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Building a Foundation for Long-Term,
Sustainable Growth

Chris Smith

Chief Executive Officer







Market Leader in Oncology Diagnostics Testing



Delivering Operational & Commercial Excellence



Transitioning to an Integrated Enterprise Operating Model



Innovating for the Future



Financial Overview and Outlook



The Role of MRD in Clinical Practice with Dr. Peter Beitsch



Q&A



Today's Agenda



### Mission

We save lives by improving patient care.

### Vision

We are becoming the world's leading cancer testing, information, and decision-support company by providing uncompromising quality, exceptional service, and innovative solutions.







### World-Class Team of Experienced Professionals

Today's **Speakers** 



Chris Smith
Chief Executive Officer



**Jeff Sherman**Chief Financial Officer



**Vishal Sikri**President, Advanced
Diagnostics



**Warren Stone**President, Clinical Services



**Melody Harris**President, Enterprise
Operations



Shashikant Kulkarni, MS, PhD, MBA, FACMG Chief Scientific Officer



**Greg Sparks**Chief Technology Officer



**Ali Olivo**General Counsel and
Corporate Secretary



**Gary Passman**Chief Culture Officer



**Hutan Hashemi, JD**Chief Compliance Officer



Marcus Silva, JD, MBA SVP, Oncology Diagnostics



**Dr. Steven Brodie**SVP of Laboratory
Operations



**Sean Bundy**VP Quality & Regulatory
Affairs

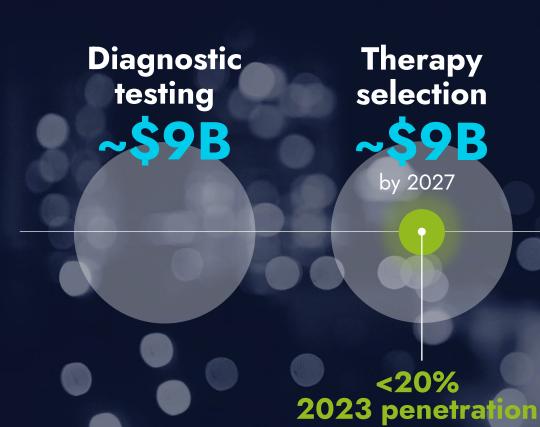


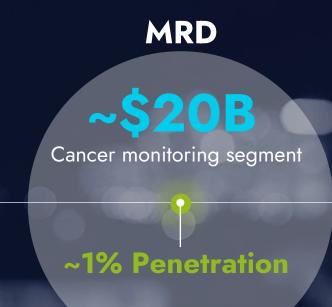
**Dr. Derek Lyle**Chief Medical Officer





# Cancer Testing Is a Large, Underserved, & Growing Market





Pharma

>\$150B



Yearly R&D spend for the Top 30 pharma companies





>50% 2027 penetration

# We Have a Unique Position in the Cancer Diagnostics Market







### **Pure Play Oncology Diagnostic Lab**

**Driving Sustainable & Profitable Growth** 

- Mid-teens profitability
- High single-digit revenue growth
- 600+ test menu
- Driving innovation through R&D









- Profit
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- Thous.
- Diversit





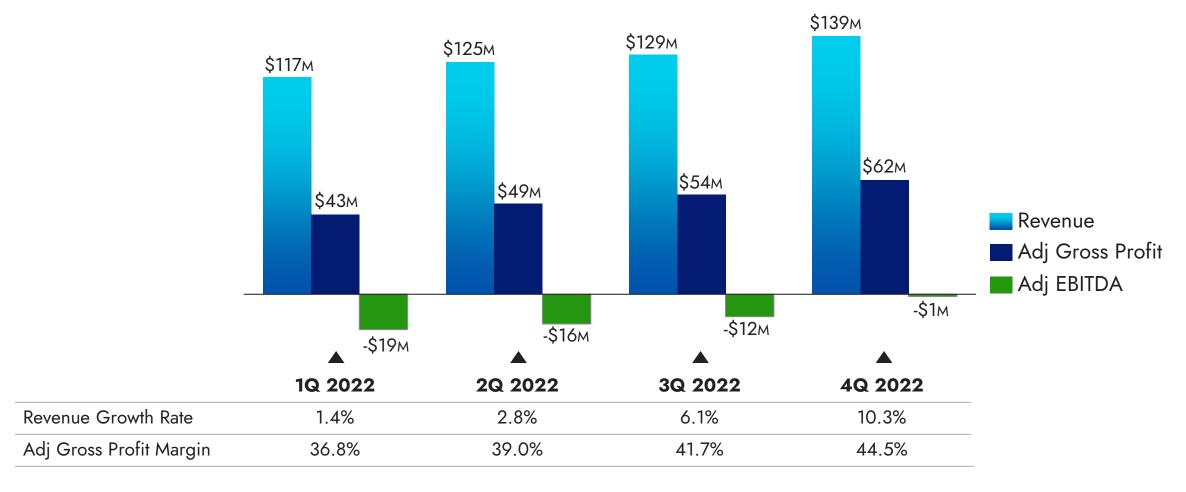








### **Building Momentum Into 2023**



#### **2022 Quarterly Results**



## Organizational Model Supports Long-Term, Sustainable Growth



#### **Clinical Services Division**

- Core business of multi-modality product Offering (Broad Menu; 600+ tests)
- Community-based pathology and oncology sales force
- Patient & clinician customer experience
- Patient engagement
- Clinical decision support





#### **Advanced Diagnostics Division**

- Minimal residual disease (MRD), liquid biopsy and therapy selection business units
- Innovation and R&D
- Pharma services & informatics sales force



#### **Enterprise Operations**

- Own end-to-end workflow of patient samples to improve outcomes and TAT for clinicians and patients
- Enhance data infrastructure and strategy
- Decrease costs by increasing operational leverage across all facets of enterprise





## NeoGenomics Strategic Pillars

Mission, Vision, & Building Long-Term Sustainable Growth

Profitably Grow
Our Core Business



Accelerate Advanced Diagnostics



Enhance Our People & Culture



Drive Value Creation



### Our 2023 Strategic Priorities

# Profitably Grow Our Core Business



- Grow Volume & Drive NGS Mix
- Expand & Optimize Commercial Organization
- Improve Turnaround Times



### Accelerate Advanced Diagnostics



- Launch New Innovative Products
  - RaDaR (MRD)
  - Neo Comprehensive (NGS)
- Continue to Improve Pharma Growth & Profitability
- Focus on Enterprise Data Strategy

# Drive Value Creation



- Increase Productivity& Efficiency
- Manage G&A Spend; Re-Invest in Strategic initiatives
- Enhance Automation & Digital Implementation
- Drive Revenue Cycle Management

Q1 2023 Highlights

 Successful commercial launch of four new assays — RaDaR, Neo Comprehensive —Solid Tumor and Neo Comprehensive — Myeloid, NeoType DNA & RNA - Lung



 Improved Q1 TAT by 17% YoY (following a 36% improvement in Q4 YoY)



 Hosted American Cancer Society's Greater Lee County Relay for Life, raising over \$100k with our community



Grew salesforce by 22% in Q1



 Generated \$25 million in annualized cost savings from reorganization activities, much of this is being reinvested in growth initiatives



## **Key Takeaways**

- NeoGenomics is well positioned to win as a pure-play comprehensive oncology diagnostics lab focusing on sustainable, profitable, long-term growth
- We have a winning strategy and unique value proposition to capture a large share of a growing underserved market
- We have a world-class leadership team now in place, and 2,200 teammates committed to our mission
- We are on our way to serving 1 million patients annually by 2028







Delivering Operational & Commercial Excellence

**Warren Stone** 

President, Clinical Services Division





# 2023 Key Priorities



**Commercial Execution** 



Portfolio Optimization



**Customer Experience** 



Revenue Cycle Management



# Clinical Services Division Customer Segmentation and Sales Resource Summary



# Hospitals & Academic Centers (Clinicians, Labs)

- ~6,000 total hospitals in the US<sup>1</sup>
- ~1,000 teaching hospitals or academic centers in the US<sup>1</sup>



# Community Practices (Oncologists, Pathologists)

• ~950 oncology practices in the US, with ~5,000 oncologists<sup>2</sup>





#### **Territory Business Manager (TBM)**

Geo-based calling on hospital pathologists, oncologists, and lab directors, promoting full portfolio



#### Regional Director (RD)

Integrated POD structure of TBMs & PMMs; leadership, strategy execution, coaching and talent development



#### Precision Medicine Manager (PMM)

Overlay calling on oncologists, surgeons and radiologists in community/hospital settings, promoting mainly precision medicine products



#### **Client Success Specialists (CSS)**

Onboard new customers, reduce customer churn and reduce sales admin burden



#### **Client Services Advocates (CSA)**

Support test requisitioning, third-party requests, test status, information and results



# **Commercial Growth Strategy**









# 32% Increase in Commercial Resources to Expand Coverage and Enhance Execution

#### **Downstream Marketing**

Establishing campaigns, demand, and lead-generation capabilities to drive increased awareness and a rich pipeline of marketing-qualified leads

#### **Commercial Operations**

Delivering increased productivity by optimizing GTM strategy, streamlining processes, and enabling commercial functions through data and targeted insights



#### Sales

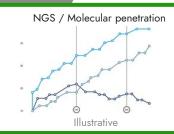
Investing in additional sales team members to accelerate growth through improved market coverage and competitive takeaways

#### Client Success & Services

Successful onboarding of new customers and protecting current customers by establishing a high-touch, service-oriented mindset

Leveraging analytics to support targeting, drive actionable insights to enhance effectiveness









## Portfolio Segmentation & NGS Focus Drive Growth



### Hematologic Cancers

#### **Market Dynamics\***

- Neo is the market leader in overall heme testing based on strong relationships with heme oncologists and hospital pathology
- Neo is the heme NGS market leader with ~25% market share (volume)



Focus: Leverage hospital One Lab value proposition

Focus: NGS and proprietary COMPASS® offering



### **Solid Tumor Cancers**

#### **Market Dynamics\***

- Neo is one of the leaders in non-NGS testing based on breadth of portfolio
- NGS continues to drive value in solid tumors
- Community oncology prioritizes turnaround time, ease of ordering and reporting when selecting a reference lab partner



Expand &



Win

Focus: New NGS "solution" offerings with 10-day TAT

Focus: Expand oncologist-focused sales and support team



### **NeoGenomics Solution for Solid Tumor Cancers**



#### **2 New Competitive Products**

#### **Neo Comprehensive**

- 10-day TAT
- Pan-cancer
- 517 genes
- DNA & RNA
- CNVs, MSI, TMB

### NeoType DNA & RNA – Lung

- 10-day TAT
- Reduced specimen (10 slides)
- CNV by NGS





Easy to Order With NeoAccess



Streamlined Report



Interrogate Data
With NeoSeek

SIMPLER. BETTER. FASTER.



## Portfolio Optimization Offers Significant Growth Potential



#### Fill Gaps

Incremental product launches

### 2022 Case Study – non-NGS Launches

- FOLR1
- PD-L1 SP263 NSCLC
- BCL6/MYC



#### **Improve Margins**

Upgrade of older products

### 2023 Case Study — Upgrade Sanger to PCR

- EGFR
- BRAF
- KRAS
- NRAS



#### **Rationalize**

Low-margin, non-strategic products

### 2022 Case Study – Discontinued Tests

- NeoTYPE® Ancillary test discontinuations
- Bespoke tests



#### **Targeted Opportunities**

Portfolio, new markets, business model innovation

### **Concepts Being Evaluated**

- International sponsored testing programs
- Enhanced germline testing
- Pediatric oncology





### 360° NeoExperience

#### **Market Dynamics**

- World-class customer experience is yet to be defined
- Neo has always gone above and beyond for clients, but expectations have changed
- Turnaround time and ease of ordering are table stakes

# Ongoing Tactical Actions

 Improve turnaround time, ordering, and reporting



#### Neo Will Differentiate on Customer Experience With 360° Neo Experience



Customer Service & Success



Online Sample Tracking



**Portals** 



**Decision Support** 



**Self-Service** 



### Enhancing our RCM Approach Offers a Significant Opportunity



## **Denials & Patient Concessions**

- Move billing review process up-front
- Partner with providers to ensure prior authorizations are secured
- Enhance online ordering functionality and ensure complete patient information at the time of requisition

# Improved Reimbursement

- Partner with third-party payers to improve molecular reimbursement
- Negotiate clinical test reimbursement rates based on clinical value vs. Medicare reimbursement
- Contract with out-of-network third-party payers

# Strategic Pricing

- Enhanced pricing for non-covered tests and uninsured patients
- Implement targeted annual client price increase process
- Improve analytics regarding market and competitive pricing



## **Key Takeaways**

- Sales and commercial investment, analytics and execution will drive continuous and sustainable growth
- New products and portfolio optimization offers meaningful upside potential
- We will differentiate through Customer Experience with NeoExperience
- Revenue Cycle Management will enable significant bottom-line leverage







Transitioning to an Integrated Operating Model

**Melody Harris** 

President, Enterprise Operations





# Our Integrated End-to-End Approach



Procurement & Inventory



Lab Operations



**Medical Services** 



Operational Strategic Agility



Technology & Digital Services



Quality & Regulatory



**Facilities** 



# 2023 Enterprise Operations Focus Areas



Laboratory Optimization



Workflow Optimization



Talent
Recruitment
& Retention



Digital Transformation



### **Delivering Operational Results**

**Initiatives** Improved overall driving improvement Turnaround in productivity, Time by **36%** turnaround time, in 4Q22 YoY & costs 

#### **Automating & Digitizing the Lab**

- Productivity increase in networked analysis
- Digitizing H&Es (stains), uploading to network

#### **Optimizing Footprint & Equipment**

- Improving redundancy
- Reducing downtime

#### **Driving High Performance in NGS for 1Q23**

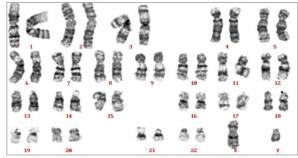
- Improved NeoTYPE® NGS Turnaround Time by 46%
- Improved other NGS Turnaround Time by 22%



### Automating the Lab of the Future

We are automating our future to increase throughput, improve quality and safety, and drive operational leverage across the enterprise.





Automated karyotyping

- Reducing analysis time
- Feeding network



Enabling analysis through our **network** of technologists & pathologists

Automated liquid handling

- Tracking with 2D barcoding
- Improving TaT





## Driving Productivity Across the Neo Network

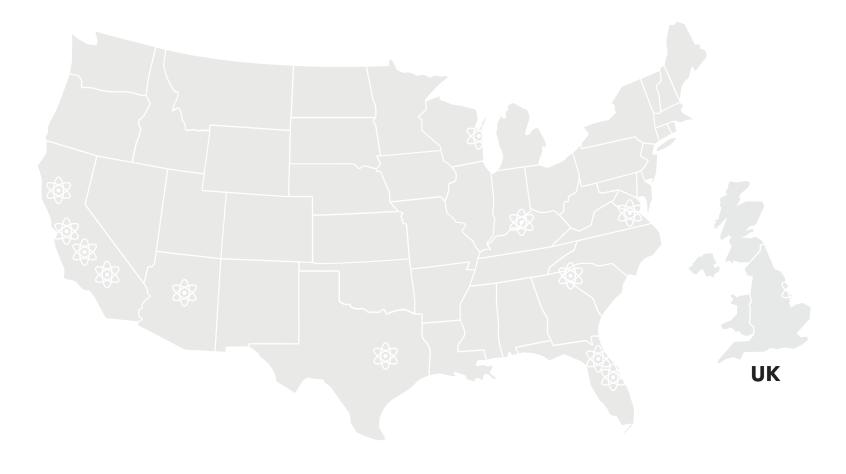
#### Labs consolidated in 2023

- Nashville production lab
- Singapore
- Rolle, Switzerland

NEO Production Labs With Modular Automation

NEO Networked Analysis Lab

HQ & New NEO Production Lab — Validating Automation





### Working Smarter Through Analytics

Neo's office of "operational strategic agility"

Integrating a Six Sigma team into ops Get a snapshot of the status of your items. View all items **1** 6σ to drive continuous improvement On Hold Oversee the capacity of your team. Re-assign tasks across your team Aligning staffing and capacity Done to meet customer demands Simplifying & standardizing all modalities across the network Driving optimization with real <u>™</u> © time dashboards and metrics



### Our People Are Our Assets



#### Recruit

- Candidates & certifications through MD Anderson, Mt San Antonio College, Florida Gulf Coast U, Keiser U
- Market compensation analysis

#### Develop

- Lab ops employees continuing education through Neo U
- In-house certifications as medical technologists
- Leadership development Supervisor Summit July '23

#### Retain

- Tailored career plans for growth within NEO
- Consistent & continuous improvement in turnover over last 12 months
- Modernized facilities for upgraded working environment





## **Enabling Technology for the Lab of the Future**



## Enterprise & Data Architecture

- End-to-end connectivity
- Backbone for automation
- Agnostic to data inputs
- Foundation for future product



#### **Data & Analytics**

- Common data definitions
- Sample tracking
- Supply & inventory analytics
- Cost transparency



## Wider Cloud Deployment

- Reduced costs
- Reduced security and BC/DR risks
- Better deployment to new sites or geographies
- Advanced tools and analytics



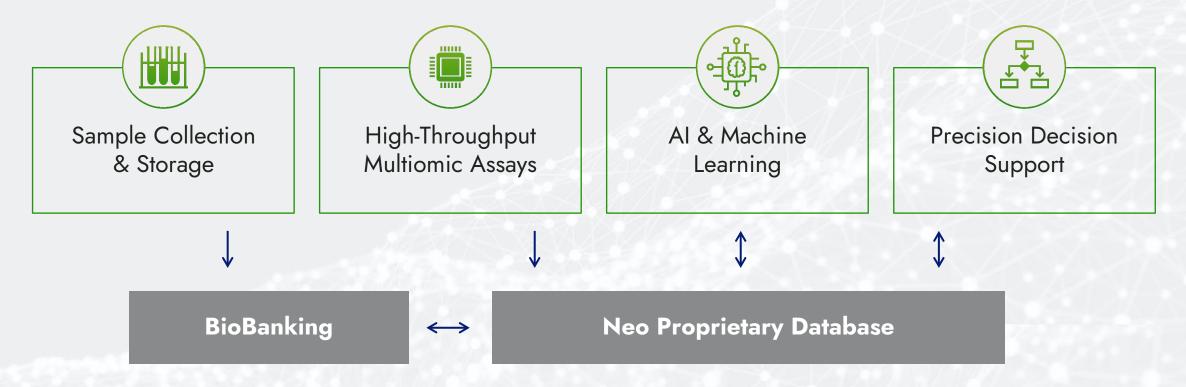
## **Enhanced Customer Experience**

- Improved online ordering
- Support expanded user platforms
- Improved reporting
- Enhanced UIs
- Enable customer self-service



## Big Data Will Drive Precision Oncology

Components of the data-driven future



We are building the *infrastructure* that enables this future.



Artificial Intelligence: Oncology's Present & Future

Where the industry is evolving

British Journal of Cancer www.nature.com/bio Artificial intelligence in oncology: current applications and future perspectives Claudio Luchini (1) 1,2 Antonio Pea and Aldo Scarpa (1) 1,2 Antonio Pea and Aldo Scarpa (1) 1,2 E

**Pathologist** 



Research v

Home > News & Events > Cancer Currents Blog > Can Artificial Intelligence Help See Cancer in New, and Be

INSIDE THE LAB | Digital and computational pathology Pathologists, We Need to Talk About Tech

10/03/2022 | Dean Bitan | 4 min read

Grants & Training ~

In an aging world with cancer cases increasing, it

PathAl Announces **Extension of Multi-Year Collaboration** Agreement with **Bristol Myers Squibb** 

News & Eve

#### FDA Lowers The Bar For AI Software Algorithms

n February 2, the Food and Drug Administration (FDA) published a final order that downclassifies AI software algorithms for digital pathology to class II from class III. The FDA's class II categorization will enable manufacturers of such devices to go through a less burdensome process of obtaining FDA clearance.

The FDA said that the change "will enhance patients' access to beneficial innovation."

AI software algorithms applied to digitized slides provide pathologists with information about the presence, location, and characteristics of areas of the image with clinical implications. That information assists pathologists with their diagnosis.

To date, the only AI software tool for digitized slides that ha Prostate, which was cleared in September 2021. The Paige Prostate, which was cleared in September 2021. biopsy slides and identifies areas that could be cancerous for (see LE, October 2021).

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oy Nadia Jaber

**About Cancer ~** 

Ways?

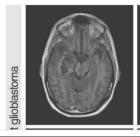
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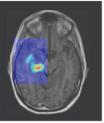
Paige Collaborates with Microsoft to Transform Cancer Diagnosis and Treatment with the Use of Pathology AI

al black and white pictures of murky shapes sit sidecomputer screen. On the left side, Ismail Baris D., a radiologist with 15 years of experience, has area where the fuzzy shapes represent what he creeping, growing prostate cancer. On the other side n, an artificial intelligence (AI) computer program has ne—and the results are nearly identical.

**NATIONAL CANCER INSTITUTE** 

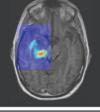
Cancer Types ~





August 25, 2022

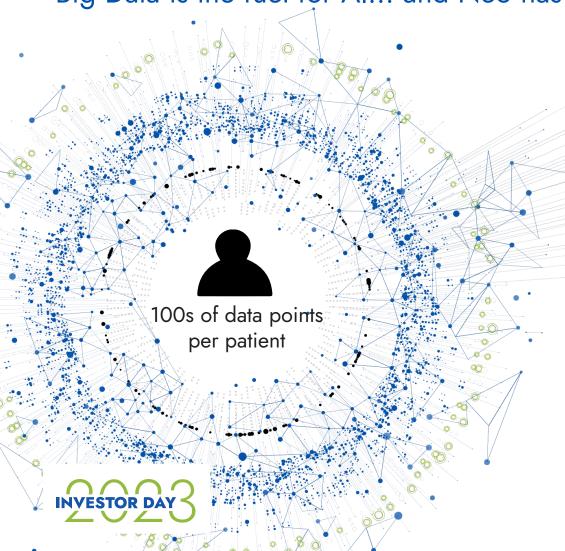
Can Artificial Intelligence Help See Cancer in New, and Better,

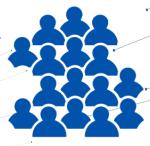




## Our Data Advantage

Big Data is the fuel for Al... and Neo has data!







Patients served annually

~540K

**TODAY** 

Patients served annually

2028

>100M clinical data points generated annually

RaDaR® Makes Neo Data Longitudinal



## The Neo Data Advantage

#### **Current Uses of Our Data**

- Enabling pharma R&D
- Licensing for algorithm training through partnerships with tech Companies
- Clinical trial matching
- Realizing a competitive advantage by delivering results through our network

#### **Future Uses of Our Data**

- Further monetization through real world evidence
- Future product development
- IP generation
- Building Neo ecosystem through common data standards





## **Key Takeaways**

- We have transitioned to a fully integrated operations model for end-to-end delivery
- 2 We are delivering strong results in improvements to turnaround time and productivity
- We will continue to drive results in 2023 through:
  - Lab optimization
  - Workflow analysis & optimization
  - Talent recruitment & retention
- We are undergoing a digital transformation to leverage Neo's data advantage







# Innovating for the Future

Vishal Sikri

President, Advanced Diagnostics





## Advanced Diagnostic Division



Therapy Selection (Solid Tumor & Heme)



MRD/ Liquid Biopsy



Pharma Services



Informatics/
Data Strategy



R&D

**CLINICAL PROGRAMS** 

#### **CLIENT ENGAGEMENT**

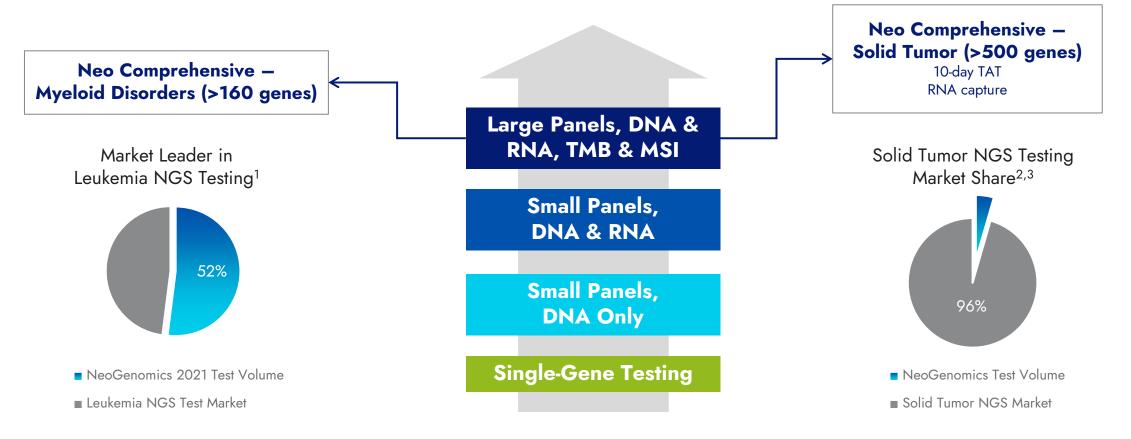


Experienced leadership team



Clearly defined focus on execution of product roadmap focusing on innovative, next-generation products in solid tumor & heme for pharma partners as well as clinical customers

# Continued Strong Heme Presence & Solid Tumor Growth Potential





# Continued Strong Heme Presence & Solid Tumor Growth Potential



Multi-Billion Market Opportunity

\$9B

Estimated market size by 2027



Underpenetrated Market

~18%

Market penetration



Superior Specs vs. Market Leader

Largest DNA/RNA
myeloid profile on
market and largest
internal pan-cancer,
solid tumor profile



#### **Trusted Partner**

- >4,400 pathology
   & community
   oncology relationships
- >600 cancer tests available
- >1.7M tests run/year
- >120 MDs and PhDs on staff



## Solving Oncologist Challenges

**NeoAccess:** clinical decision support

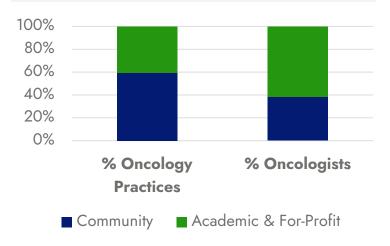
**40% improvement** in sign-out TAT



## Roadmap to Further Increase Market Share

Expected therapy selection market growth of 15% YOY<sup>1</sup>

NeoGenomics traditionally services community oncology practices, which represent approximately half of the oncology market, but only 30% of total oncologists<sup>2</sup>.



#### **Enhance Technology**

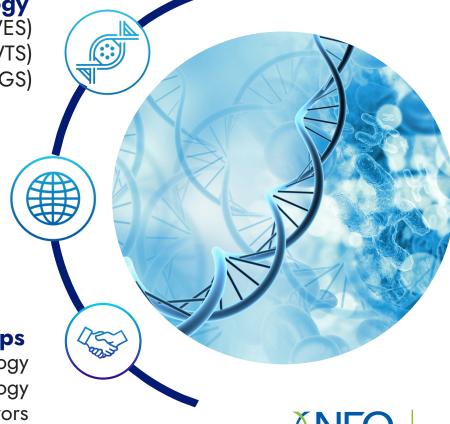
Whole-exome sequencing (WES)
Whole-transcriptome sequencing (WTS)
Whole-genome sequencing (WGS)

#### **Expand Access**

NY state approval FDA approval Clinical decision support

#### Increase Relationships

Academic & for-profit oncology Pediatric oncology Private payors





## RaDaR®: Strong Positioning in MRD Market



Massive Market Opportunity

\$20B

Estimated market size by 2027



Underpenetrated Market

~1%

Market penetration



**Exceptional Performance** 

10x

higher sensitivity compared to other leading MRD tests



## Trusted Partner

- Broad cancer testing menu
- Established pathology customer base
- Foothold in the community setting



#### Broad Clinical Data

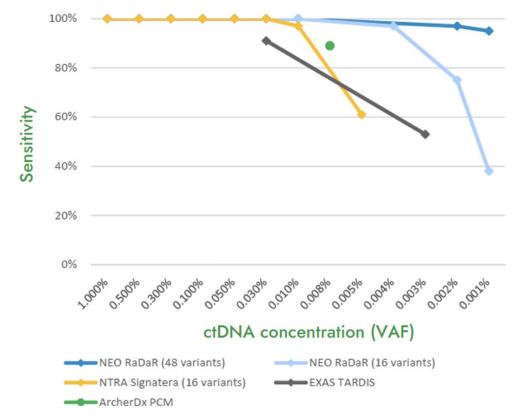
- Breast cancer
- HNSCC
- Lung cancer
- Melanoma
- Urothelial cancer



# High Sensitivity Enables Detection of More Patients With Residual Disease



RaDaR has been carefully designed to detect extremely low levels of ctDNA in the blood, demonstrating exceptionally high sensitivity ( $LoD_{95} = 0.001\%$  VAF) and specificity (100%).







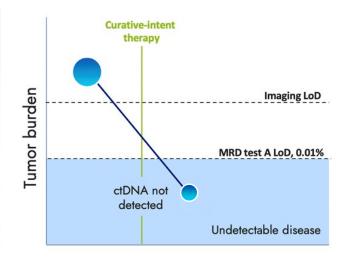
# High Sensitivity Enables Detection of More Patients With Residual Disease



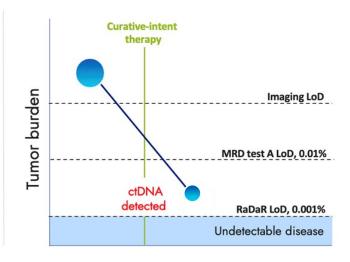
#### **Imaging**

# Curative-intent therapy Imaging LoD No evidence of disease Undetectable disease

#### Other MRD test (LoD 0.01%)



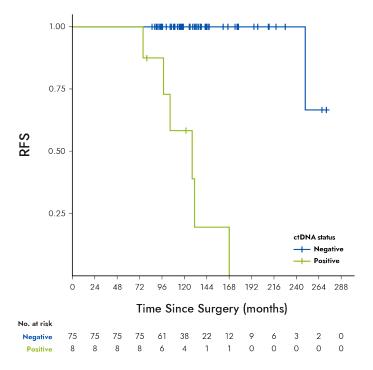
#### RaDaR (LoD 0.001%)



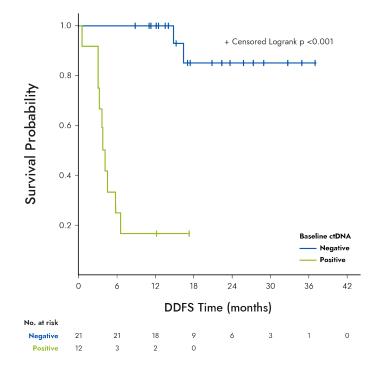




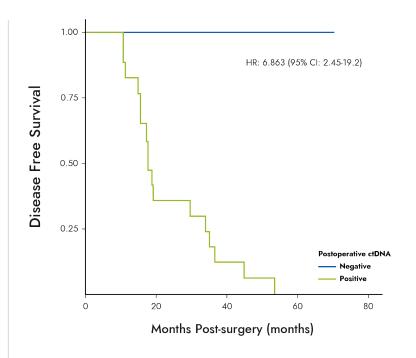
# RaDaR as a Reliable Risk Stratification Tool Across Tumor Types: Breast



**CHiRP:** Monitoring for recurrence in ER+/HER2- breast cancer<sup>1</sup>



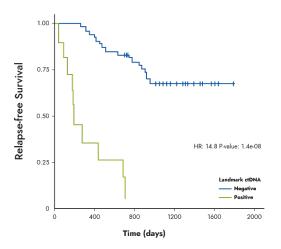
**OXEL:** MRD detection post surgery in triple-negative breast cancer<sup>2</sup>



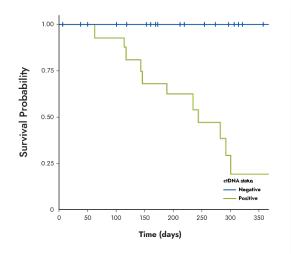
**ChemoNEAR:** MRD detection post therapy and recurrence monitoring across sub types of breast cancer<sup>3</sup>



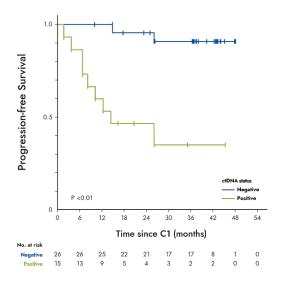
## RaDaR as a Reliable Risk Stratification Tool Across Tumor Types: Lung, Head and Neck, Bladder, Melanoma



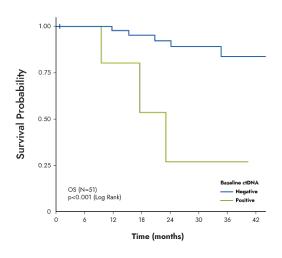
**LUCID:** MRD detection post surgery in <u>non-small</u> cell lung cancer<sup>1</sup>



**LIONESS:** MRD detection post surgery in <u>head and</u> neck cancer<sup>2</sup>



**NABUCCO:** ctDNA detection post neoadjuvant therapy in muscle-invasive bladder cancer<sup>3</sup>



**SAMBA:** MRD detection post surgery in melanoma<sup>4</sup>





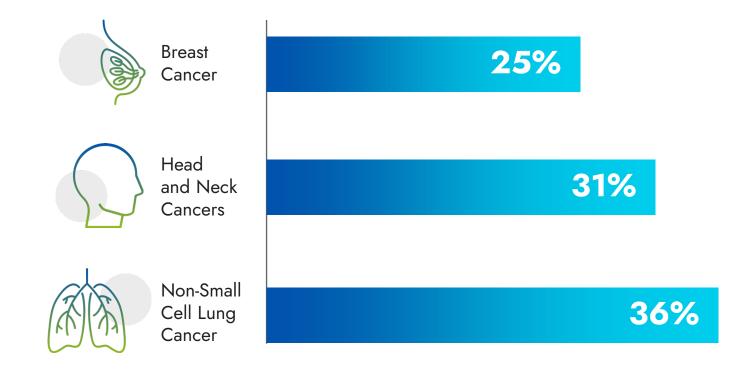
## RaDaR Detects More Patients With Residual Disease



#### RaDaR detects a significant number of samples that other MRD tests may miss

Highly sensitive tests are required to detect microscopic levels of ctDNA. RaDaR detects ctDNA down to 0.001% VAF.

#### Study Samples With Detectable ctDNA <0.01% VAF<sup>1-3</sup>







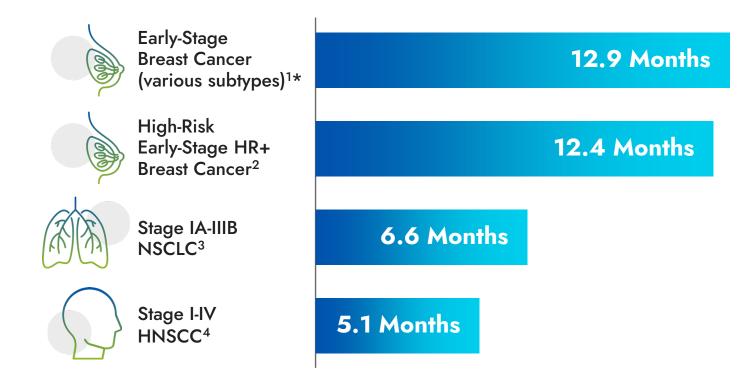
## RaDaR Detects Cancer Recurrence Sooner



RaDaR's high sensitivity allows for earlier identification of residual disease and opens up the possibility of interventions prior to overt metastatic disease

High sensitivity enables longer lead times ahead of standard of care monitoring tools like radiographic imaging.

#### Median lead times for relapse or recurrence<sup>1-4</sup>





<sup>\*</sup>Compared to other leading minimal residual disease (MRD) assays. Excluding patients with brain metastases..

HNSCC = head and neck squamous cell carcinoma; HR = hormone receptor; NSCLC = non-small cell lung cancer. **References: 1.** Gale D, et al. *Ann Oncol.* 2022;33(5):500-510. **2.** Flach S, et al. *Br J Cancer.* 2022;136:1186-1195. **3.** Cutts R, et al. AACR 2021 Abstract 536. **4.** Lipsyc-Sharf M, et al. *J Clin Oncol.* 2022;40:2408-2419.

## Building clinical evidence for RaDaR



Lipsyc-Sharf, et al. Journal of Clinical Oncology, 2022

#### Aim of the study

To investigate the association of MRD with recurrence in a cohort of high-risk, early-stage HR+ BC patients with no evidence of recurrence 5 years after diagnosis

#### **Results**

- RaDaR identified MRD in 10% of patients.
   No patient had physical symptoms or radiological recurrence at that time.
- RaDaR identified MRD prior to all cases of distant metastatic recurrence with a median lead time of 12.4 months.



Flach, et al.

British Journal of Cancer, 2022

#### Aim of the study

To investigate whether post-operative ctDNA detection can act as a biomarker for surgical tumor clearance in HNSCC cancer and evaluate the potential of RaDaR as a surveillance tool

#### **Results**

- ctDNA was detected by RaDaR with 100% clinical sensitivity.
- RaDaR was able to detect MRD in all cases prior to clinical progression with a median lead time of 154 days.



Gale, et al.

Annals of Oncology, 2022

#### Aim of the study

To investigate the feasibility and prognostic value of RaDaR detecting ctDNA at or before relapse in stage IA-IIIB NSCLC patients

#### Results

- ctDNA detection at landmark (2-16 weeks after treatment end) leads to a 14.8-fold higher risk of recurrence.
- RaDaR was able to detect MRD prior to clinical progression with a median lead time of 212.5 days.



4 abstracts submitted

7+ publications across multiple cancer indications anticipated for 2023





## RaDaR Commercialization

#### **2023 Focus**

- Successful commercial launch Q1, 2023
- Direct clinical and pharma sales channel
- Commercial initiatives in place to drive adoption
- Building clinical evidence
- · Clear focus on establishing public and private coverage

#### **Coverage Roadmap**

2023

2024 onward

3+ MolDx and private payor submissions BC MolDx application submitted late Q1, 2023

Additional individual and pan-cancer submissions





## Pharma Services at NeoGenomics

#### What changed?

#### The Past

- Accepted any project regardless of profitability
- Reported bookings and backlog as a sign of health
- Dropped price to build up bookings
- Expanded testing locations without focus on profitability

#### **Today**

- Focus selling on high margin/growth modalities
- Focus on revenue generation
- Increase volume with batched/retro samples
- Discipline on pricing and competitive differentiation
- Grow CDx opportunities
- Consolidate international sites
- Increase focus on Top 30 pharma

#### Broad test menu to meet pharma partners' needs







Companion **Diagnostics** 







**Anatomical** Pathology



FISH and Cytogenetics



Flow Cytometry

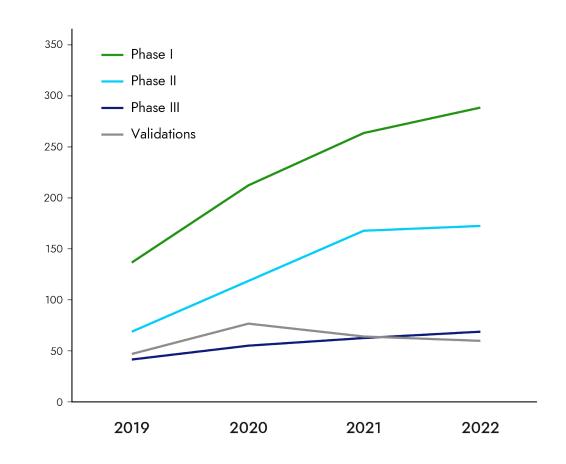




## Rebalancing Pharma Portfolio

Grew volume of retrospective/batched samples to ensure sample turnover in laboratory (trends to Phase I-II studies)

- Vs. prospective studies and custom development (trends to Phase III and validation studies)
- COVID-19 effect on new validations 2020-2021 resulted in moderate growth of Phase III 2022





## Returning to Double-Digit Growth

Reasons to believe



Batched/ Retrospective Samples



High Margin & Growth Modalities



Broad Menu & Capabilities





International
Site Capabilities and
Volume Channels



Strong Investments in R&D Translating Pharma VOC



## RaDaR: A Tool for Drug Development

- **Enrich trial recruitment** identifying patients at high risk for recurrence can substantially reduce trial sample size
- **Use as potential surrogate endpoint** ctDNA can provide early indications of therapeutic efficacy
- Balance study arms ensures proper assessment of therapeutic performance metrics in early-stage trials

"ctDNA as a biomarker has a number of potential regulatory and clinical uses in the early-stage setting that may assist and expedite drug development. [...] to enrich a high- or low-risk population for study in a trial, to reflect a patient's response to treatment, or potentially as an early marker of efficacy."\*



With its exceptional sensitivity & specificity, RaDaR has the potential to increase efficiency and reduce costs of clinical trials even more than other MRD assays



## An Integrated Portfolio

Actualizing precision medicine

Top 30 pharma yearly R&D spend: **>\$152.5B**\*

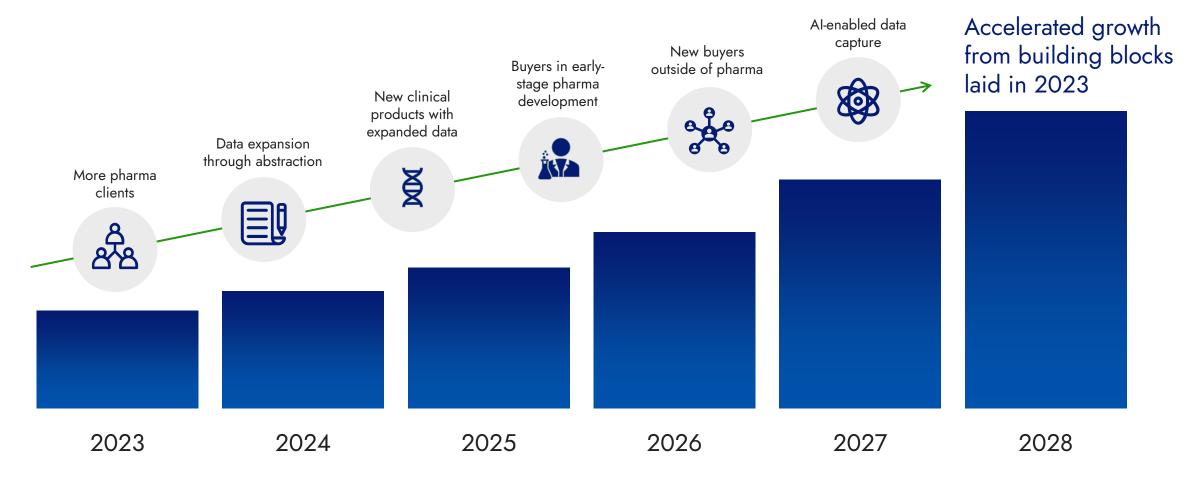


novo nordisk

NeoGenomics can support comprehensive biomarker testing, translational research, and diagnostic needs for pharma



## Informatics: Path to Strong, Continued Growth





## **Growth Drivers**

## Exclusive Source

- NeoGenomics data is now exclusively available through NeoGenomics, making it more valuable.
- No further licensing to aggregators to resell

## **Expanding Existing Data**

 Utilizing NLP and manual in-house abstraction to extract additional clinical history elements to expand types of projects we can support.

## Future Data Expansion

 As clinical launches expanded comprehensive testing (NGS/eWES/WTS), data increases, resulting in our ability to move earlier in pharma drug development life cycle

## **Expanding Partnerships**

- Working with 15 of the top 20 pharma
- Expanding partnerships with AI companies



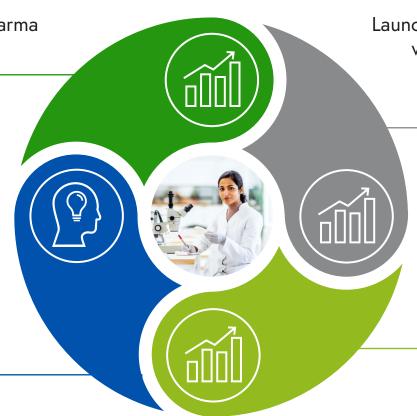
## Advanced Diagnostics: Set-up for Success

#### R&D

Develop innovative products for pharma and later clinical use

#### **Pharma**

Implement innovative technologies to feed clinical pipeline and capture VOC to support R&D development, looking forward 3-5 years



#### **Clinical**

Launch innovative next-generation products, validated with pharma, that add clinical value to patients, oncologists and pathologists

#### **Informatics**

Generate multi-modality data for pharma partners to accelerate drug development and precision medicine



## **Key Takeaways**

- New Neo Comprehensive and RaDaR launches are helping grow revenue and market share and are rapidly expanding Neo's informatics portfolio
- Pharma services changes implemented in 2022 are showing improved profitability
- At Neo, we are driving to be an innovative R&D company and investing in next generation products that will help cancer patients for years to come
- RaDaR is a key differentiator for Neo, allowing for longer-term revenue growth







## Long-Term Financial Outlook

**Jeff Sherman**Chief Financial Officer





## 2023 FY Expectations

Strategic focus to drive long-term profitable growth

Revenue

\$545-555 million

#### **KEY DRIVERS**

Clinical volume & revenue per test growth

- NGS Revenue Growth
- Revenue Cycle Initiatives

Advanced Diagnostics

- Legacy Pharma & Informatics revenue growth
  - RaDaR® growth

**AEBITDA** 

(\$27) - (\$22)

#### **KEY DRIVERS**

Revenue & gross margin improvements

Overhead cost efficiencies from reorganization

Cash Burn

\$50-60 million

#### **KEY DRIVERS**

Decreased from \$89 million\*, an improvement of ~\$34 million from 2022



Expect to deliver positive AEBITDA in Q4



## Operating Efficiencies & Investments 2023

#### **Operating Efficiencies**



- \$25MM in annualized cost savings from Q1 2023 reorganization
  - Reduced G&A costs
  - Geographic footprint rationalization
- Revenue cycle initiatives
- Continued productivity across organization to offset headwinds and deliver margin expansion

#### Investments



- Sales force expansion
- Lab optimization and automation
  - Houston expansion
  - Long-term capacity planning
  - Workforce investments
- RaDaR CMS/MolDx approval and clinical trials
- R&D & innovation
- Technology investments



## Reported Operating Metrics



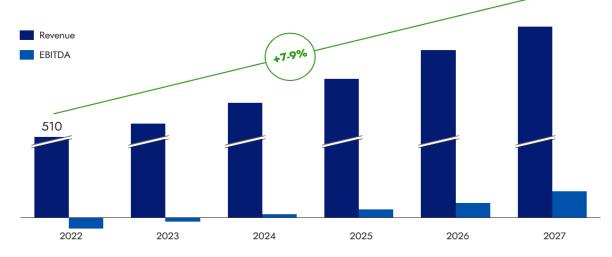
Clinical Service Revenue

- Clinical Volumes
- Revenue per test
  - Advanced Diagnostics Revenue
    - Includes the following not broken out separately:
    - Pharma Revenue (stopped reporting bookings in Q3 2022)
    - Informatics Revenue
    - RaDaR Revenue
- Adjusted Gross Margin
- Adjusted EBITDA Margin
- Capital Investments cash burn/cash generation



## 5-Year Financial Projection — Base Business

- Annual Base Revenue growth 7-9%, including NGS growth of 20%+ per year
- Base Business defined as current state including Pharma RaDaR Revenue, does not include guidance for RaDaR Clinical Revenue
- Annual inflation at 3-4%, partially offset by automation and operating efficiencies
- Achieve operating leverage
  - Adjusted Gross Margin improvement each year
- Adjusted EBITDA improvement
  - Expect positive full year AEBITDA in 2024
  - AEBITDA margin in mid-teens by 2026
- \$30-40M Capital Expenditure per year



5-year Revenue & AEBITDA





## Projected Liquidity Provides Financial Flexibility

To manage capital structure and to continue to invest for growth

2022

2022 YE

2023

**2025 & Beyond** 

2028

Cash Burn \$89M\* \$438M Cash & Marketable **Securities** 

Cash Burn \$50-60M

Cash Flow **Positive** 



\$345M 2028 Convertible Note Maturity





72

## **Key Takeaways**

- Improving financial trends from 2022 expected to continue in 2023 and beyond
- Operating efficiencies driving improved profitability
- 3 Strategic investments to fuel innovation and future growth
- Clinical RaDaR growth drives incremental Revenue, Adj. Gross Margin, and AEBITDA





# Appendix



## Adjusted EBITDA, 2023 Guidance

## Reconciliation of Non-GAAP Financial Guidance to Corresponding GAAP Measures

(Unaudited, in thousands, except per share amounts)

GAAP net loss in 2023 will be impacted by certain charges, including: (i) expense related to the amortization of intangible assets, (ii) non-cash stockbased compensation, and (iii) restructuring charges. 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 2023 outlook for net loss and EPS to the corresponding non-GAAP measures of adjusted net loss, adjusted EBITDA, and adjusted diluted EPS.

|  | Low Range |           | High Range |           |
|--|-----------|-----------|------------|-----------|
| Net loss (GAAP)  | \$        | (116,000) | \$         | (107,000) |
| Amortization of intangibles  |           | 34,000    |            | 34,000    |
| Non-cash stock-based compensation  |           | 28,000    |            | 27,000    |
| Restructuring charges  |           | 5,000     |            | 5,000     |
| Adjusted net loss (non-GAAP)   |           | (49,000)  |            | (41,000)  |
| Interest and taxes   |           | (14,000)  |            | (16,000)  |
| Depreciation   |           | 36,000    |            | 35,000    |
| Adjusted EBITDA (non-GAAP)   | \$        | (27,000)  | \$         | (22,000)  |
| Net loss per diluted share (GAAP)  | \$        | (0.91)    | \$         | (0.84)    |
| Adjustments to net loss per diluted share:   |           |           |            |           |
| Amortization of intangibles  |           | 0.27      |            | 0.27      |
| Non-cash stock-based compensation expenses   |           | 0.22      |            | 0.21      |
| Restructuring charges  |           | 0.04      |            | 0.04      |
| Rounding and impact of diluted shares in adjusted diluted shares                               |           | -         |            | -         |
| Adjusted diluted EPS(12) (non-GAAP)  | \$        | (0.38)    | \$         | (0.32)    |
| Weighted average assumed shares outstanding in 2023:   |           |           |            |           |
| Diluted shares (GAAP)  |           | 128,000   |            | 128,000   |
| Options, restricted stock, and converted shares not included in diluted shares <sup>(12)</sup> |           | -         |            | -         |
| Adjusted diluted shares outstanding (non-GAAP)   |           | 128,000   |            | 128,000   |

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, 2023

Low Pango

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.

# One Lab. Vital Answers.

Transforming Care for Cancer Patients.



A Clinician's
Perspective on the
Role of MRD in
Clinical Practice

**Dr. Peter Beitsch**Dallas Surgical Group







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