SOPH Earnings Call Transcript

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Operator: Good morning. My name is Kelsey, and I'll be your conference operator today. At this time, I would like to welcome everyone to the SOPHiA GENETICS Third Quarter 2025 Earnings Conference Call. Kellen Sanger, SOPHiA GENETICS Head of Strategy, Investor Relations, you may begin.

Kellen Sanger: Thank you, and good morning, everyone. Welcome to the SOPHiA GENETICS Third Quarter 2025 Earnings Conference Call. Joining me today to discuss the results are Dr. Jurgi Camblong, our Co-Founder and Chief Executive Officer; Ross Muken, our Company President; and George Cardoza, our Chief Financial Officer. I'd like to remind you that management will make statements during this call that are forward-looking statements within the meaning of federal securities law. These statements involve material risks and uncertainties that could cause actual results or events to materially differ from those anticipated, and you should not place undue reliance on forward-looking statements. Additional information regarding these risks, uncertainties, and factors that could cause results to differ appears in the press release issued by SOPHiA GENETICS today and in the documents and reports filed by SOPHiA GENETICS from time to time with the Securities and Exchange Commission. During this call, we will present both IFRS and non-IFRS financial measures. A reconciliation of IFRS to non-IFRS measures is included in today's earnings press release, which is available on our website. With that, I will now turn the call over to Jurgi.

Jurgi Camblong: Thanks, Kellen, and good morning, everyone. I will start with a brief recap of Q3 performance and an update on major growth drivers. I will then turn the call over to Ross, who will provide a more detailed update on the business. George will close with a review of our Q3 financial performance before we take your questions. For the last several quarters, we've highlighted that the business momentum has been strong. New customer signings have been at record levels, and bookings have exceeded expectations. In Q3, these efforts continue to pay off as revenue growth accelerated for a third consecutive quarter. Revenue grew 23% year-over-year in Q3. Given the strong performance and the accelerating momentum we're seeing across the business, we are raising our 2025 revenue guidance to $75 million to $77 million. Our performance continues to be driven by the 3 growth drivers we outlined at the start of the year, implementing and expanding across new accounts, growing in the U.S. market, and capitalizing on new applications such as MSK-ACCESS. Starting with the first growth driver. In Q3, we signed 31 new customers. This brings our total new customers signed in 2025 to 94, surpassing the 92 customers we signed in all of last year. Our focus remains on implementing and expanding across these new accounts. From an expand perspective, we had an excellent quarter as we successfully encouraged many of our existing customers to adopt additional applications. In Q3, we expanded our footprint at several top-ranked institutions. Gustave Roussy in Paris is adding new solid tumor applications to the broad suite of SOPHiA apps they use today. Institut Paoli-Calmettes in Marseille signed a major expand deal to [indiscernible] hereditary cancer and solid tumor applications. In addition, New South Wales Pathology in Australia is adding a HemOnc application, and Tulane University in the U.S. is adding new applications in solid tumors. Congratulations to the team on this major expand as well as the 31 new customers landed in the quarter. I look forward to this customer implementing SOPHiA DDM and beginning to generate revenue over the next few months. On implementations, we were happy to see 15 sizable new customers move to routine in Q3. We also implemented an abnormally large number of expand opportunities during the

quarter. Between both land and expand, total new business implemented in Q3 was strong. The second growth driver I will highlight is our continued growth in the U.S. market. In Q3, U.S. revenue grew an impressive 30% year-over-year on top of an increasingly larger base. We also signed a strong cohort of new customers to fuel growth. In Q3, we landed Geisinger Health System in Pennsylvania, who is adopting SOPHiA DDM for pharmacogenomics, Baylor Scott & White Health in Texas, who is adopting SOPHiA DDM for HemOnc, and Thermo Fisher Lights Labs, who is adopting solid tumor liquid biopsy and rare disorders applications. Welcome all to the SOPHiA community. The third growth driver I will cover is the continued success of our liquid biopsy application, MSK-ACCESS. As part of the update today, I will take a moment to reflect on liquid biopsy business overall, the progress we have made, and what the future holds. Two years ago, we partnered with Memorial Sloan Kettering to industrialize their world-renowned test and make liquid biopsy testing accessible to every lab in the world. This presented a series of challenges, not only due to the very small amount of circulating tumor DNA in the blood sample, but also because of workflow heterogeneity from lab to lab. In other words, reliably decentralizing liquid biopsy is complex and many variables are at play. To solve for this complexity, we leveraged decades of experience in our diverse data network to build proprietary AI agents that standardize, harmonize and analyze liquid biopsy data. These agents, which power MSK-ACCESS and other SOPHiA applications, apply AI to find signal in the noise and deliver actionable insights to our customers. Thanks to these AI capabilities, MSK-ACCESS is now available to labs across the globe. Since its launch last year, we have now signed more than 60 liquid biopsy customers worldwide. As our liquid biopsy network has grown, biopharma companies have recognized the value of such a network. Several months ago, we announced that AstraZeneca would sponsor the global deployment of MSK-ACCESS. For AZ, high-quality and affordable liquid biopsy testing is critical for expanding market access. In addition, the data generated from the network offers immense value for drug development and commercialization. During the quarter, we announced the next phase of our liquid biopsy strategy. In September, we announced a partnership with Myriad Genetics to develop MSK-ACCESS into a regulated companion diagnostic in the U.S. And then in October, we announced a collaboration with A.D.A.M. Innovations to do the same in Japan. Together, along with SOPHiA's robust regulated footprint in Europe, SOPHiA and its partners will offer biopharma a first-of-its-kind hybrid global CDx assay fit for purpose, depending on the needs of the local market. This innovative CDx will provide biopharma companies with a unique and cost-effective offering to potentially expedite drug development and approval. Post approval, it will also enable more patients to gain access to tumor profiling benefits from liquid biopsy. As we continue our mission to expand access to best-in-class cancer care, I would like to take a moment to look towards the future. Last month, at ESMO, we announced a breakthrough technology called SOPHiA DDM Digital Twins. Digital Twins goes beyond genomics by leveraging multimodal data to help oncologists make better treatment decisions. The AI-powered research tool creates dynamic virtual representations of individual patients to simulate potential outcomes and help oncologists select the best treatment. Starting with noncancer, oncologists can now generate Digital Twins for genomic patients analyzed with SOPHiA DDM, including MSK-ACCESS. This revolutionary tool takes SOPHiA's mission of data-driven medicine to the new age by leveraging AI and the collective intelligence for our community to provide oncologists with real-time real-world decision support based on multimodal data. Please stay tuned for more updates on the development of Digital Twins and the expansion of this exciting technology. Before I hand it over to Ross, I would like to recognize the SOPHiA team for their continued ability to deliver amazing new products like Digital Twins and drive revenue growth without increasing costs. In Q3, we held gross margin strong at 73.1% on an adjusted basis despite the data processed by our platform growing over 40% year-over-year. This performance was driven by innovation from our tech and data sales teams who continue to engineer new ways to optimize the data compute and processing power of SOPHiA DDM. I was also proud that we carried growth down to the bottom line. In Q3, we improved adjusted EBITDA 13% year-over-year after excluding the impact of elevated Swiss social charges on stock-based compensation. Excluding these charges, operating expenses remained mostly flat on a constant currency basis, a testament to the natural operating leverage in our business and strong expense control across our teams. In conclusion, Q3 was an excellent quarter for SOPHiA. Revenue accelerated once again and cost performance improved. We have built an expansive global network of

customers who use SOPHiA DDM each day to generate insights for their patients. In Q3 alone, SOPHiA DDM analyzed over 99,000 patients across 70 countries worldwide. Thank you again to the team for an excellent quarter and for the impact you're making. With that, I will now turn the call over to Ross, who will provide a more detailed update on Q3 business performance.

Ross Muken: Thanks, Jurgi. The go-to-market teams share your excitement and confirm there is broad and growing demand for the SOPHiA offering. Along those lines, I'll start today by giving a brief update on our third-quarter performance as 2025 continues to be a strong year across both new and existing business. I'll then cover broader market dynamics before closing with a look at what we are seeing in the pipeline. First, we delivered 23% revenue growth in the third quarter as biopharma headwinds subsided and the continued strength of the core business was able to shine. From a regional perspective, EMEA returned to historic growth levels with 24% revenue growth in the period. Major markets such as the United Kingdom and Belgium contributed significantly to regional growth as the countries grew 120% and 70% in the period, respectively. As Jurgi mentioned, North America continued to outperform in the third quarter with 29% revenue growth year-over-year. Asia Pacific also continued to outperform in Q3 as analysis volume grew 35%, driven by Australia and Taiwan. Of note, we also saw the first revenue from Japan come online as our partnership with A.D.A.M. Innovation begins to ramp. In Latin America, we continue to experience softness, but recent booking momentum gives us confidence that the region will return to meaningful growth in the medium term. From an application standpoint, we continue to establish ourselves as a global leader in hemato-oncology testing. HemOnc analysis volumes grew 18% year-over-year in the third quarter off an increasingly large base. Beyond HemOnc, we saw an initial wave of liquid biopsy testing coming online as we passed 2,000 liquid biopsy analysis in the quarter. As a reminder, more sophisticated applications like MSK-ACCESS carry a substantially higher ASP than other product lines. We will look to the fourth quarter and into 2026 for MSK-ACCESS to meaningfully drive overall growth as customers complete implementations and ramp up usage. With biopharma headwinds now behind us, revenue from biopharma returned to positive growth in the third quarter and is no longer a drag on our overall performance. We view biopharma as an additive contributor going forward as we deliver on recently signed biopharma wins, including the multiple projects signed with AstraZeneca this quarter. Moving to the new business side of clinical. I'm happy to share that we continue to book new business at record levels. We landed 31 new customers in the quarter, up from 22 signed in Q3 last year. As Jurgi mentioned, the expand engine was also exceptionally strong. We will continue updating you on the expansions going forward, as this will be a major strategic focus for us as we move into 2026. In North America, Jurgi highlighted our incredible momentum in the U.S. Beyond the U.S., we also expanded our partnership with Sunnybrook Health Sciences Center in Toronto. Sunnybrook is adding a sixth DDM application, now adopting MSK-ACCESS. Our expansion to 1 to 6 applications with Sunnybrook over a short period of time is a great example of our land and expand strategy in action. In EMEA, MSK-ACCESS continued to attract major interest. In the third quarter, we signed the University Hospital of Nice in France and HSL in the United Kingdom to the application, amongst others. We also signed the American University of Beirut to our newly launched solid tumor application, MSK-IMPACT Flex. In Latin America, we continued our expansion in the South and signed Clinica MEDS in Chile to our whole exome solution. We also continue to see new business momentum in Brazil and signed the Carlo Chagas Institute who will be adopting SOPHiA DDM to support HemOnc testing. We look forward to LatAm picking up growth in quarters to come as we implement the recently signed new business. In Asia Pacific, we were proud to announce the developments of our entry into Japan. A.D.A.M. Innovations is currently working on implementing a full suite of SOPHiA applications, including solid tumor, hereditary cancer, rare disorders, and liquid biopsy. As mentioned earlier by Jurgi, A.D.A.M. will also play an important role in the global CDx offering we are developing. I'm happy to say we are already seeing strong demand across Japan on both clinical and biopharma sides. On that note, I'll take a second to highlight our refreshed momentum with biopharma. As discussed in detail last quarter, we signed the largest contract in SOPHiA's history with AstraZeneca in August, kicking off a multiyear project to improve outcomes for breast cancer patients. In addition, in September, we signed a separate deal with AZ to enhance detection of breast and prostate cancer. As part of the partnership, AZ tapped SOPHiA to leverage our AI algorithms to develop an application which detects mutations in

the P10 pathway, a key molecular signaling network linked to the development of breast and prostate cancer. The pathway is also notoriously complex from a variant calling perspective, and we were proud that AZ chose SOPHiA as its partner on this project. This project should also serve as yet another proof point of the value of SOPHiA's AI and our reputation as a leading data science and tech player in the space. Broadly across markets in the business, customers are increasingly turning to SOPHiA to help them make sense of complex data. Over the past 3 years, we've seen an explosion of data production in healthcare. Sequencers and other multimodal equipment are becoming cheaper, and capabilities are becoming more advanced. Illumina, Ultima, MGI, Element, and now Roche have all deployed products that are producing increasingly larger, deeper, and more complex data. In addition, as data capabilities increase, more sophisticated therapies and tests are emerging. Among other indicators, ctDNA is increasingly recognized as a valuable way to follow patients longitudinally and determine proper treatment. Further, sophisticated tests like liquid biopsy, MRD, ENHANZE exomes, and HRD are all in high demand. Broadly, these trends mean one thing, hospitals, labs, and health systems are increasingly looking for partners like SOPHiA to help them analyze processes that make sense of complex data. As a company that has invested more than $450 million in bringing an AI platform to help clinicians analyze complex health data, SOPHiA is perfectly positioned to take advantage of these trends. At ESMO last month, we constantly heard these dynamics echoed by our customers. Data is exploding. Data complexity is rising, and these new sophisticated tests continue to excite. In addition, it has become clear that the decentralized approach like SOPHiA are reaching an inflection point. Biopharma companies clearly prefer a decentralized testing landscape over one that is controlled by a few larger players. In addition, large hospitals and health systems, especially in the U.S. and U.K., are waking up to the benefits of in-house testing. It enables them to get closer to the patient, build local expertise, and make better use of valuable patient data. In-house testing also drives operational efficiencies by reducing test turnaround times, making better use of labor resources, and keeping testing profits in-house instead of giving them up to a centralized player. Combining all of these trends, what does it mean for SOPHiA? In short, it means that demand is higher than ever. Pipeline in the third quarter is up substantially since last year. Bookings in the first 3 quarters of 2025 are more than double those of 2024. Not only are we landing more customers than ever, but our customers are getting larger. Average contract value of the 31 customers in Q3 was up over 180% year-on-year. Additionally, the number of $1 million opportunities in our pipeline has expanded materially. I continue to be pleased with our positioning as well as the growth of our pipeline and of our end markets. And I look forward to updating you on these items in the coming months. With that, I will now turn the call over to George, who will provide a more detailed look at our third-quarter financial results.

George Cardoza: Thanks, Ross, and good morning, everyone. As Jurgi and Ross highlighted, Q3 results came in ahead of expectations as the influx of new business begins to come online. Total revenue for the third quarter was $19.5 million compared to $15.9 million for the third quarter of 2024, representing year-over-year growth of 23%. As a reminder, revenue grew by 13% in the first quarter and 16% in the second quarter, so the growth momentum continues to build. Platform analysis volume was approximately 99,000 during the quarter, compared to 91,000 in the third quarter of 2024, representing year-over-year growth of 9%. Core genomic customers were 488 as of September 30, up from 462 in the prior year period, but down 2 customers relative to Q2 2025. As Ross mentioned, we have intentionally focused our sales team on winning larger accounts. While we moved 15 new customers into routine this quarter, we also churned out small accounts. The average revenue across all churn customers in Q3 was less than $8,000. Going forward, we will continue to focus our sales team on larger accounts, and the favorable results are showing. Net dollar retention for the quarter was 108% with strong performance in Europe, Asia Pac, and North America, partially offset by a decline in growth in Latin America. Annualized revenue churn remains at approximately 4%. Gross profit for the quarter was $12.9 million compared to $10.7 million in the prior year period, representing year-over-year growth of 21%. Gross margin was 66.3% for the third quarter compared with 67.2% for the third quarter of 2024. Adjusted gross profit was $14.2 million in Q3, an increase of 23% compared to adjusted gross profit of $11.6 million in the prior year period. Adjusted gross margin was 73.1% for the third quarter, remaining flat year-over-year despite the substantial increase in volume of data computed by the platform. As Jurgi mentioned, targeted platform improvements have driven cloud

compute and storage costs lower throughout 2025, an achievement we remain proud of and expect to continue going forward. Total operating expenses for Q3 were $30.8 million compared to $26 million in the third quarter of 2025. However, Q3 results were adversely affected by a series of items during the quarter, which temporarily impacted results but do not reflect the company's underlying operating performance. I will take a moment to walk through each item. First, share price depreciation of 54% at the end of the third quarter resulted in higher Swiss social charges on share-based compensation, as these are remeasured with the company's share price under local regulations. These elevated social charges accounted for a $1.3 million increase to OpEx this quarter as compared to a $700,000 benefit last year in Q3. These costs are not reflected as an adjustment in our adjusted EBITDA table per SEC guidelines. Second, adverse foreign exchange movements at the end of the quarter negatively impacted reported OpEx by approximately $700,000, primarily due to the strengthening of the Swiss franc. The Swiss franc has appreciated by 14% since the start of the year, which means that our payroll and rent expenses in Switzerland are translating 14% higher when viewed in U.S. dollars. Third, Guardant Health filed suit against us in Europe and the United Kingdom, alleging patent infringement in the MSK-ACCESS application, which we believe to be without merit. This resulted in higher legal expenses in the quarter of approximately $600,000, which is reflected as an adjustment for litigation in our adjusted EBITDA table. Fourth, during the quarter, we completed an at-the-market facility with TD Cowen, along with completing a shelf offering that the SEC declared effective on August 8. There were $445,000 of costs associated with the A.D.A.M. facility and the shelf that we have adjusted for in our adjusted EBITDA table, as they are not expected to recur in 2026. After adjusting for these items and other standard IFRS adjustments, operating expenses grew only 1%, driven by sales and marketing investments, which continue to deliver high returns. Despite these temporary charges, we remain proud of our ability to grow revenue 23% without substantially increasing headcount or OpEx. Moving down the P&L.;, Operating loss for the quarter was $17.9 million compared to $15.4 million in the prior year period. EBITDA loss for the third quarter was $15.4 million compared to $13.2 million in the prior year period. Adjusted EBITDA loss was $10.2 million, up 8% from the prior year loss of $9.4 million. Excluding Swiss social charges and share-based compensation for both years, adjusted operating loss and adjusted EBITDA would have improved 13%, demonstrating our ability to deliver operating leverage. As with previous quarters, we remain laser-focused on driving efficiency gains across the business and reducing costs down the P&L.; Lastly, total cash burn, which we define as the change in cash and cash equivalents for the third quarter of 2025, was $13.1 million compared to $9.6 million in the prior year quarter, representing a year-over-year increase of 36.5%. The cash outflows in the third quarter of 2025 include $500,000 invested in ATM Innovations in Japan, a $1.7 million reduction in our accounts payable balance as some large vendor payments were processed, and interest expense, which increased by $1.1 million from the prior year due to increased borrowings under the Perceptive credit agreement. We finished the quarter with cash and cash equivalents of $81.6 million as of September 30. We remain confident in our current capital position with respect to the achievement of our long-term goals. I'll now turn to our 2025 outlook. Given the promising reacceleration of revenue growth we've had in the last 3 quarters, SOPHiA GENETICS is updating our full-year revenue guidance for 2025. We are raising our full-year revenue guidance range as revenue is now expected to be in the range of $75 million to $77 million, representing growth of 15% to 18%. This compares to the previous range of $72 million to $76 million. Adjusted EBITDA loss guidance has been revised to a loss of $39 million to $41 million compared to $40.2 million in fiscal year 2024. The primary drivers of the change are the Swiss social taxes on our stock-based compensation, along with the appreciation of the Swiss franc and the euro, and the impact that they have on our European-based expenses, such as payroll and rent when translated over into U.S. dollars. On a constant currency basis, our expenses remain as expected, excluding the social taxes. Despite these impacts, we expect we'll be able to continue to show operating leverage for future revenue growth. We continue to make targeted investments in our platform and optimize cloud compute and storage costs, and expect to have modest gross margin expansion beyond current levels. We expect to continue to hold the line on operating expenses in local currencies and excluding social charges as we currently have the correct team size to support our medium-term growth objectives. This excludes some high ROI investments we will continue to make related to marketing activities, as well as certain investments in the commercial team, including

commission payments for overperformance. We also expect a modest increase in our implementation teams to handle the increased volumes of new accounts. Our growth has been accelerating, and we believe these investments will pay off in 2026 and beyond. Finally, we will continue to revisit our discretionary expenses and execute on identified savings in systems, professional services, and certain public company costs throughout 2025. We continue to believe that we are on track to be approaching adjusted EBITDA breakeven by the end of 2026 and crossing over to positive adjusted EBITDA in the second half of 2027. With that, I would like to turn the call back over to Jurgi for closing remarks before we take your questions.

Jurgi Camblong: Thank you, George. To close, this quarter marked another period of accelerated revenue growth with 23% year-over-year revenue growth, reflecting strong execution of our teams and the growing impact of our platform. Forward-looking indicators remain strong across the business as we continue to see a steady stream of new customer signings, substantial new biopharma partnerships, rising average contract size, and a healthy expansion in pipeline across regions and applications. On top of this, we continue to be laser-focused on optimizing costs and delivering sustainable growth. I am confident as ever in our long-term trajectory, and momentum in our business is building. I look forward to continuing to update you all on our progress in the future. With that, thank you to the SOPHiA team, customers, partners, and investors for joining us on our mission to transform patient care by expanding access to data-driven medicine globally. Operator, you may now open the line for questions.

Operator: [Operator Instructions] And your first question comes from Bill Bonello from Craig-Hallum.

William Bonello: So just a couple of things I'd love to follow up on. So first of all, in terms of the guide, and I think I get what you're doing here and appreciate it, but I just want to make sure. The midpoint of the guide sort of implies a mid-teens growth for Q4 versus the 23% growth that you had this quarter. Is there any particular reason that we would expect growth to decelerate next quarter? Or is this just kind of prudence?

Jurgi Camblong: Thanks, Phil, and good question. I would say, obviously, all year, we've been generally conservative with our approach to guidance, right? Coming off of 2024, we wanted to make sure we were set up well to be able to continue to overachieve. And obviously, you see us do that this quarter and raise our guidance. I think in general, the business has fantastic momentum. We had another tremendous quarter of bookings. We're bringing quite a lot of business online. I think we wanted to just be prudent, right, heading into the year-end. But frankly, though, we don't see any change in kind of the key drivers of the business and feel very confident that our growth overall will continue to perform in line with our expectations and/or continue to accelerate.

William Bonello: And then MSK, you talked about 60 customers now signed up. Can you give us a sense of how many of those customers are already performing analysis or generating revenue, and how many are yet to go live? And then maybe -- I know you talked about it a little bit, but maybe a little more color or commentary on the pipeline of potential customers that you might be able to add going forward?

Jurgi Camblong: Yes, sure. I will start, Bill, and then Ross Christos. But I will start by telling that indeed to your point on the pipeline, the demand in liquid biopsy is growing, right? ctDNA is becoming more and more adopted clinically, more and more important for diagnosis, for monitoring, but eventually, as well for mRNA testing. So definitely, this is a platform where we see a lot of demand. When it comes to the numbers, we highlighted that this quarter, we did over 2,000 analyses on MSK-ACCESS. So basically, this gives you a sense as well of our numbers are ramping up. We grew more than triple digit on more than 100% basically on liquid biopsy, actually over 300% year-on-year. So again, there is a lot of demand there. And when it comes to the number of sites that were implemented, it's still a minority. So Ross, maybe you want to give us some more color to give.

Ross Muken: Yes. Thanks, Bill. So obviously, as Jurgi said, liquid biopsy remains, I would say, a super hot area for diagnostics in general and one where we're seeing a lot of demand. Certainly, we're very happy with the rate of adoption over the last 12 months in terms of the 60 signed logos. So assume about 20% of those have started to enter routine, although still based on the numbers we shared in terms of the monthly cadence, it's still quite modest. We expect that to ramp pretty materially over the next 1 to 2 quarters. We have some very large accounts coming online in the fourth quarter and into the first quarter of next year. And so we're quite confident that that trajectory will continue to inflect. And

then for 2026, we will see very strong growth from this product and one as well, as we think about CDx and our announcements there, and we can touch on that we continue to see a multiyear trajectory that's going to be driving this business for the foreseeable future.

William Bonello: And if you'll allow me, just one last question. You mentioned Thermo Fisher as a customer. Can you just talk a little bit more about what they'll be doing, how they're using the product?

Ross Muken: So Thermo is using it in one of their laboratories. I would say we're probably not at liberty to share a ton more. But certainly, as you think about many of the typical vendors and they are one who does CDx, you tend to do orthogonal studies and work, and also tend to use other technologies of other competitors, of which you do not have sort of applications and/or bioinformatic capabilities. And so I would say, think about it in that vein, we're very excited to have them as a customer. Obviously, we already serve quite a lot of thermal instruments as well in the field. And so I would say in this vein, this is sort of a new avenue for us and an important one. But unfortunately, I can't give you a ton more detail on the project just because of its confidential nature.

Operator: And your next question comes from Subbu Nambi from Guggenheim.

Subhalaxmi Nambi: What is your outlook for biopharma R&D; spending and overall funding for 2026?

Jurgi Camblong: Subbu, we have been speaking a bit about the biopharma penalizing in the past, right, and us changing the strategy, being focusing on things that were very well, I would say, defined around data, around diagnostics. And as we've been highlighting in the previous quarter, this strategy has been taking off. We announced last quarter as well a deal we made with AstraZeneca on the data side, which we qualified as being the bigger deal in the biopharma historically. But beyond that on '26, Ross, what can we share?

Ross Muken: Yes. So I would say, Subu, coming out of ESMO, I was super encouraged. So if you think about a lot of where we're positioned relative to pharma pipelines as well as where pharma is allocating dollars, we're in a very favorable position, right? Pharma is increasingly, I would say, looking to support a hybrid centralized, centralized approach for CDx, and us with our partner, Myriad, have fantastic, I would say, capabilities in that front and also to do CDx and other sponsored testing. Additionally, I would say, if you look at what they're doing with AI, we have really unique capabilities in terms of algorithm development and unique data sets that we have access to that, as you saw in the breast example, garner a lot of interest, and we would expect to see more of that. Additionally, again, being well positioned in liquid biopsy, which is an area that's inflecting at the moment. I would say also, we're having quite a lot of conversations and discussions around a myriad of different opportunities there. And so across the board for us at least, biopharma year-on-year and certainly on a 2-year running basis is materially healthier. Our pipeline is in fantastic shape. Again, we still need to execute and drive some of these large deals home. But I would say for us right now, the positioning is quite good and the budgets are there. And we're seeing not only heightened activity level, but for us, and again, this -- I'm not sure as a read on the market, but more specific to us, we're engaged with most of the top 20, right? And so if you think about many of the large names that have had a lot of pipeline success, obviously, AstraZeneca being at the foremost, but many of the other large names are ones that we have active dialogue and very, I would say, concrete potential deals in the pipeline with. And so we're quite encouraged about what that could contribute in '26 and beyond.

Subhalaxmi Nambi: How did customers' onboarding setup times trend in 3Q? Did you notice the macro environment elongating this in any way? Or do you have concerns about this? Any U.S. government shutdown impacts?

Jurgi Camblong: So first, as you know, Subbu, for us, signing deals is great, and we have been highlighting that actually bookings and ACVs of bookings have been very good, but then we don't generate revenue until our platform is being implemented, given we're being paid on usage, right? So more color on the implementations and the impact of the macro.

Ross Muken: Yes. So in general, we're actually seeing healthy activities across the entire funnel. So pipeline remains robust. Bookings were very good in the quarter, and implementation, certainly on a dollar basis, continue to accelerate. So this quarter, we had a bit more expand applications come live than new logos, but I would expect Q4 to be quite strong. We actually just had a record October, and so on that level, activity levels, again, and this is across multiple geographies, continue to be quite good. So for us, on the macro side, the environment is super healthy. And I think you've heard this from some

of the sequencing providers as well. We've talked about clinical volumes being strong. And so obviously, with that and the increased data production on those volumes, for us at the moment, things are continuing to be quite strong. Yes. So no impact from the government shutdown so far, at least on our side.

Operator: And your next question comes from Mark Massaro from BTIG.

Mark Massaro: Congrats on the strong quarter. I wanted to ask a little bit about the large pharma customer you have in AstraZeneca. How much -- was there a benefit in Q3? And if not, should we -- I think we're expecting that to pick up here in Q4. I was hoping if you could just sort of walk me through that. And then related to that, can you just speak to the strength in biopharma if you exclude AstraZeneca?

Jurgi Camblong: Yes. So Mark, George will start on your question regarding the financial side, and then Ross will give you some more color on the recent activities we have.

George Cardoza: Yes, there was a fairly small amount of pharma in Q3, and we had said that last quarter that pharma was really going to ramp up in the fourth quarter. Again, typically, these type of contracts take a couple of months to get projects going, and the revenue is typically recognized when milestones are hit. So -- but we do expect to hit some of those milestones in the fourth quarter. And as Jurgi said, really, the thing that we're excited about with the pharma side is really when you start to look out in 2026 and 2027, we're still very bullish on this business and what it can become. And it's exciting to see the projects that we've already won, and the pipeline is not -- you think you signed a lot of contracts, maybe your pipeline to be down. The exact opposite has happened. The pipeline has actually even gotten stronger at the same time. So we're -- we remain very bullish about the pharma business. We've talked about the Myriad partnership, what we're doing in Japan, and we believe wholeheartedly, there's a great business here.

Ross Muken: Yes. So Mark, I would say, obviously, AstraZeneca is a fantastic partner, particularly given the health of their pipelines, right? So being tied to one of the large pharmas that has a ton of new product introductions is obviously as a diagnostic and data player, incredibly beneficial. But to your point, obviously, we've been super focused on broadening out the pipeline, as I was mentioning before, that has expanded pretty materially, not just in size, but also in the sheer number of pharmas in the pipeline. I can also confirm we won other deals outside of AstraZeneca, some that are quite significant. But I would say for various reasons, you can't always press release depending on where the drug is or where the project is in its stage sort of the wins. But I would say, overall, we're quite happy with that momentum, and we would expect, again, to see further adds on that side over the upcoming quarters and into 2026 as the business continues its recovery.

Mark Massaro: And between Myriad Genetics and the customer formerly known as Genesis Healthcare, I think you've got companion diagnostics with both. Can you just give us a sense on timing, how you're thinking about regulatory, and when you think these might start contributing to your business?

Jurgi Camblong: Yes. So as you understand, right, depending on the regions, regulatory basically frameworks are different. So the partner we have in Japan is to fulfill basically the regulatory authorities in Japan, and the one we have in the U.S. is to fulfill as well regulatory duties and opportunities in the U.S. market, right? And the why we've been expanding our offering. As you know, Mark, we've been very successful with our decentralized model. But in some instances, premarket, pharma wants to do that in a single site P&L.; So hence, like the inception of this partnership. Anything else you would like to add?

Ross Muken: Yes. So I'd say, Mark, again, coming out of ESMO and even more so than ASCO, we heard consistently at drumbeat of huge interest in MSK-ACCESS as kind of a global CDx tool. And again, if you think about the existing environment, typically today, if you hire one of the current vendors who are centralized, you're normally having to hire probably another 5 to 7 vendors to cover the diagnostics globally through commercialization, whereas now with a strong partner at Myriad is obviously very well known in this space, having delivered really strong results with myChoice and other products in the past. So they have great regulatory experience for the U.S. market. We have Genesis or now A.D.A.M. Innovations, who's generating quite a lot of interest, honestly, in Japan as well, and obviously, our ability to sort of deliver applications for the rest of the world. I think that's garnered quite

a lot of kind of curiosity of pharma that's now turning into real opportunities. We actually already have several opportunities we're involved in, in the market. Again, it doesn't mean we will win. But certainly, we're already engaged. So that should give you a sense of our preparation and timing of when we expect this to be able to be available as certainly we're already in sort of that process. But I would say, certainly, we want to take our time. We obviously work with our partners closely on bringing these tools to market. But again, I would say on a multiyear basis, this has the potential to be a really significant driver for SOPHiA going forward.

Mark Massaro: And just one last one for me. You made some really good progress signing new customers, including the MSK-ACCESS on SOPHiA DDM. You talked about the majority are expected to complete implementation and begin generating revenue in the next 3 to 6 months. I'm just trying to get a sense, as we think out to 2026, is there -- in your view, do you think you'll continue to onboard new MSK-ACCESS customers each quarter? Or do you think there's a big bolus sort of like Q4 into Q1, and then that will start to level off? I'm just trying to get a sense for the business in '26.

Ross Muken: Yes. So I would say, in general, Mark, we're obviously quite enthusiastic about this product ramp. As we've said, these will come online, as you mentioned. I would say it's never perfectly linear, as you would expect. So there will be some step function changes. But ultimately, the potential here with the existing signed accounts is quite significant to contribute to our business, and then obviously, CDx as well. And so we remain very confident in that contribution to the '26 growth rate and beyond.

Jurgi Camblong: And Mark, if I may add, I know you're interested in knowing what our plans for MRD as well. In a decentralized world, what would be the MRD applications, both clinically and technologically? But typically, MSK-ACCESS, which enables as well to measure ctDNA could become an MRD application.

Operator: And your last question comes from Dan Brennan from TD Cowen.

Kyle Boucher: This is Kyle on for Dan. Just wanted to build off the last question a little bit on the customer implementation. You added over 30 customers this quarter. And I believe exiting Q2, you had somewhere around 100 customers in the backlog waiting to be implemented. Can you discuss what this backlog is today?

Ross Muken: Yes. So the backlog remains for better or worse at the highest levels in our history. Certainly, I would say we did a good job in the third quarter of continuing to make progress and accelerate go-lives in terms of accounts coming online in the third and fourth quarter and into Q1 of next year. And we have some, as I mentioned, quite significant ones coming online over the next 2 months. Certainly, you can always improve and get better. And so we're spending a lot of time and effort to optimize the end-to-end process. Some of that also at times, is outside of our control, whether it's someone needing a regulatory approval or something on the reimbursement side. But generally, I would say the trend is favorable. The backlog is substantial. It gives us a lot of forward visibility. And again, it's why we remain confident in continuing in our path to kind of growth acceleration in the fourth quarter and into 2026.

Kyle Boucher: And then maybe on that then, maybe it's too early to tell, but looking at where consensus is for '26 right now, I think it implies somewhere around mid-teens growth. And I mean, if you add the clinical momentum, pharma getting better, not being a headwind next year, is there any reason to think that growth couldn't be better than that next year?

Jurgi Camblong: George?

George Cardoza: We've always tried to guide conservatively. And I think, as Ross said, sometimes things aren't always linear. You kind of have a bit of the trends going one way or another. So I think we want to put out guidance that is reasonable. And then certainly, yes, I think you've just seen this past quarter where we put up a very nice number, and we're going to continue to try to overachieve. But I think in terms of the 2026 expectations, where the consensus is, is probably reasonable, and we're going to do everything we can to overperform.

Ross Muken: Yes. And so Kyle, I would say, certainly, we're several quarters into a reacceleration. There's no reason to think that there's anything changing in that trajectory in our business. Obviously, we've talked about strong new business momentum all year. And this quarter, we're talking a bit as well around the pharma reacceleration and recovery. But as George said, obviously, we want to be prudent.

But at the moment, we're obviously feeling quite confident on our trajectory. And again, our long-term goal is to get back to more historical growth rates that you saw from us in the past. And so that's the ambition. And so we're going to continue to push towards that.

Operator: There are no further questions at this time. You may proceed.

Jurgi Camblong: Thank you very much for joining us today, and please continue following up. And once again, congrats to the SOPHiA team who delivered a fantastic quarter.

Operator: Ladies and gentlemen, this concludes today's conference call. We thank you very much for your participation, and you may now disconnect. Have a great day.