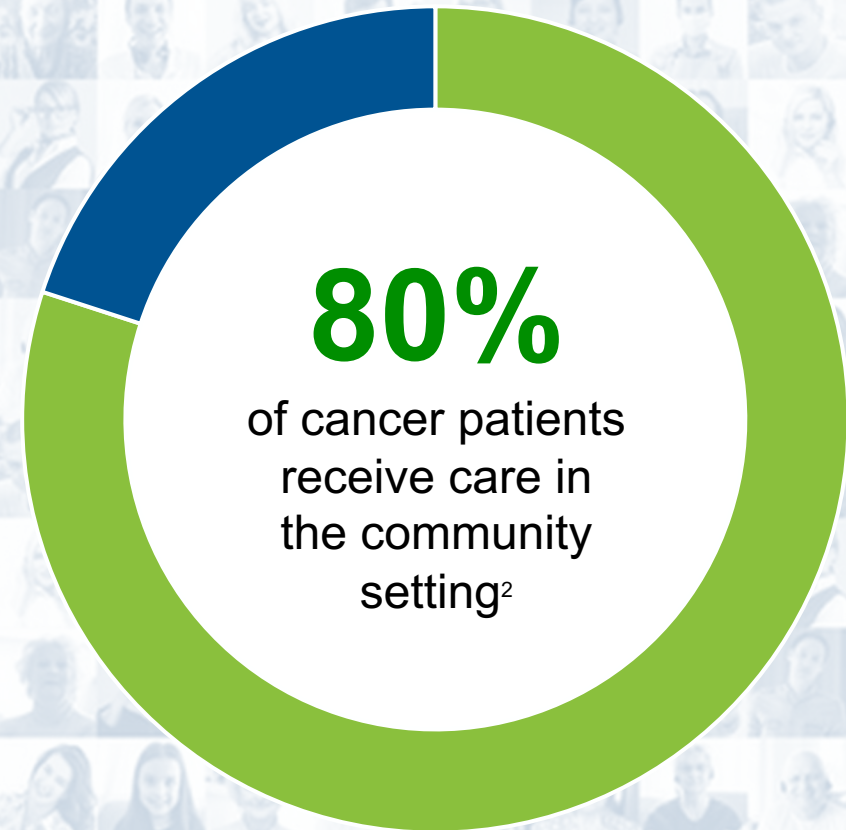




Cancer prevalence  
continues to rise

**1 in 2 men and  
1 in 3 women**

will develop cancer  
in their lifetime<sup>1</sup>

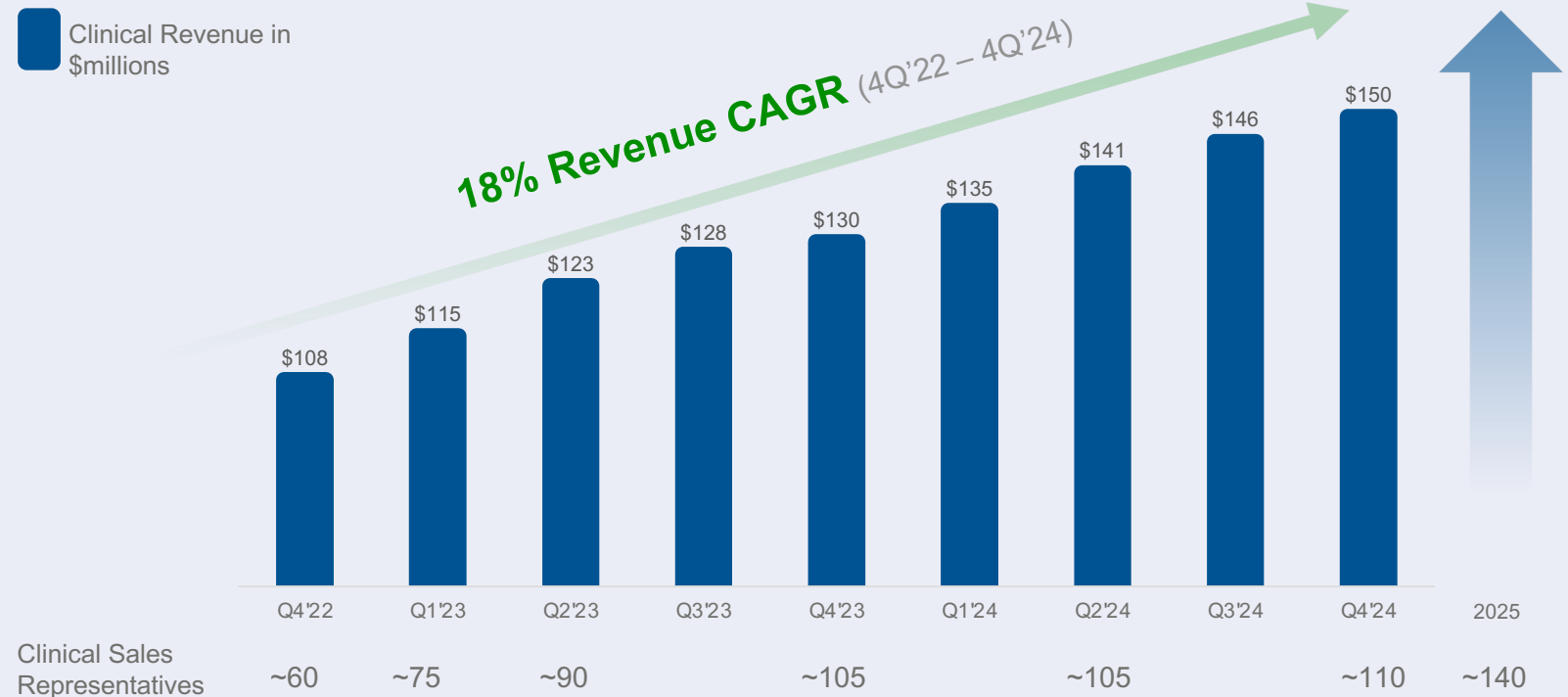


# Sustainable Growth – Clinical

## Key Growth Drivers

- Q4 volume grew 9%
- NGS grew 24%
- Expansion of Commercial Organization with focus on community oncology
- Announced partnership with Adaptive in Heme MRD

## Profitably Grow Clinical Revenue



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# Sustainable Growth – Commercial Investments



- 300+ New customer interfaces, 3x increase over 2023
- 11% Annual improvement in TAT
- 74 Net Promoter Score, up from 70 in 2023
- +51% 12-month Improvement in Gartner Productivity Index

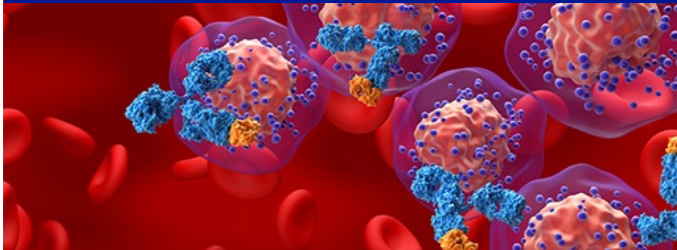


- New sales model aligns with Pharma buying process to shorten sales cycles
- New Go-To-Market strategy aligns with Protect, Expand, Acquire to focus on acquisition of new customers
- Capitalizing on operational synergies



# Sustainable Growth – Innovation

## PRODUCTS



### Expanding Breadth of Menu

- Launching new tests to further NGS growth and gain market share:
  - Large, next-gen solid tumor panel with HRD
  - PanTracer liquid biopsy
- On track to complete verification and validation of RaDaR 1.1 in March

## STUDIES



### Generating Clinical Evidence

- Participating in outcomes-based clinical studies that help drive adoption
- Accelerating investment to support reimbursement and broader clinical application

## RESEARCH



### Developing a Dedicated MRD Research Program

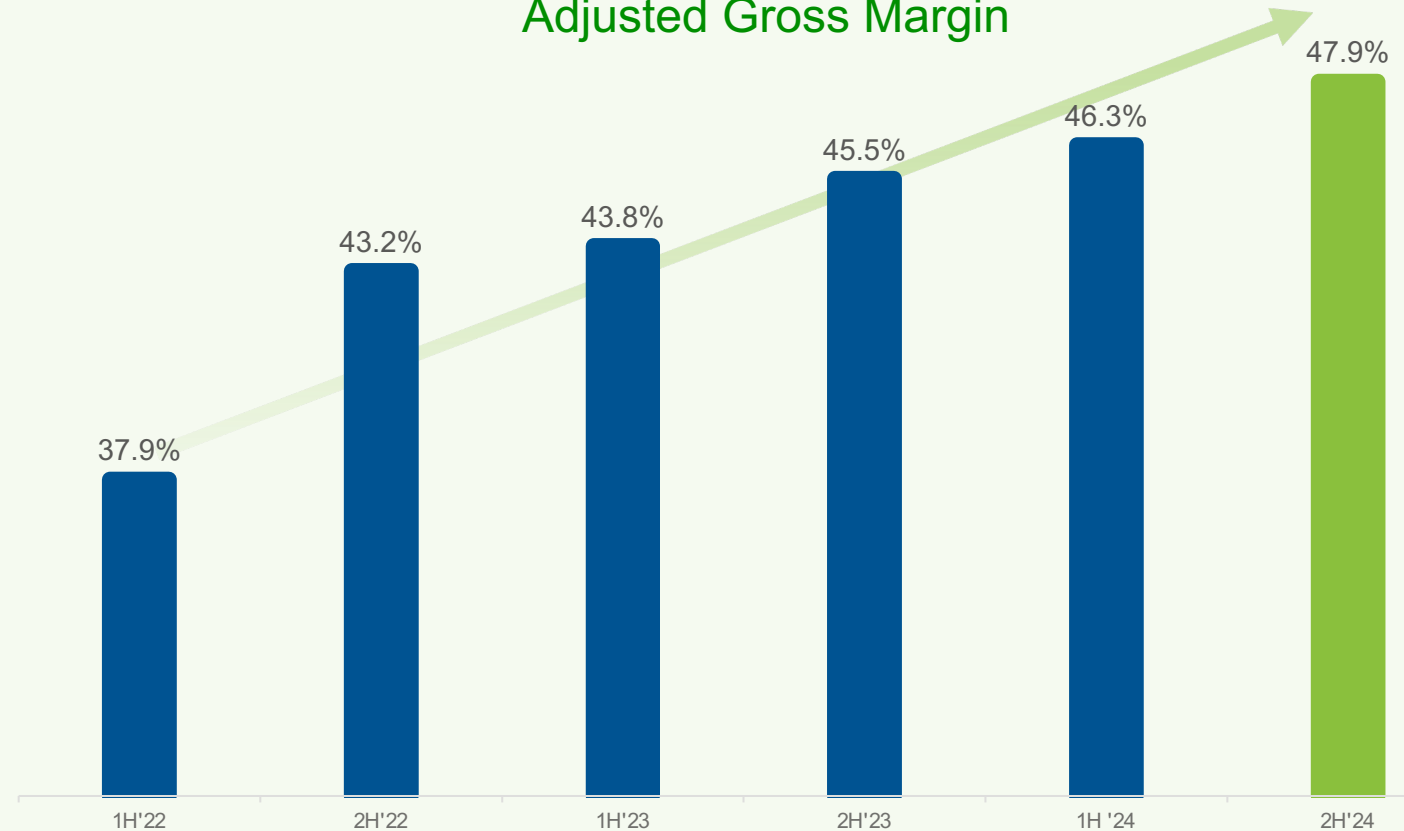
- Applying a strategic, intentional approach to generating intellectual property specific to the field of MRD
- Developing both broad core technologies applicable across different cancer types and targeted innovations that would be cancer type specific
- Multiple projects underway

# Sustainable Growth – Margin Expansion

## Executing the Strategy

- Drove 240 bps of gross margin improvement in the second half of 2024 over prior year through productivity and the use of automation
- Combining Clinical and Pharma workflow
- Automation and process improvement gaining traction

## Adjusted Gross Margin



Quarterly financial information is unaudited. Growth corresponds to prior year period. Reference non-GAAP reconciliation slides in Appendix for details.



# 4Q 2024 Financial Results





# 4<sup>th</sup> Quarter 2024 Financial Highlights

Revenue  
**Up 11%**  
to \$172M

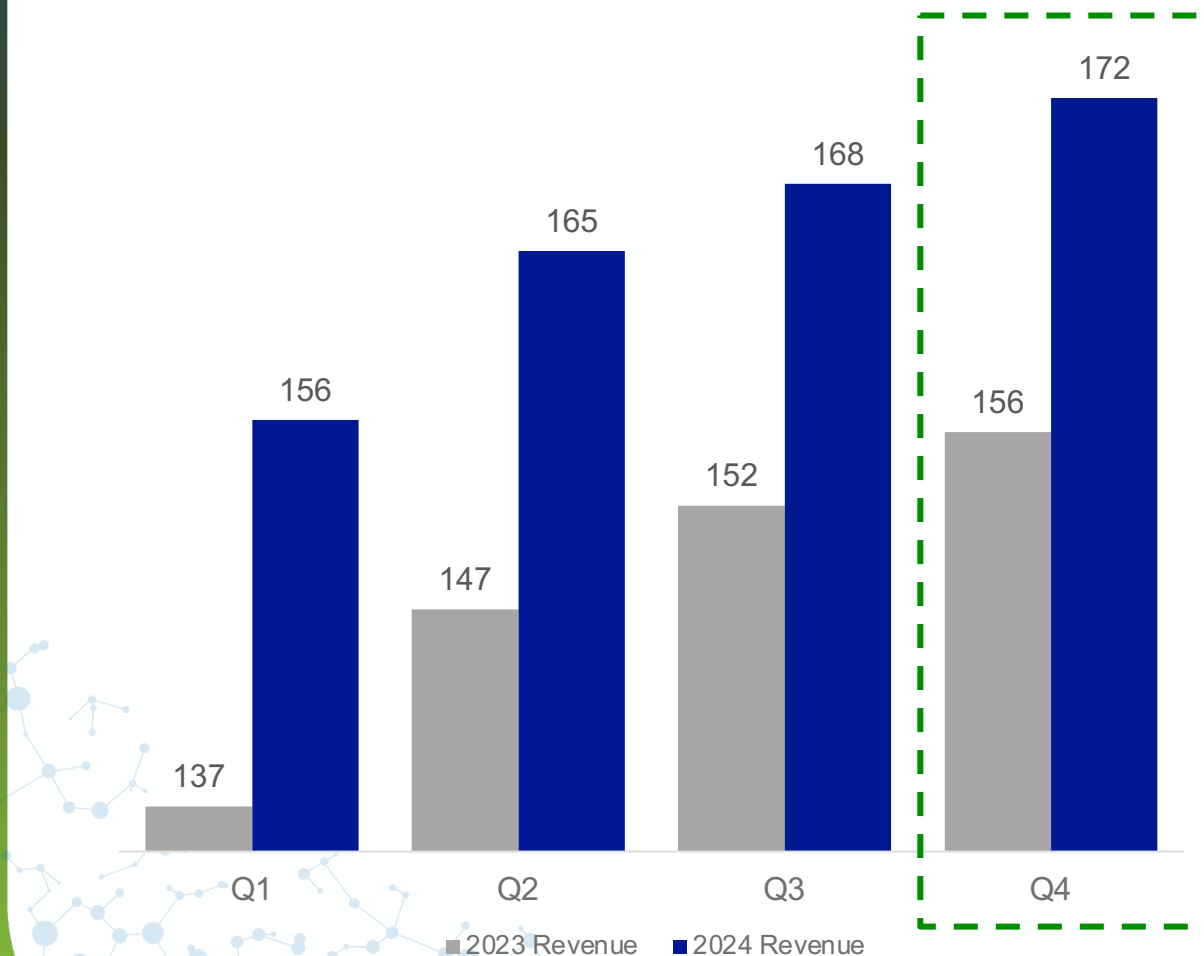
Adj. Gross Profit  
**Up 14%**  
to \$83M

Clinical Volume  
**Up 9%**  
to 322K

Adj. EBITDA  
**Up 27%**  
to +\$12M

- Total Quarter Revenue Increased **11%**
- **24%** revenue growth in Clinical NGS
- Adjusted Gross Margin increased to **48%** an improvement of 128 bps
- Adjusted EBITDA increased to positive \$12 million, an improvement of \$3 million over prior year

# 4<sup>th</sup> Quarter Revenue Results



- Revenue Grew 11% to \$172M
- Clinical Revenue per Test Improved 5% Due to Mix and Pricing
- RCM Initiatives Contributing to Revenue Growth

Quarterly financial information is unaudited. Growth corresponds to prior year period. Reference non-GAAP reconciliation slides in Appendix for details.

# 4<sup>th</sup> Quarter Financial Overview

Financial Statement In \$Millions	4Q'23	4Q'24	%vPY
<b>Revenue</b>	<b>\$155.6</b>	<b>\$172.0</b>	<b>10.6%</b>
Adjusted Gross Profit	\$72.7	\$82.5	13.6%
<i>Adjusted Gross Margin</i>	<i>46.7%</i>	<i>48.0%</i>	<i>128 bps</i>
<b>Adjusted EBITDA</b>	<b>\$9.3</b>	<b>\$11.9</b>	<b>27.0%</b>
<i>Adjusted EBITDA Margin</i>	<i>6.0%</i>	<i>6.9%</i>	<i>89 bps</i>
Cash and cash equivalents	\$342.5	\$367.0	7.2%
Marketable securities, at fair value	\$72.7	\$19.8	-72.7%
<b>Total Cash/Marketable Securities</b>	<b>\$415.2</b>	<b>\$386.8</b>	<b>-6.8%</b>
<b>Cash Flow from Operations</b>	<b>\$17.8</b>	<b>\$9.8</b>	<b>-44.9%</b>

Quarterly financial information is unaudited. Growth corresponds to prior year period. Reference non-GAAP reconciliation slides in Appendix for details.



# Full Year 2024 Financial Highlights

Revenue  
**Up 12%**  
to \$661M

Adj. Gross Profit  
**Up 18%**  
to \$311M

Cash Flow from  
Operations  
**Up 460%**  
to +\$7M

Adj. EBITDA  
**Up 1036%**  
to +\$40M

- Total Annual Revenue Increased **12%**
- **34%** revenue growth in Clinical NGS
- Adjusted Gross Margin increased to **47.1%** an improvement of 245 bps
- Adjusted EBITDA increased to positive \$40 million, an improvement of \$36 million over prior year

# FY 2025 Guidance

	<i>Low</i>		<i>High</i>	
Guide	(\$ Millions)	YoY% Growth	(\$ Millions)	YoY% Growth
Revenue	<b>\$735</b>	<b>11%</b>	<b>\$745</b>	<b>13%</b>
Adj. EBIDTA	<b>\$55</b>	<b>38%</b>	<b>\$58</b>	<b>45%</b>

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## Strategic Focus to Drive Long-Term Sustainable Growth

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**AEBITDA Growth Exceeds Revenue Growth Due to Improving Gross Profit and Operating Leverage**

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**Continue to Invest in our People and the Business**

# Summary

- Momentum continues with a strong quarter; revenue growth of 11%, volume growth of 9%, and 27% Adj. EBITDA improvement.
- 2024 Full Year revenue growth was 12% and Adj. EBITDA was \$40M.
- Increased focus in 2025 on R&D and Business Development to drive innovation
- Key strategic initiatives continue to drive revenue growth, operating leverage, and improved financial performance







Serving patients. Saving lives.™

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Rev. MMDDYY

# Appendix



# Balance Sheet

## December 31, 2024

(unaudited, in thousands)

	December 31, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 367,012	\$ 342,488
Marketable securities, at fair value	19,832	72,715
Accounts receivable, net	150,540	131,227
Inventories	26,748	24,156
Prepaid assets	20,165	17,987
Other current assets	11,722	8,239
Total current assets	596,019	596,812
Property and equipment (net of accumulated depreciation of \$189,990 and \$158,211, respectively)	94,103	92,012
Operating lease right-of-use assets	79,583	91,769
Intangible assets, net	339,681	373,128
Goodwill	522,766	522,766
Other assets	5,886	4,742
Total non-current assets	1,042,019	1,084,417
Total assets	\$ 1,638,038	\$ 1,681,229
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and other current liabilities	\$ 97,083	\$ 90,694
Current portion of operating lease liabilities	3,381	5,610
Current portion of convertible senior notes, net	200,777	—
Total current liabilities	301,241	96,304
<b>Long-term liabilities</b>		
Operating lease liabilities	60,841	67,871
Convertible senior notes, net	340,335	538,198
Deferred income tax liabilities, net	21,510	24,285
Other long-term liabilities	11,772	13,034
Total long-term liabilities	434,458	643,388
Total liabilities	735,699	739,692
<b>Stockholders' equity</b>		
Total stockholders' equity	902,339	941,537
Total liabilities and stockholders' equity	\$ 1,638,038	\$ 1,681,229



# Income Statement

## December 31, 2024

(unaudited, in thousands)

	Three Months Ended December 31,		Years Months Ended December 31,	
	2024	2023	2024	2023
<b>NET REVENUE</b>	\$ 172,000	\$ 155,552	\$ 660,566	\$ 591,643
<b>COST OF REVENUE</b>	94,743	87,964	370,466	347,039
<b>GROSS PROFIT</b>	77,257	67,588	290,100	244,604
Operating expenses:				
General and administrative	63,643	59,758	259,737	243,101
Research and development	7,969	7,127	31,159	27,309
Sales and marketing	22,339	18,072	84,652	70,842
Restructuring charges	1,707	1,205	6,658	11,088
Total operating expenses	95,658	86,162	382,206	352,340
<b>LOSS FROM OPERATIONS</b>	(18,401)	(18,574)	(92,106)	(107,736)
Interest income	(4,328)	(4,845)	(18,427)	(16,902)
Interest expense	1,624	1,681	6,617	6,907
Other expense (income), net	431	(124)	379	(644)
Loss before taxes	(16,128)	(15,286)	(80,675)	(97,097)
Income tax benefit	(804)	(960)	(1,949)	(9,129)
<b>NET LOSS</b>	\$ (15,324)	\$ (14,326)	\$ (78,726)	\$ (87,968)
<b>NET LOSS PER SHARE</b>				
Basic	\$ (0.12)	\$ (0.11)	\$ (0.62)	\$ (0.70)
Diluted	\$ (0.12)	\$ (0.11)	\$ (0.62)	\$ (0.70)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	127,160	125,929	126,658	125,502
Diluted	127,160	125,929	126,658	125,502

# Statements of Cash Flows

## December 31, 2024

(unaudited, in thousands)

	Years Ended December 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (78,726)	\$ (87,968)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	39,101	37,450
Amortization of intangibles	33,446	35,133
Stock-based compensation	33,413	24,633
Non-cash operating lease expense	8,926	9,235
Amortization of convertible debt discount and debt issue costs	2,914	2,876
(Gain) loss on disposal of assets, net	(49)	292
Impairment of assets	450	1,703
Other adjustments	178	186
Changes in assets and liabilities, net:	(32,630)	(25,493)
Net cash provided by (used in) operating activities	\$ 7,023	\$ (1,953)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of marketable securities	—	(6,756)
Proceeds from maturities of marketable securities	53,916	112,215
Purchases of property and equipment	(41,061)	(28,752)
Net cash provided by investing activities	\$ 12,855	\$ 76,707
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of equipment financing obligations	—	(70)
Issuance of common stock, net	4,646	4,624
Net cash provided by financing activities	\$ 4,646	\$ 4,554
Net change in cash and cash equivalents	\$ 24,524	\$ 79,308
Cash and cash equivalents, beginning of year	\$ 342,488	\$ 263,180
Cash, cash equivalents and restricted cash, end of year	\$ 367,01	\$ 342,488

# Adjusted Gross Margin December 31, 2024

(unaudited, in thousands)

	Three Months Ended December 31,			Years Ended December 31,		
	2024	2023	% Change	2024	2023	% Change
<b>Consolidated:</b>						
Total revenue (GAAP)	\$ 172,000	\$ 155,552	10.6 %	\$ 660,566	\$ 591,643	11.6 %
<b>Cost of revenue (GAAP)</b>	\$ 94,743	\$ 87,964	7.7 %	\$ 370,466	\$ 347,039	6.8 %
Adjustments to cost of revenue <sup>(5)</sup>	(5,292)	(5,079)		(21,127)	(19,638)	
<b>Adjusted cost of revenue (non-GAAP)</b>	<u>\$ 89,451</u>	<u>\$ 82,885</u>	7.9 %	<u>\$ 349,339</u>	<u>\$ 327,401</u>	6.7 %
<b>Gross profit (GAAP)</b>	\$ 77,257	\$ 67,588	14.3 %	\$ 290,100	\$ 244,604	18.6 %
<b>Adjusted gross profit (non-GAAP)</b>	\$ 82,549	\$ 72,667	13.6 %	\$ 311,227	\$ 264,242	17.8 %
<b>Gross profit margin (GAAP)</b>	44.9 %	43.5 %		43.9 %	41.3 %	
<b>Adjusted gross profit margin (non-GAAP)</b>	48.0 %	46.7 %		47.1 %	44.7 %	

(5) Cost of revenue adjustments for the three months ended December 31, 2024 includes \$4.9 million of amortization of acquired intangible assets and \$0.4 million of stock-based compensation. Cost of revenue adjustments for the three months ended December 31, 2023 includes \$5.1 million of amortization of acquired intangible assets. Cost of revenue adjustments for the year ended December 31, 2024 includes \$19.6 million of amortization of acquired intangible assets and \$1.4 million of stock-based compensation. Cost of revenue adjustments for the year ended December 31, 2023 includes \$19.6 million of amortization of acquired intangible assets. There were no stock-based compensation amounts recorded for the three months and year ended December 31, 2023.



# Adjusted EBITDA

## December 31, 2024

(unaudited, in thousands)

(3) For the three months ended December 31, 2024, IP litigation costs include legal fees. For the year ended December 31, 2024, IP litigation costs include a legal fee and a settlement payment. There were no such amounts for the three months and year ended December 31, 2023.

(4) For the three months ended December 31, 2024, other significant (income) expenses, net, includes CEO transition costs and site closure costs. For the three months ended December 31, 2023, other significant (income) expenses, net, includes fees related to a regulatory matter and other non-recurring items. For the year ended December 31, 2024, other significant (income) expenses, net, includes site closure costs, severance costs, fees related to non-recurring legal matters, and CEO transition costs. For the year ended December 31, 2023, other significant (income) expenses, net, fees related to a regulatory matter, CEO transition costs and other non-recurring items.

	Three Months Ended		Years Ended December 31,	
	December 31,		December 31,	
	2024	2023	2024	2023
<b>Net loss (GAAP)</b>	\$ (15,324)	\$ (14,326)	\$ (78,726)	\$ (87,968)
<i>Adjustments to net loss:</i>				
Interest income	(4,328)	(4,845)	(18,427)	(16,902)
Interest expense	1,624	1,681	6,617	6,907
Income tax benefit	(804)	(960)	(1,949)	(9,129)
Depreciation	9,827	9,578	39,101	37,450
Amortization of intangibles	8,361	8,783	33,446	35,133
<b>EBITDA (non-GAAP)</b>	(644)	(89)	(19,938)	(34,509)
<i>Further adjustments to EBITDA:</i>				
Stock-based compensation expense	8,328	6,990	33,413	24,633
Restructuring charges	1,707	1,205	6,658	11,088
IP litigation costs <sup>(3)</sup>	1,397	—	13,753	—
Other significant expenses, net <sup>(4)</sup>	1,085	1,242	5,722	2,274
<b>Adjusted EBITDA (non-GAAP)</b>	\$ 11,873	\$ 9,348	\$ 39,608	\$ 3,486

# Adjusted EBITDA

## 2025 Guidance

(unaudited, in thousands)

GAAP net loss in 2025 will be impacted by certain charges, including: (i) expense related to the amortization of intangible assets, (ii) stock-based compensation, and (iii) other one-time expenses. These charges have been included in GAAP net loss available to stockholders and GAAP net loss per share; however, they have been removed from adjusted net loss and adjusted diluted net loss per share.

The following table reconciles the Company's 2025 outlook for net loss and EPS to the corresponding non-GAAP measures of adjusted net loss, adjusted EBITDA, and adjusted diluted EPS:

(11) This adjustment is for rounding and, in those periods in which GAAP net (loss) income is negative and adjusted net (loss) income is positive, also compensates for the effects of additional diluted shares included in adjusted diluted shares outstanding for the treasury stock impact of outstanding stock options and restricted stock and the if-converted impact of convertible notes.

(12) For those periods in which GAAP net (loss) income is negative and adjusted net (loss) income is positive, this adjustment includes any options or restricted stock that would be outstanding as dilutive instruments using the treasury stock method and the weighted average number of shares that would be outstanding if the convertible notes were converted into common stock on the original issue date based on the number of days such shares would have been outstanding in the reporting period, until the effect of these adjustments are anti-dilutive.

	Year Ended December 31, 2025	
	Low Range	High Range
<b>Net loss (GAAP)</b>	<b>\$ (85,000)</b>	<b>\$ (76,000)</b>
Amortization of intangibles	34,000	34,000
Stock-based compensation	50,000	46,000
Other one-time expenses	20,000	20,000
<b>Adjusted net loss (non-GAAP)</b>	<b>19,000</b>	<b>24,000</b>
Interest and taxes	(7,000)	(7,000)
Depreciation	43,000	41,000
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 55,000</b>	<b>\$ 58,000</b>
<b>Net loss per diluted share (GAAP)</b>	<b>\$ (0.66)</b>	<b>\$ (0.59)</b>
<i>Adjustments to net loss per diluted share:</i>		
Amortization of intangibles	0.27	0.27
Stock-based compensation	0.39	0.36
Other one-time expenses	0.16	0.16
Rounding and impact of diluted shares in adjusted diluted shares <sup>(11)</sup>	(0.01)	(0.01)
<b>Adjusted diluted EPS<sup>(12)</sup> (non-GAAP)</b>	<b>\$ 0.15</b>	<b>\$ 0.19</b>
<b>Weighted average assumed shares outstanding in 2025:</b>		
Diluted shares (GAAP)	128,000	128,000
Options, restricted stock, and converted shares not included in diluted shares <sup>(12)</sup>	—	—
<b>Adjusted diluted shares outstanding (non-GAAP)</b>	<b>128,000</b>	<b>128,000</b>