UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2024**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-37648

Oncocyte Corporation
(Exact name of registrant as specified in its charter)

California	**27-1041563**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

15 Cushing
Irvine, California 92618
(Address of principal executive offices) (Zip Code)

(949) 409-7600
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, no par value	OCX	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares of common stock outstanding as of May 7, 2024 was 13,364,637.

ONCOCYTE CORPORATION
TABLE OF CONTENTS

For the quarterly period ended March 31, 2024

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Report on Form 10-Q (this "Report") are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements pertaining to future financial and/or operating results, future growth in research, technology, clinical development, and potential opportunities for Oncocyte, along with other statements about the future expectations, beliefs, goals, plans, or prospects expressed by management constitute forward-looking statements. Any statements that are not historical fact (including, but not limited to statements that contain words such as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "strategy," "target," "will," "would") should also be considered to be forward-looking statements. Forward-looking statements involve risks and uncertainties, including, without limitation, risks inherent in the development and/or commercialization of potential products, uncertainty in the results of clinical trials or regulatory approvals, need and ability to obtain future capital, and maintenance of intellectual property rights. Actual results may differ materially from the results anticipated in these forward-looking statements and as such should be evaluated together with the many uncertainties that affect the businesses of Oncocyte, particularly those mentioned in this Report under Item 1 of the Notes to Consolidated Financial Statements, under Risk Factors in this Report and those Risk Factors in Part I, Item 1A of our most recent Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission ("SEC"). Except as required by law, Oncocyte undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

The forward-looking statements include, among other things, statements about:

- the timing and potential achievement of future milestones;
- the timing and our ability to obtain and maintain coverage and reimbursements from the Centers for Medicare and Medicaid Services and other third-party payers;
- our plans to pursue research and development of diagnostic test candidates;
- the potential commercialization of diagnostic tests currently in development;
- the timing and success of future clinical research and the period during which the results of the clinical research will become available;
- the potential receipt of revenue from current sales of our diagnostic tests and/or diagnostic tests in development;
- our assumptions regarding obtaining reimbursement and reimbursement rates of our current diagnostic tests and/or diagnostic tests in development;
- our estimates regarding future orders of tests and our ability to perform a projected number of tests;
- our estimates and assumptions around the patient populations, market size and price points for reimbursement for our diagnostic tests
- our estimates regarding future revenues, operating expenses, and future capital requirements;
- our intellectual property position;
- the impact of government laws and regulations; and
- our competitive position.

Unless the context otherwise requires, all references to "Oncocyte," "we," "us," "our," "the Company" or similar words refer to Oncocyte Corporation, together with our consolidated subsidiaries.

The description or discussion, in this Report, of any contract or agreement is a summary only and is qualified in all respects by reference to the full text of the applicable contract or agreement.

DetermaIO™, DetermaCNI™, and VitaGraft™ are trademarks of Oncocyte, regardless of whether the "TM" symbol accompanies the use of or reference to the applicable trademark in this Report.

PART 1—FINANCIAL INFORMATION

Item 1. Financial Statements.

ONCOCYTE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	March 31, 2024 (Unaudited)	December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,578	$ 9,432
Accounts receivable, net of allowance for credit losses of $2 and $5, respectively	161	484
Prepaid expenses and other current assets	735	643
Assets held for sale	61	139
Total current assets	6,535	10,698
NONCURRENT ASSETS		
Right-of-use and financing lease assets, net	2,199	1,637
Machinery and equipment, net, and construction in progress	3,528	3,799
Intangible assets, net	56,573	56,595
Restricted cash	1,700	1,700
Other noncurrent assets	438	463
TOTAL ASSETS	$ 70,973	$ 74,892
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 908	$ 953
Accrued compensation	2,427	1,649
Accrued royalties	1,116	1,116
Accrued expenses and other current liabilities	741	452
Accrued severance from acquisition	2,314	2,314
Right-of-use liabilities, current	821	665
Current liabilities of discontinued operations (Note 11)	-	45
Total current liabilities	8,327	7,194
NONCURRENT LIABILITIES		
Right-of-use liabilities, noncurrent	2,514	2,204
Contingent consideration liabilities	43,212	39,900
TOTAL LIABILITIES	54,053	49,298
Commitments and contingencies (Note 6)		
Series A Redeemable Convertible Preferred Stock, no par value; stated value $1,000 per share; 5 shares issued and outstanding at March 31, 2024 and December 31, 2023; aggregate liquidation preference of $5,376 and $5,296 as of March 31, 2024 and December 31, 2023, respectively	5,332	5,126
SHAREHOLDERS' EQUITY		
Preferred stock, no par value, 5,000 shares authorized; no shares issued and outstanding	-	-
Common stock, no par value, 230,000 shares authorized; 8,273 and 8,261 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	310,553	310,295
Accumulated other comprehensive income	40	49
Accumulated deficit	(299,005)	(289,876)
Total shareholders' equity	11,588	20,468
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 70,973	$ 74,892

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ONCOCYTE CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended March 31,	
	2024	2023
Net revenue	$ 176	$ 297

Cost of revenues	252	265
Cost of revenues – amortization of acquired intangibles	22	22
Gross (loss) profit	(98)	10
Operating expenses:		
Research and development	2,169	2,127
Sales and marketing	846	695
General and administrative	2,673	3,412
Change in fair value of contingent consideration	3,312	(18,307)
Impairment loss	-	4,950
Impairment loss on held for sale assets	169	1,283
Total operating expenses (credits)	9,169	(5,840)
(Loss) income from operations	(9,267)	5,850
Other (expenses) income:		
Interest expense	(15)	(11)
Unrealized gain on marketable equity securities	-	121
Other income (expenses), net	153	(1)
Total other income	138	109
(Loss) income before income taxes	(9,129)	5,959
Income taxes	-	-
(Loss) income from continuing operations	(9,129)	5,959
Loss from discontinued operations (Note 11)	-	(2,926)
Net (loss) income	$ (9,129)	$ 3,033
Net (loss) income per share:		
Net (loss) income from continuing operations - basic and diluted	$ (9,335)	$ 4,899
Net loss from discontinued operations - basic and diluted	$ -	$ (2,502)
Net (loss) income attributable to common stockholders - basic and diluted	$ (9,335)	$ 2,397
Net (loss) income from continuing operations per share - basic and diluted	$ (1.13)	$ 0.82
Net loss from discontinued operations per share - basic and diluted	$ -	$ (0.42)
Net (loss) income attributable to common stockholders per share - basic and diluted	$ (1.13)	$ 0.40
Weighted average shares outstanding - basic	8,264	5,958
Weighted average shares outstanding - diluted	8,264	5,963

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ONCOCYTE CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In thousands)

	Three Months Ended March 31,	
	2024	**2023**
Net (loss) income	$ (9,129)	$ 3,033
Foreign currency translation adjustments	(9)	4
Comprehensive (loss) income	$ (9,138)	$ 3,037

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ONCOCYTE CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY
(In thousands)

	Three Months Ended March 31, 2024						
	Series A Redeemable Convertible Preferred Stock		Common Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Shares	**Amount**	**Shares**	**Amount**			
Balance at December 31, 2023	**5**	**$ 5,126**	**8,261**	**$310,295**	**$ 49**	**$ (289,876)**	**$ 20,468**
Net Loss	-	-	-	-	-	(9,129)	(9,129)

Foreign currency translation adjustment	-	-	-	-	(9)	-	(9)
Stock-based compensation	-	-	-	418	-	-	418
Vesting of bonus awards	-	-	-	10	-	-	10
Shares issued for consultant services	-	-	12	36	-	-	36
Accretion of Series A convertible preferred stock to redemption value	-	206	-	(206)	-	-	(206)
Balance at March 31, 2024	**5**	**$ 5,332**	**8,273**	**$310,553**	**$ 40**	**$ (299,005)**	**$ 11,588**

	Three Months Ended March 31, 2023						
	Series A Redeemable Convertible Preferred Stock		Common Stock		Accumulated Other Comprehensive	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Income	Deficit	Equity
Balance at December 31, 2022	**6**	**$ 5,302**	**5,932**	**$294,929**	**$ 39**	**$ (260,676)**	**$ 34,292**
Cumulative change in accounting principle (Note 2)	-	-	-	-	-	(1,419)	(1,419)
Balance at January 1, 2023, as adjusted	6	5,302	5,932	294,929	39	(262,095)	32,873
Net income	-	-	-	-	-	3,033	3,033
Foreign currency translation adjustment	-	-	-	-	4	-	4
Stock-based compensation	-	-	-	834	-	-	834
Shares issued upon vesting of RSUs	-	-	31	-	-	-	-
Accretion of Series A convertible preferred stock to redemption value	-	230	-	(230)	-	-	(230)
Balance at March 31, 2023	**6**	**$ 5,532**	**5,963**	**$295,533**	**$ 43**	**$ (259,062)**	**$ 36,514**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ONCOCYTE CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (9,129)	$ 3,033
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization expense	313	450
Amortization of intangible assets	22	22
Stock-based compensation	418	834
Equity compensation for bonus awards and consulting services	46	-
Unrealized gain on marketable equity securities	-	(121)
Change in fair value of contingent consideration	3,312	(18,307)
Impairment loss	-	4,950
Loss on disposal of discontinued operations	-	1,521
Impairment loss on held for sale assets	169	1,283
Changes in operating assets and liabilities:		
Accounts receivable	323	111
Prepaid expenses and other assets	(62)	619
Accounts payable and accrued liabilities	854	(2,662)
Lease assets and liabilities	(96)	(33)
Net cash used in operating activities	(3,830)	(8,300)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction in progress and purchases of furniture and equipment	(24)	-
Cash sold in discontinued operations (Note 11)	-	(1,372)
Net cash used in investing activities	(24)	(1,372)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of financing lease obligations	-	(28)
Net cash used in financing activities	-	(28)
NET CHANGE IN CASH, CASH EQUIVALENTS (INCLUDES DISCONTINUED OPERATIONS) AND RESTRICTED CASH	(3,854)	(9,700)
CASH, CASH EQUIVALENTS (INCLUDES DISCONTINUED OPERATIONS) AND RESTRICTED CASH, BEGINNING	11,132	23,203
CASH, CASH EQUIVALENTS (INCLUDES DISCONTINUED OPERATIONS) AND RESTRICTED CASH, ENDING	$ 7,278	$ 13,503
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Construction in progress, machinery and equipment purchases included in accounts payable and accrued liabilities	$ 123	$ 27

Accretion of Series A convertible preferred stock	$	206	$	230

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ONCOCYTE CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of the Business

Oncocyte Corporation ("Oncocyte," the "Company," "we" or "us"), incorporated in 2009 in the state of California, is a precision diagnostics company focused on developing and commercializing proprietary tests in three areas: VitaGraft is a blood-based solid organ transplantation monitoring test, DetermaIO is a gene expression test that assesses the tumor microenvironment to predict response to immunotherapies, and DetermaCNI is a blood-based monitoring tool for monitoring therapeutic efficacy in cancer patients.

Razor Transactions

Oncocyte's first product for commercial release was a proprietary treatment stratification test called DetermaRx that identifies which patients with early-stage non-small cell lung cancer may benefit from chemotherapy, resulting in a significantly higher, five-year survival rate. Beginning in September 2019 through February 23, 2021, Oncocyte held a 25% equity interest in Razor Genomics, Inc. ("Razor"), a privately held company, that had developed and licensed to Oncocyte the lung cancer treatment stratification laboratory test that Oncocyte was commercializing as DetermaRx. On February 24, 2021, Oncocyte completed the purchase of all the remaining issued and outstanding shares of common stock of Razor. As a result of the purchase of the Razor common stock, Oncocyte became the sole shareholder of Razor.

On December 15, 2022, the Company, entered into a Stock Purchase Agreement (the "Razor Stock Purchase Agreement") with Dragon Scientific, LLC, a Delaware limited liability company ("Dragon") and Razor. Pursuant to the Razor Stock Purchase Agreement, Oncocyte agreed to sell to Dragon, 3,188,181 shares of common stock of Razor, which constituted approximately 70% of the issued and outstanding equity interests of Razor on a fully-diluted basis, and transfer to Razor all of the assets and liabilities related to DetermaRx (the "Razor Sale Transaction").

On February 16, 2023, Oncocyte completed the Razor Sale Transaction (the "Razor Closing"). In connection with the Razor Closing, Oncocyte transferred to Razor all of the assets and liabilities related to DetermaRx. While no monetary consideration was received for the sale of 70% of the equity interests of Razor, the transaction allowed the Company to eliminate all development and commercialization costs with respect to DetermaRx. Following the Razor Closing, Oncocyte continues to own 1,366,364 shares of common stock of Razor, which constitutes approximately 30% of the issued and outstanding equity interests of Razor on a fully-diluted basis.

As a result of the divestiture of Razor, the Company has reflected the operations of Razor as a discontinued operation. See Note 11, "Discontinued Operations of Razor" for additional information.

Going Concern

Oncocyte has incurred operating losses and negative cash flows since inception and had an accumulated deficit of $ 299.0 million as of March 31, 2024. Oncocyte expects to continue to incur operating losses and negative cash flows for the foreseeable future. Since its formation, Oncocyte has financed its operations primarily through the sale of shares of its common stock, convertible preferred stock and warrants to acquire common stock. As of March 31, 2024, Oncocyte had $5.6 million of cash and cash equivalents.

As of March 31, 2024, Oncocyte is completing clinical development and planning commercialization of DetermaIO, although DetermaIO is currently available for biopharma diagnostic development and research use only as a companion test in immunotherapy drug development to select patients for clinical trials. Oncocyte received a positive coverage decision from MolDx for VitaGraft Kidney in August of 2023, and it became commercially available for ordering in January 2024 through Oncocyte's CLIA Laboratory in Nashville, Tennessee. VitaGraft Kidney is now broadly available to transplant professionals upon request. While Oncocyte plans to primarily market its laboratory tests in the United States through its own sales force, it is also beginning to make marketing arrangements with distributors in other countries. In order to reduce capital needs and to expedite the commercialization of any new laboratory tests that may become available for clinical use, Oncocyte may also pursue marketing arrangements with other diagnostic companies through which Oncocyte might receive licensing fees and royalty on sales, or through which it might form a joint venture to market its tests and share in net revenues, in the United States or abroad.

ONCOCYTE CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On April 5, 2024, the Company entered into an agreement to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products. See Note 12, "Subsequent Events" for additional information.

On April 11, 2024, the Company entered into a private placement securities purchase agreement with certain accredited investors. The resulting net proceeds were approximately $9.9 million, after deducting offering expenses of $ 529,000 and for the redemption of all remaining shares of our Series A Redeemable Convertible Preferred Stock in the amount of $5.4 million (see Note 7). See Note 12, "Subsequent Events" for additional information.

In addition to general economic and capital market trends and conditions, Oncocyte's ability to raise sufficient additional capital to finance its operations from time to time will depend on a number of factors specific to Oncocyte's operations such as operating revenues and expenses, progress in development of, or in obtaining reimbursement coverage from Medicare for DetermaIO and other future laboratory tests that Oncocyte may develop or acquire.

The unavailability or inadequacy of financing or revenues to meet future capital needs could force Oncocyte to modify, curtail, delay, or suspend some or all aspects of planned operations. Sales of additional equity securities could result in the dilution of the interests of its shareholders. Oncocyte cannot assure that adequate long-term financing will be available on favorable terms, if at all.

In accordance with Accounting Standards Codification ("ASC") 205-40, Going Concern, we evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the consolidated financial statements included in this Report are issued. This evaluation initially does not take into consideration the potential mitigating effect of our plans that have not been fully implemented as of the date the consolidated financial statements included in this Report are issued. When substantial doubt exists under this methodology, we evaluate whether the mitigating effect of our plans sufficiently alleviates substantial doubt about our ability to continue as a going concern. The mitigating effect of our plans, however, is only considered if both (1) it is probable that the plans will be

effectively implemented within one year after the date that such financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about our ability to continue as a going concern within one year after the date that such financial statements are issued. In performing this analysis, we excluded certain elements of our operating plan that cannot be considered probable.

Our expectation to generate operating losses and negative operating cash flows in the future and the need for additional funding to support our planned operations raise substantial doubt regarding our ability to continue as a going concern for a period of one year after the date that the consolidated financial statements are issued. Management intends to complete additional equity financings while maintaining reduced spending levels. However, due to several factors, including those outside management's control, there can be no assurance that we will be able to complete additional equity financings. If we are unable to complete additional financings, management's plans include further reducing or delaying operating expenses. We have concluded the likelihood that our plan to successfully obtain sufficient funding from one or more of these sources or adequately reduce expenditures, while reasonably possible, is less than probable. Accordingly, we have concluded that substantial doubt exists about our ability to continue as a going concern for a period of at least one year from the date of issuance of these consolidated financial statements.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

2. Summary of Significant Accounting Policies

Accounting Principles

The consolidated financial statements and accompanying notes are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP").

Principles of Consolidation and Basis of Presentation

The unaudited condensed consolidated interim financial statements presented herein have been prepared in accordance with GAAP for financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. In accordance with those rules and regulations, certain information and footnote disclosures normally included in comprehensive consolidated financial statements may have been condensed or omitted. The consolidated balance sheet as of December 31, 2023 was derived from the audited consolidated financial statements at that date. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in Oncocyte's Annual Report on Form 10-K for the year ended December 31, 2023. The accompanying unaudited condensed consolidated financial statements, in the opinion of management, include all adjustments of a normal recurring nature necessary for a fair presentation of Oncocyte's financial condition and results of operations. The consolidated results of operations are not necessarily indicative of the results to be expected for any other interim period or for the entire year.

On January 31, 2020, with the acquisition of Insight Genetics, Inc. ("Insight") through a merger with a newly incorporated wholly-owned subsidiary of Oncocyte (the "Insight Merger") under the terms of an Agreement and Plan of Merger (the "Insight Merger Agreement"), Insight became a wholly-owned subsidiary of Oncocyte, and on that date Oncocyte began consolidating Insight's operations and results with Oncocyte's operations and results (see Note 3).

On April 15, 2021, with the acquisition of Chronix Biomedical, Inc. ("Chronix") pursuant to an Agreement and Plan of Merger dated February 2, 2021, amended February 23, 2021, and amended and restated as of April 15, 2021 (as amended and restated, the "Chronix Merger Agreement"), by and among Oncocyte, CNI Monitor Sub, Inc., a Delaware corporation and wholly-owned subsidiary of Oncocyte ("Merger Sub"), Chronix became a wholly-owned subsidiary of Oncocyte (the "Chronix Merger"), and on that date Oncocyte began consolidating Chronix's operations and results with Oncocyte's operations and results (see Note 3).

All material intercompany accounts and transactions have been eliminated in consolidation.

We have reflected the operations of Razor as discontinued operations for the periods presented. See Note 11 for further information. Amounts and disclosures throughout these notes to consolidated financial statements relate solely to continuing operations and exclude all discontinued operations, unless otherwise noted. Discontinued operations comprise activities that were disposed of or discontinued at the end of the period, represent a separate major line of business that can be clearly distinguished for operational and financial reporting purposes and represent a strategic business shift having a major effect on the Company's operations and financial results according to ASC Topic 205, *Presentation of Financial Statements*.

On July 24, 2023, the Company implemented a 1-for-20 reverse stock split of the outstanding shares of its common stock. The par value per share and the authorized number of shares of common stock and preferred stock were not adjusted as a result of the reverse stock split. All common stock share and per-share amounts for all periods presented in these consolidated financial statements have been adjusted to reflect the reverse stock split. The number of authorized shares of common stock remains at 230 million shares.

Reclassifications

Certain prior period amounts in the consolidated financial statements and notes to consolidated financial statements have been reclassified to conform to the current period presentation. These changes had no impact on the previously reported consolidated financial condition, results of operations or cash flows.

Prior Period Revisions

In connection with the preparation of the Company's consolidated financial statements for the year ended December 31, 2023, the Company recorded certain adjustments that impact previously reported financial statement amounts from the period ended March 31, 2023. As further discussed below in Note 2, "Revenue Recognition – Laboratory Developed Test Services – Allowance for Credit Losses," as a result of the January 1, 2023 adoption of the

new current expected credit loss accounting policy, the Company adjusted its accounts receivable. In addition, the Company reclassified cash sold in discontinued operations from an operating cash outflow to an investing cash outflow. See Note 11, “Discontinued Operations of Razor” for additional information. The following are the relevant line items from the Company’s prior period consolidated financial statements illustrating the effect of the revisions to the period presented:

	For the Period Ended March 31, 2023		
	As Previously Reported	Adjustment	As Adjusted
		(In thousands)	
Balance Sheet:			
Accounts receivable, net at January 1, 2023 (Note 2)	$ 2,012	$ (1,419)	$ 593
Accumulated deficit at January 1, 2023	$ (260,676)	$ (1,419)	$ (262,095)
Total Shareholders’ equity at January 1, 2023	$ 34,292	$ (1,419)	$ 32,873
Statement of Cash Flows:			
Loss on disposal of discontinued operations	$ 149	$ 1,372	$ 1,521
Net cash used in operating activities	$ (9,672)	$ 1,372	$ (8,300)
Cash sold in discontinued operations (Note 11)	$ -	$ (1,372)	$ (1,372)
Net cash used in investing activities	$ -	$ (1,372)	$ (1,372)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and contingent assets and liabilities, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates estimates which are subject to significant judgment, including, but not limited to, valuation methods used, assumptions requiring the use of judgment to prepare financial projections and forecasted financial information, timing of potential commercialization of acquired in-process intangible assets, applicable discount rates, probabilities of the likelihood of multiple outcomes of certain events related to contingent consideration, comparable companies or transactions, determination of fair value of the assets acquired and liabilities assumed (including those relating to contingent consideration), the carrying value of goodwill and other intangibles, impairments, assumptions related to going concern assessments, revenue recognition, allocation of direct and indirect expenses, useful lives associated with long-lived intangible and other assets, key assumptions in operating and financing leases including incremental borrowing rates, loss contingencies, valuation allowances related to deferred income taxes, allowances for credit losses, and assumptions used to value stock-based awards and other equity instruments. These assessments are made in the context of information reasonably available to Oncocyte. Actual results may differ materially from those estimates.

Segments

Oncocyte’s executive management team, as a group, represents the entity’s chief operating decision makers. To date, Oncocyte’s executive management team has viewed Oncocyte’s operations as one segment that includes the research, development and commercialization of diagnostic tests, including molecular diagnostic services to pharmaceutical customers. As a result, the financial information disclosed materially represents all of the financial information related to Oncocyte’s sole operating segment.

Fair Value Measurements, Business Combinations and Contingent Consideration Liabilities

Oncocyte accounts for business combinations in accordance with ASC 805, which requires the purchase consideration transferred to be measured at fair value on the acquisition date in accordance with ASC 820, *Fair Value Measurement*. ASC 820 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and expands on required disclosures about fair value measurement. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. ASC 820 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- *Level 1* – Quoted prices in active markets for identical assets and liabilities.
- *Level 2* – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- *Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Such inputs reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model. Management estimates include certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs, including the entity’s own assumptions in determining fair value.

When a part of the purchase consideration consists of shares of Oncocyte common stock, Oncocyte calculates the purchase price attributable to those shares, a Level 1 security, by determining the fair value of those shares as of the acquisition date based on prices quoted on the principal national securities exchange on which the shares traded. Oncocyte recognizes estimated fair values of the tangible assets and identifiable intangible assets acquired, including in-process research and development (“IPR&D”), and liabilities assumed, including any contingent consideration, as of the acquisition date. Goodwill is recognized as any amount of the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed in excess of the consideration transferred. ASC 805 precludes the recognition of an assembled workforce as an asset, effectively subsuming any assembled workforce value into goodwill.

In determining fair value, Oncocyte utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, and also considers counterparty credit risk in its assessment of fair value. For the periods presented, Oncocyte has no financial assets recorded at fair value on a recurring basis, except for money market funds. These assets are measured at fair value using the period-end quoted market prices as a Level 1 input.

Certain of Oncocyte’s asset and business acquisitions involve the potential for future payment of consideration to third-parties and former selling shareholders in amounts determined as a percentage of future net revenues generated, or upon attainment of revenue milestones, from Pharma Services or laboratory tests, as applicable, or annual minimum royalties to certain licensors, as provided in the applicable agreements. The fair value of such liabilities is determined using unobservable inputs. These inputs include the estimated amount and timing of projected cash flows and the risk-adjusted discount rate used to present value the cash flows. These obligations are referred to as contingent consideration, which are carried at fair value

based on Level 3 inputs on a recurring basis.

ASC 805 requires that contingent consideration be estimated and recorded at fair value as of the acquisition date as part of the total consideration transferred. Contingent consideration is an obligation of the acquirer to transfer additional assets or equity interests to the selling shareholders in the future if certain future events occur or conditions are met, such as the attainment of product development milestones. Contingent consideration also includes additional future payments to selling shareholders based on achievement of components of earnings, such as "earn-out" provisions or percentage of future revenues, including royalties paid to the selling shareholders based on a percentage of certain revenues generated.

The fair value of contingent consideration after the acquisition date is reassessed by Oncocyte as changes in circumstances and conditions occur, with the subsequent change in fair value recorded in the consolidated statements of operations. Changes in key assumptions can materially affect the estimated fair value of contingent consideration liabilities and, accordingly, the resulting gain or loss that Oncocyte records in its consolidated financial statements. See Note 3 for a full discussion of these liabilities and additional Level 3 fair value disclosures.

The carrying amounts of cash and cash equivalents, restricted cash, prepaid expenses and other current assets, accounts payable, accrued expenses and other current liabilities approximate fair values because of the short-term nature of these items.

In accordance with GAAP, from time to time, the Company measures certain assets at fair value on a nonrecurring basis. The Company reviews the carrying value of intangibles, including IPR&D (see Note 5), and other long-lived assets for indications of impairment at least annually. Refer to related discussions of impairments below.

Cash, Cash Equivalents and Restricted Cash

Oncocyte considers all highly liquid securities with original maturities of three months or less when purchased to be cash equivalents. For the periods presented, Oncocyte's cash equivalents are comprised of investments in AAA rated money market funds that invest in first-tier only securities, which primarily include domestic commercial paper and securities issued or guaranteed by the U.S. government or its agencies. Restricted cash relates to a bank letter of credit required under our office lease arrangement, refer to Note 6 for additional information.

Marketable Equity Securities

Oncocyte accounts for shares of public common stock it may hold as marketable equity securities in accordance with ASC 321-10, *Investments – Equity Securities*, as the shares have a readily determinable fair value quoted on national stock exchange. The securities are measured at fair value, with related gains and losses in the value of such securities recorded in the consolidated statements of operations in other income/expense, and are reported as current assets on the consolidated balance sheet based on the closing trading price of the security as of the date being presented. During the fourth quarter of 2023, Oncocyte sold its remaining marketable equity securities for an aggregate realized loss of approximately $1.4 million. During the three months ended March 31, 2023, Oncocyte recorded an unrealized gain on marketable equity securities of $121,000.

Investments in Privately Held Companies

Oncocyte evaluates whether investments held in common stock of other companies require consolidation of the company under, first, the variable interest entity ("VIE") model, and then under the voting interest model in accordance with accounting guidance for consolidations under ASC 810-10. If consolidation of the entity is not required under either the VIE model or the voting interest model, Oncocyte determines whether the equity method of accounting should be applied in accordance with ASC 323, *Investments – Equity Method and Joint Ventures*. The equity method applies to investments in common stock or in-substance common stock if Oncocyte exercises significant influence over, but does not control, the entity, where significant influence is typically represented by ownership of 20% or more, but less than majority ownership, of the voting interests of a company.

Oncocyte initially records equity method investments at fair value on the date of the acquisition with subsequent adjustments to the investment balance based on Oncocyte's pro rata share of earnings or losses from the investment.

Since February 16, 2023, Oncocyte continues to own an equity interest Razor, however, based on the Razor transactions as discussed in Note 1, the remaining common stock held is accounted for at historical cost less impairment, which is zero.

Assets Held for Sale and Discontinued Operations

Assets and liabilities are classified as held for sale when all of the following criteria for a plan of sale have been met: (1) management, having the authority to approve the action, commits to a plan to sell the assets; (2) the assets are available for immediate sale, in their present condition, subject only to terms that are usual and customary for sales of such assets; (3) an active program to locate a buyer and other actions required to complete the plan to sell the assets have been initiated; (4) the sale of the assets is probable and is expected to be completed within one year; (5) the assets are being actively marketed for a price that is reasonable in relation to their current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn. When all of these criteria have been met, the assets and liabilities are classified as held for sale in the consolidated balance sheet. Assets classified as held for sale are reported at the lower of their carrying value or fair value less costs to sell. Depreciation and amortization of assets ceases upon designation as held for sale.

The Company has entered into various agreements to sell laboratory equipment. As a result, the Company classified the equipment as held for sale current assets in the consolidated balance sheets, as all the criteria of ASC subtopic 360-10, *Property, Plant, and Equipment* had been met. The equipment was written down to its fair value, less cost to sell, the remainder of which was $61,000 and $139,000 as of March 31, 2024 and December 31, 2023, respectively. During the three months ended March 31, 2024 and 2023, the Company recorded an impairment loss on held for sale assets of $169,000 and $1.3 million, respectively, in the consolidated statements of operations.

Discontinued operations comprise activities that were disposed of, discontinued or held for sale at the end of the period, represent a separate major line of business that can be clearly distinguished for operational and financial reporting purposes and represent a strategic business shift having a major effect on the Company's operations and financial results according to ASC Topic 205, *Presentation of Financial Statements*. Razor has been reflected as a discontinued operation in the 2023 consolidated financial statements. See Note 11, "Discontinued Operations of Razor" for additional information.

Machinery and Equipment, Net, and Construction in Progress

Machinery and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally over a period of 3 to 10 years. For equipment purchased under financing leases, Oncocyte depreciates the equipment based on the shorter of the useful life of the equipment or the term of the lease, ranging from 3 to 5 years, depending on the nature and classification of the financing lease. Maintenance and repairs are expensed as incurred whereas significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is reflected in Oncocyte's results of operations.

Construction in progress, comprised primarily of leasehold improvements under construction, is not depreciated until the underlying asset is placed into service.

Intangible Assets

In accordance with ASC 350, *Intangibles – Goodwill and Other*, IPR&D projects acquired in a business combination that are not complete as of the acquisition date are capitalized and accounted for as indefinite-lived intangible assets until completion or abandonment of the related research and development efforts. Upon successful completion of the project, the capitalized amount is amortized over its estimated useful life. If a project is abandoned, all remaining capitalized amounts are written off immediately. Oncocyte considers various factors and risks for potential impairment of IPR&D assets, including the current legal and regulatory environment and the competitive landscape. Adverse clinical trial results, significant delays or inability to obtain local coverage determination ("LCD") from the Centers for Medicare and Medicaid Services ("CMS") for Medicare reimbursement for a diagnostic test, the inability to bring a diagnostic test to market and the introduction or advancement of competitors' diagnostic tests could result in partial or full impairment of the related intangible assets. Consequently, the eventual realized value of the IPR&D project may vary from its fair value at the date of acquisition, and IPR&D impairment charges may occur in future periods. During the period between completion or abandonment, the IPR&D assets will not be amortized but will be tested for impairment on an annual basis and between annual tests if Oncocyte becomes aware of any events occurring or changes in circumstances that would indicate a reduction in the fair value of the IPR&D projects below their respective carrying amounts.

Oncocyte does not have intangible assets with indefinite useful lives other than the acquired IPR&D discussed in Note 5, which as of March 31, 2024, has been partially impaired.

Goodwill represents the excess of the purchase price over the fair value of net identifiable assets and liabilities. Goodwill, similar to IPR&D, is not amortized but is tested for impairment at least annually, or if circumstances indicate that it is more-likely-than-not that the carrying value of the associated reporting unit exceeds its fair value. Qualitative factors considered in this assessment include industry and market conditions, overall financial performance, and other relevant events and factors affecting Oncocyte's business. Based on the qualitative assessment, if it is determined that the fair value of goodwill is more-likely-than-not to be less than its carrying amount, the fair value of a reporting unit will be calculated and compared with its carrying amount and an impairment charge will be recognized for the amount that the carrying value exceeds the fair value. Oncocyte continues to operate in one segment and considered to be the sole reporting unit and, therefore, goodwill is tested for impairment at the enterprise level, when applicable.

In accordance with ASC 350, we review and evaluate our long-lived assets, including intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that we may not recover their net book value. When applicable, we test goodwill for impairment on an annual basis in the fourth quarter of each year, and between annual tests, if indicators of potential impairment exist, using a fair-value approach. We typically use an income method to estimate the fair value of these assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants and include the amount and timing of future cash flows (including expected growth rates). Estimates utilized in the projected cash flows include consideration of macroeconomic conditions, overall category growth rates, competitive activities, cost containment and margin expansion, Company business plans, the underlying product or technology life cycles, economic barriers to entry, and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

Long-Lived Intangible Assets

Long-lived intangible assets subject to amortization are stated at acquired cost, less accumulated amortization. We amortize intangible assets not considered to have an indefinite useful life using the straight-line method over their estimated period of benefit, which generally ranges from 1 to 9 years. Each reporting period, we evaluate the estimated remaining useful life of intangible assets and assess whether events or changes in circumstances warrant a revision to the remaining period of amortization or indicate that impairment exists. Long-lived intangible assets currently consist of acquired customer relationships with an estimated useful life of 5 years (see Note 5).

Impairment of Long-Lived Assets

Oncocyte assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that such assets might be impaired and the carrying value may not be recoverable. Oncocyte's long-lived assets consist primarily of intangible assets, right-of-use assets for operating leases, customer relationships, and machinery and equipment. If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and the expected undiscounted future cash flows attributable to the asset are less than the carrying amount of the asset, an impairment loss, equal to the excess of the carrying value of the asset over its fair value, is recorded.

Leases

Oncocyte accounts for leases in accordance with ASC 842, *Leases*. Oncocyte determines if an arrangement is a lease at inception. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the consolidated statements of operations. Under the available practical expedients for the adoption of ASC 842, Oncocyte accounts for the lease and non-lease components as a single lease component. Oncocyte recognizes right-of-use ("ROU") assets and lease liabilities for leases with terms greater than twelve months in the consolidated balance sheet. ROU assets represent the right to use an underlying asset during the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, Oncocyte uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Oncocyte uses the implicit rate when it is readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Oncocyte will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Operating leases include office leases and related ROU lease liabilities, current and long-term, in the consolidated balance sheets. Financing leases include machinery and equipment and related financing lease liabilities, current and long-term, in the consolidated balance sheets. Oncocyte discloses the amortization of our operating lease ROU assets and payments as a net amount in the consolidated statements of cash flows. Based on the available practical expedients under the standard, Oncocyte elected not to capitalize leases that have terms of twelve months or less.

Oncocyte has entered into various operating leases in accordance with ASC 842 as further discussed in Note 6.

Accounting for Warrants

Oncocyte determines the accounting classification of warrants it issues, as either liability or equity classified, by first assessing whether the warrants meet liability classification in accordance with ASC 480-10, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* , then in accordance with ASC 815-40, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* . Under ASC 480, warrants are considered liability classified if the warrants are mandatorily redeemable, obligate Oncocyte to settle the warrants or the underlying shares by paying cash or other assets or warrants that must or may require settlement by issuing variable number of shares. If warrants do not meet liability classification under ASC 480, Oncocyte assesses the requirements under ASC 815-40, which states that contracts that require or may require the issuer to settle the contract for cash are liabilities recorded at fair value, irrespective of the likelihood of the transaction occurring that triggers the net cash settlement feature. This liability classification guidance also applies to financial instruments that may require cash or other form of settlement for transactions outside of the company's control and, in which the form of consideration to the warrant holder may not be the same as to all other shareholders in connection with the transaction. However, if a transaction is not within the company's control but the holder of the financial instrument can solely receive the same type or form of consideration as is being offered to all the shareholders in the transaction, then equity classification of the financial instrument is not precluded, if all other applicable equity classification criteria are met.

After all relevant assessments, Oncocyte concludes whether the warrants are classified as liability or equity. Liability classified warrants require fair value accounting at issuance and subsequent to initial issuance with all changes in fair value after the issuance date recorded in the statements of operations. Equity classified warrants only require fair value accounting at issuance with no changes recognized subsequent to the issuance date. Based on the above guidance and, among other factors, the fact that our warrants cannot be cash settled under any circumstance but require share settlement, all of our outstanding warrants meet the equity classification criteria and have been classified as equity. Refer to Note 7 for details about our outstanding warrants.

Revenue Recognition

Pursuant to ASC 606, revenues are recognized when control of services performed is transferred to customers, in an amount that reflects the consideration Oncocyte expects to be entitled to in exchange for those services. ASC 606 provides for a five-step model that includes:

(i) identifying the contract with a customer,
(ii) identifying the performance obligations in the contract,
(iii) determining the transaction price,
(iv) allocating the transaction price to the performance obligations, and
(v) recognizing revenue when, or as, an entity satisfies a performance obligation.

Oncocyte determines transaction prices based on the amount of consideration we expect to receive for transferring the promised goods or services in the contract. Consideration may be fixed, variable, or a combination of both. The Company considers any constraints on the variable consideration and includes in the transaction price variable consideration to the extent it is deemed probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The following table presents consolidated revenues by service:

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Pharma Services	$ 154	$ 297
Laboratory developed test services	22	-
Total	$ 176	$ 297

Pharma Services Revenue

Revenues recognized include Pharma Services performed by Oncocyte's Insight and Chronix subsidiaries for its pharmaceutical customers, including testing for biomarker discovery, assay design and development, clinical trial support, and a broad spectrum of biomarker tests. These Pharma Services are generally performed under individual scope of work ("SOW") arrangements or license agreements (together with SOW the "Pharma Services Agreements") with specific deliverables defined by the customer. Pharma Services are performed on a (i) time and materials basis or (ii) per test completed basis. Upon completion of the service to the customer in accordance with a Pharma Services Agreement, Oncocyte has the right to bill the customer for the agreed upon price (either on a per test or per deliverable basis) and recognizes Pharma Service revenue at that time. Insight identifies each service of its Pharma Service offering as a single performance obligation. Offerings include services such as recurring fees for project management, fees for storage and handling, pass through expenses for shipping or calibration, training, proficiency, reproducibility tests, etc. Chronix identifies the processing of test samples as a separate performance obligation (considered a series) within license agreements with customers.

Completion of the service and satisfaction of the performance obligation is typically evidenced by acknowledgment of completed services, and access to the report or test made available to the customer or any other form or applicable manner of delivery defined in the Pharma Services Agreements. However, for certain SOWs under which work is performed pursuant to the customer's highly customized specifications, Oncocyte has the enforceable right to bill the customer for work completed, rather than upon completion of the SOW. For those SOWs, Oncocyte recognizes revenue over a period during which the work is performed using a formula that accounts for expended efforts, generally measured in labor hours, as a percentage of total estimated efforts for the completion of the SOW. As performance obligations are satisfied under the Pharma Services Agreements, any amounts earned as revenue and billed to the customer are included in accounts receivable. Any revenues earned but not yet billed to the customer as of the date of Oncocyte's consolidated financial statements are recorded as contract assets and are included in prepaids and other current assets as of the financial statement date. Amounts recorded in contract assets are reclassified to accounts receivable in Oncocyte's consolidated balance sheets when the customer is invoiced according to the billing schedule in the contract.

As of March 31, 2024 and December 31, 2023, Oncocyte had accounts receivable from Pharma Services customers of $ 163,000 and $488,000, respectively.

Allowance for Credit Losses

Oncocyte establishes an allowance for credit losses based on the evaluation of the collectability of its Pharma Services accounts receivables after considering a variety of factors, including the length of time receivables are past due, significant events that may impair the customer's ability to pay, such as a bankruptcy filing or deterioration in the customer's operating results or financial position, reasonable and supportable forecast that affect the collectability of the reported amount, and historical experience. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. Oncocyte continuously monitors collections and payments from customers and maintains a provision for estimated credit losses and uncollectible accounts, if any, based upon its historical experience and any specific customer collection issues that have been identified. Amounts determined to be uncollectible are written off against the credit loss reserve accounts. As of March 31, 2024 and December 31, 2023, we had an allowance for credit losses of $2,000 and $5,000, respectively, related to Pharma Services.

Laboratory Developed Test Services

Prior to the Razor Sale Transaction, Oncocyte generated revenue from performing DetermaRx tests on clinical samples through orders received from physicians, hospitals, and other healthcare providers. In determining whether all the revenue recognition criteria (i) through (v) above are met with respect to DetermaRx tests, each test result is considered a single performance obligation and is generally considered complete when the test result is delivered or made available to the prescribing physician electronically, and, as such, there are no shipping or handling fees incurred by Oncocyte or billed to customers. Although Oncocyte has billed a list price for all tests ordered and completed for all payer types, Oncocyte considers constraints on the variable consideration when recognizing revenue for DetermaRx. Because DetermaRx is a novel test and there are no current reimbursement arrangements with third-party payers other than Medicare, the transaction price represents variable consideration. Application of the constraint for variable consideration is an area that requires significant judgment. For all payers other than Medicare, Oncocyte must consider the novelty of the test, the uncertainty of receiving payment, or being subject to claims for a refund, from payers with whom it does not have a sufficient payment collection history or contractual reimbursement agreements. Accordingly, for those payers, Oncocyte has recognized revenue upon payment because it has had insufficient history to reliably estimate payment patterns.

As of March 31, 2024 and December 31, 2023, Oncocyte had no accounts receivable from Medicare and Medicare Advantage covered DetermaRx tests. Laboratory Developed Test Services revenue recorded during the three months ended March 31, 2024 was the result of payments received.

Allowance for Credit Losses

We maintained an allowance for credit losses related to Laboratory Developed Test Services at an amount we estimated to be sufficient to provide adequate protection against losses resulting from extending credit to our customers. We based this allowance, in the aggregate, on historical collection experience, age of receivables and general economic conditions, as well as specific identification of uncollectible accounts. We initially established an allowance in 2022 in connection with remaining Medicare and Medicare Advantage account balances and continued to add to the allowance as appropriate. In the first quarter of 2023, in connection with the adoption of the new current expected credit loss model, the Company determined that the Medicare and Medicare Advantage accounts receivable net balance of approximately $1.4 million was uncollectible and should therefore be written-off as of the adoption date, January 1, 2023. As of March 31, 2024 and December 31, 2023, we had no allowance for credit losses related to Laboratory Developed Test Services. The 2023 allowance for credit losses activity included a beginning balance of $154,000, no credit loss provisions, and the full write-off to an ending balance of zero as of March 31, 2023.

Licensing Revenue

Revenues that may be recognized include licensing revenue derived from agreements with customers for exclusive rights to market Oncocyte's proprietary testing technology. Under the agreements, Oncocyte grants exclusive rights to certain trademarks and technology of Oncocyte for the purpose of marketing Oncocyte's tests within a defined geographic territory. A license agreement may specify milestone deliverables or performance obligations, for which Oncocyte recognizes revenue when its licensee confirms the completion of Oncocyte's performance obligation. A licensing agreement may also include ongoing sales support from Oncocyte and typically includes non-refundable licensing fees and per-test Pharma Services revenues discussed above, for which Oncocyte treats the licensing of the technology, trademarks, and ongoing support as a single performance obligation satisfied by the passage of time over the term of the agreement.

Disaggregation of Revenues and Concentrations of Credit Risk

The following table presents the percentage of consolidated revenues by service:

	Three Months Ended March 31,	
	2024	**2023**
Pharma Services	88%	100%
Laboratory developed test services	12%	0%
Total	100%	100%

The following table presents the percentage of consolidated revenues generated by unaffiliated customers, based on the respective periods presented, that individually represented greater than ten percent of consolidated revenues:

	Three Months Ended March 31,	
	2024	**2023**

Pharma services - Company A	62%	46%
Pharma services - Company B	26%	28%
Pharma services - Company C	*	11%
Pharma services - Company D	*	11%
Laboratory developed test services	12%	*

* Less than 10%

The following table presents the percentage of consolidated revenues attributable to geographical locations, based on country of domicile:

	Three Months Ended March 31,	
	2024	2023
United States – Pharma Services	0%	41%
Outside of the United States – Pharma Services	88%	59%
United States – Laboratory developed test services	12%	0%
Total	100%	100%

The Company holds an insignificant amount of long-lived tangible assets in Germany.

Financial instruments that potentially subject the Company to concentrations of credit risk are cash equivalents and accounts receivable. The Company places its cash equivalents primarily in highly rated money market funds. Cash and cash equivalents are also invested in deposits with certain financial institutions and may, at times, exceed federally insured limits. The Company has not experienced any significant losses on its deposits of cash and cash equivalents.

Two Pharma Services customers individually represented approximately 67% and 20% of accounts receivable as of March 31, 2024. Two Pharma Services customers individually represented approximately 79% and 13% of accounts receivable as of December 31, 2023.

Cost of Revenues

Cost of revenues generally consists of cost of materials, direct labor including benefits, bonus and stock-based compensation, equipment and infrastructure expenses, clinical sample related costs associated with performing Pharma Services and Laboratory Developed Test Services, providing deliverables according to our licensing agreements, license fees due to third parties, and amortization of acquired intangible assets such as the customer relationship intangible assets (see Note 5). Infrastructure expenses include depreciation of laboratory equipment, allocated rent costs, leasehold improvements, and allocated information technology costs for operations at Oncocyte's CLIA laboratory in Tennessee. Costs associated with generating the revenues are recorded as the tests or services are performed regardless of whether revenue was recognized. Royalties or revenue share payments for licensed technology calculated as a percentage of revenues generated using the associated technology are recorded as expenses at the time the related revenues are recognized.

Research and Development Expenses

Research and development expenses are comprised of costs incurred to develop technology, which include salaries and benefits (including stock-based compensation), laboratory expenses (including reagents and supplies used in research and development laboratory work), infrastructure expenses (including allocated facility occupancy costs), and contract services and other outside costs. Indirect research and development expenses are allocated primarily based on headcount, as applicable, and include rent and utilities, common area maintenance, telecommunications, property taxes and insurance. Research and development costs are expensed as incurred.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel costs and related benefits, including stock-based compensation, trade show expenses, branding and positioning expenses, and consulting fees. Sales and marketing expenses also include indirect expenses for applicable overhead allocated based on headcount, and include allocated costs for rent and utilities, common area maintenance, telecommunications, property taxes and insurance.

General and Administrative Expenses

General and administrative expenses consist primarily of compensation and related benefits (including stock-based compensation) for executive and corporate personnel, professional and consulting fees, rent and utilities, common area maintenance, telecommunications, property taxes and insurance.

Stock-Based Compensation

Oncocyte recognizes compensation expense related to employee, Board of Director and other non-employee option grants and restricted stock grants in accordance with the Financial Accounting Standards Board ("FASB") ASC 718, *Compensation – Stock Compensation.*

Oncocyte estimates the fair value of stock-based payment awards on the grant date and recognizes the resulting fair value over the requisite service period, which is generally a four-year vesting period. For stock-based awards that vest only upon the attainment of one or more performance goals set by Oncocyte at the time of the grant (sometimes referred to as milestone vesting), compensation cost is recognized if and when Oncocyte determines that it is probable that the performance condition or conditions will be, or have been, achieved. Oncocyte uses the Black-Scholes option pricing model for estimating the fair value of time-based options granted under Oncocyte's equity plans. The fair value of each restricted stock unit ("RSU") or award is determined by the product of the number of units or shares granted and the grant date market price of the underlying common stock. Oncocyte has elected to treat stock-based payment awards with graded vesting schedules and time-based service conditions as a single award and recognizes stock-based compensation ratably on a straight-line basis over the requisite service period. Options have a maximum contractual term of ten years. Forfeitures are accounted for as they occur. Refer to Note 8 for additional information.

The Black-Scholes option pricing model requires Oncocyte to make certain assumptions including the expected option term, the expected volatility, the risk-free interest rate and the dividend yield. The expected term of employee stock options represents the weighted average period that the stock options are expected to remain outstanding. Oncocyte estimates the expected term of options granted based on its own experience. Oncocyte estimates the expected volatility using its own stock price volatility to the extent applicable or a combination of its stock price volatility and the stock price volatility of peer companies, for a period equal to the expected term of the options. The risk-free interest rate assumption is based upon observed interest rates on

the United States government securities appropriate for the expected term of Oncocyte's stock options. The dividend yield assumption is based on Oncocyte's history and expectation of dividend payouts. Oncocyte has never declared or paid any cash dividends on its common stock, and Oncocyte does not anticipate paying any cash dividends in the foreseeable future.

All excess tax benefits and tax deficiencies from stock-based compensation awards accounted for under ASC 718 are recognized as income tax benefit or expense, respectively, in the statements of operations. An excess income tax benefit arises when the tax deduction of a share-based award for income tax purposes exceeds the compensation cost recognized for financial reporting purposes and, a tax deficiency arises when the compensation cost exceeds the tax deduction. Because Oncocyte has a full valuation allowance for all periods presented (see Note 2, "Income Taxes"), there was no impact to Oncocyte statements of operations for any excess tax benefits or deficiencies, as any excess benefit or deficiency would be offset by the change in the valuation allowance.

Retirement Plan

Oncocyte has an employee savings and retirement plan under Section 401(k) of the Internal Revenue Code. The plan is a defined contribution plan in which eligible employees may elect to have a percentage of their compensation contributed to the plan, subject to certain guidelines issued by the Internal Revenue Service. During the three months ended March 31, 2024 and 2023, Oncocyte's total contributions to the plan were $70,000 and $97,000.

Income Taxes

The provision for income taxes for interim periods is determined using an estimated annual effective tax rate in accordance with ASC 740-270, *Income Taxes, Interim Reporting*. The effective tax rate may be subject to fluctuations during the year as new information is obtained, which may affect the assumptions used to estimate the annual effective tax rate, including factors such as valuation allowances against deferred tax assets, the recognition or de-recognition of tax benefits related to uncertain tax positions, if any, and changes in or the interpretation of tax laws in jurisdictions where Oncocyte conducts business.

Oncocyte did not record any provision or benefit for income taxes for the three months ended March 31, 2024 and 2023, as Oncocyte had a full valuation allowance for the periods presented.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. Oncocyte established a full valuation allowance for all periods presented due to the uncertainty of realizing future tax benefits from its net operating loss carry-forwards and other deferred tax assets.

The guidance also prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not sustainable upon examination by taxing authorities. Oncocyte will recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of March 31, 2024 and December 31, 2023. Oncocyte is not aware of any uncertain tax positions that could result in significant additional payments, accruals, or other material deviation as of March 31, 2024. Oncocyte is currently unaware of any tax issues under review. As of March 31, 2024 and December 31, 2023, the Company had unrecognized tax benefits totaling $2.3 million.

On January 19, 2024, the House Ways and Means Committee approved the Tax Relief for American Families and Workers Act of 2024. The legislation includes, but is not limited to, retroactive delay of the Section 174 R&D domestic capitalization requirements, extension of 100-percent bonus depreciation through 2025, and updates to the interest expense limitation. These provisions may impact the 2024 income taxes, accordingly, the Company will continue to monitor the legislative activity.

Net (Loss) Income Per Common Share

Basic (loss) income per share is computed by dividing the net (loss) income applicable to common stockholders after deducting cumulative unpaid dividends and accretion of the preferred stock, by the weighted average number of shares of common stock outstanding during the year. Diluted (loss) income per share is computed by dividing the net (loss) income applicable to common stockholders after deducting cumulative unpaid dividends and accretion of the preferred stock, by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method or the if-converted method, or the two-class method for participating securities, whichever is more dilutive. Potential common shares are excluded from the computation if their effect is antidilutive.

For the three months ended March 31, 2024, all common stock equivalents are antidilutive because Oncocyte reported a net loss. The following table presents the calculation of basic and diluted (loss) income per share of common stock:

	Three Months Ended March 31,	
	2024	2023
	(In thousands, except per share data)	
Numerators:		
(Loss) income from continuing operations	$ (9,129)	$ 5,959
Accretion of Series A redeemable convertible preferred stock	(206)	(230)
Undistributed earnings from continuing operations allocated to participating securities	-	(830)
Net (loss) income from continuing operations - basic and diluted[(1)]	$ (9,335)	$ 4,899
Loss from discontinued operations	$ -	$ (2,926)
Undistributed losses from discontinued operations allocated to participating securities	-	424

Net loss from discontinued operations - basic and diluted[1]	$ -	$ (2,502)
Net (loss) income	$ (9,129)	$ 3,033
Accretion of Series A redeemable convertible preferred stock	(206)	(230)
Undistributed earnings/losses allocated to participating securities	-	(406)
Net (loss) income attributable to common stockholders - basic and diluted[1]	$ (9,335)	$ 2,397
Denominators:		
Weighted average shares outstanding - basic	8,264	5,958
Dilutive potential common shares:		
RSUs	-	5
Weighted average shares outstanding - diluted	8,264	5,963
Net (loss) income from continuing operations per share - basic and diluted	$ (1.13)	$ 0.82
Net loss from discontinued operations per share - basic and diluted	$ -	$ (0.42)
Net (loss) income attributable to common stockholders per share - basic and diluted	$ (1.13)	$ 0.40
Anti-dilutive potential common shares excluded from the computation of diluted net (loss) income per common share:		
Stock options	515	618
RSUs	5	11
Warrants	773	13
Series A redeemable convertible preferred stock	5	-
Total	1,298	642

(1) The additional 2023 dilutive adjustments for undistributed earnings/losses allocated to participating securities had no impact on income (loss) or the resulting diluted per share calculations.

Recent Accounting Pronouncements

Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* , to improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments in this Update: (i) require enhanced disclosures about significant segment expenses, (ii) clarify that if the chief operating decision maker ("CODM") uses more than one measure of a segment's profit or loss, a public entity may report one or more of those additional measures of segment profit, (iii) require disclose of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources, and (iv) require that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this Update and all existing segment disclosures in Topic 280. The amendments in this Update should be applied retrospectively and are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Management is currently evaluating the impact that the amendments in this Update will have on the Company's financial statement disclosures. The adoption of this new standard will not have an impact on the Company's consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* , to address investor requests for more transparency about income tax information by requiring improvements to income tax disclosures, including, (i) consistent categories and greater disaggregation of information in the rate reconciliation, and (ii) income taxes paid disaggregated by jurisdiction. Additional amendments in this Update improve the effectiveness and comparability of disclosures by, (i) adding disclosures of pretax income (or loss) and income tax expense (or benefit), and (ii) removing disclosures that no longer are considered cost beneficial or relevant. The amendments in this Update should be applied prospectively (retrospective application is permitted) and are effective for annual periods beginning after December 15, 2024, with early adoption permitted. Management is currently evaluating the impact that the amendments in this Update will have on the Company's financial statement disclosures. The adoption of this new standard will not have an impact on the Company's consolidated financial statements.

3. Business Combinations

Acquisition of Insight Genetics, Inc.

On January 31, 2020 (the "Insight Merger Date"), Oncocyte completed its acquisition of Insight pursuant to the Insight Merger Agreement.

Contingent consideration is an obligation of the acquirer to transfer additional assets or equity interests to the selling shareholders in the future if certain future events occur or conditions are met, such as the attainment of product development milestones. Contingent consideration also includes additional future payments to selling shareholders based on achievement of components of earnings, such as "earn-out" provisions or percentage of future revenues, including royalties paid to the selling shareholders based on a percentage of revenues generated from DetermaIO and Insight Pharma Services over their respective useful life. Accordingly, Oncocyte determined there are two types of contingent consideration in connection with the Insight Merger, the Milestone Contingent Consideration and the Royalty Contingent Consideration discussed below, which are collectively referred to as the "Contingent Consideration".

There were three milestones comprising the Milestone Contingent Consideration, collectively referred to as the Milestones, in connection with the Insight Merger which Oncocyte valued and recorded as part of Contingent Consideration as of the Insight Merger Date (see table below), which consisted of (i) a payment for clinical trial completion and related data publication ("Milestone 1"), (ii) a payment for an affirmative final LCD from CMS for a specified lung cancer test ("Milestone 2"), and (iii) a payment for achieving specified CMS reimbursement milestones ("Milestone 3"). If achieved, any respective Milestone will be paid at the contractual value shown below, with the payment made either in cash or in shares of Oncocyte common stock as determined by Oncocyte. There can be no assurance that any of the Milestones will be achieved.

The following table shows the Insight Merger Date contractual payment amounts, as applicable, and the corresponding fair value of each respective Contingent Consideration liability:

	Contractual Value	Fair Value on the Merger Date
	(In thousands)	
Milestone 1	$ 1,500	$ 1,340
Milestone 2	3,000	1,830
Milestone 3 [(a)]	1,500	770
Royalty 1 [(b)]	See(b)	5,980
Royalty 2 [(b)]	See(b)	1,210
Total	$ 6,000	$ 11,130

(a) Indicates the maximum payable if the Milestone is achieved.

(b) As defined, Royalty Payments are based on a percentage of future revenues of DetermaIO and Pharma Services over their respective useful life, accordingly there is no fixed contractual value for the Royalty Contingent Consideration.

The fair value of the Contingent Consideration after the Insight Merger Date is reassessed by Oncocyte as changes in circumstances and conditions occur, with the subsequent change in fair value recorded in Oncocyte's consolidated statements of operations. Since December 2023, Milestone 1 is not expected to be paid and is excluded from the current fair value. Durning 2024, based on Oncocyte's reassessment of significant assumptions, there was a decrease of approximately $60,000 to the fair value of the Contingent Consideration primarily attributable to revised estimates of the possible future payouts and, accordingly, this decrease was recorded as change in fair value of contingent consideration in the consolidated statement of operations for the three months ended March 31, 2024.

Oncocyte uses a discounted cash flow valuation technique to determine the fair value of its Level 3 contingent consideration liabilities. The significant unobservable inputs used in Insight's contingent consideration valuation on March 31, 2024, included: (i) a discount period, based on the expected milestone payment dates, ranging from 1.25 years to 1.5 years, (ii) a discount rate of 16.2%, and (iii) a management probability estimate of 25% to 50%. The significant unobservable inputs used on March 31, 2023, included: (i) a discount period, based on the expected milestone payment dates, ranging from .75 years to 1.0 years, (ii) a discount rate of 17.3%, and (iii) a management probability estimate of 15% to 75%. Changes to significant unobservable inputs to different amounts could result in a significantly higher or lower fair value measurement at the reporting date.

The following tables reflect the activity for the Insight Contingent Consideration measured at fair value using Level 3 inputs:

	Fair Value
	(In thousands)
Balance at December 31, 2022	$ 5,370
Change in estimated fair value	(2,220)
Balance at March 31, 2023	$ 3,150
Balance at December 31, 2023	$ 2,040
Change in estimated fair value	(60)
Balance at March 31, 2024	$ 1,980

Contingent consideration is not deductible for tax purposes, even if paid; therefore, no deferred tax assets related to the Contingent Consideration were recorded.

Acquisition of Chronix Biomedical, Inc.

On April 15, 2021 (the "Chronix Merger Date"), Oncocyte completed its acquisition of Chronix pursuant the Chronix Merger Agreement.

As additional consideration for holders of certain classes and series of Chronix capital stock, the Chronix Merger Agreement originally required Oncocyte to pay "Chronix Contingent Consideration" consisting of (i) "Chronix Milestone Payments" of up to $14.0 million in any combination of cash or Oncocyte common stock if certain milestones specified in the Chronix Merger Agreement are achieved, (ii) "Royalty Payments" of up to 15% of net collections for sales of specified tests and products during the five-to-ten year earnout periods, and (iii) "Transplant Sale Payments" of up to 75% of net collections from the sale or license to a third party of Chronix's patents for use in transplantation medicine during a seven-year earnout period.

On February 8, 2023, the Company and equity holder representative entered into Amendment No. 1 to the Merger Agreement (the "Chronix Amendment"), pursuant to which the parties agreed that (i) Chronix's equity holders will be paid earnout consideration of 10% of net collections for sales of specified tests and products, until the expiration of intellectual property related to such tests and products, (ii) Chronix's equity holders will be paid 5% of the gross proceeds received from any sale of all or substantially all of the rights, titles, and interests in and to Chronix's patents for use in transplantation medicine to such third party, and (iii) the Chronix Milestone Payments, 15% Royalty Payments and Transplant Sale Payment obligations were eliminated.

The fair value of the Chronix Contingent Consideration after the Chronix Merger Date is reassessed by Oncocyte as changes in circumstances and conditions occur, with the subsequent change in fair value recorded in Oncocyte's consolidated statements of operations. During 2024, based on Oncocyte's reassessment of significant assumptions, there was an increase of approximately $3.4 million to the fair value of the Contingent Consideration primarily attributable to revised estimates of the possible future payouts and, accordingly, this increase was recorded as a change in fair value of contingent consideration in the consolidated statement of operations for the three months ended March 31, 2024.

Oncocyte uses a discounted cash flow valuation technique to determine the fair value of its Level 3 contingent consideration liabilities. The significant unobservable inputs used in Chronix's contingent consideration valuation on March 31, 2024, included: (i) a discount period, based on the related patent expiration dates, ranging from 9.6 years to 11.5 years, (ii) a discount rate of 14.6% to 15.6%, and (iii) a payout percentage of 10% based on the earnout

provision. The significant unobservable inputs used on March 31, 2023, included: (i) a discount period, based on the related patent expiration dates, ranging from 10.9 years to 12.7 years, (ii) a discount rate of 16.9% to 18.3%, and (iii) a payout percentage of 10% based on the earnout provision. Changes to significant unobservable inputs to different amounts could result in a significantly higher or lower fair value measurement at the reporting date.

The following tables reflect the activity for the Chronix Contingent Consideration measured at fair value using Level 3 inputs:

	Fair Value
	(In thousands)
Balance at December 31, 2022	$ 40,292
Change in estimated fair value	(16,087)
Balance at March 31, 2023	$ 24,205
Balance at December 31, 2023	$ 37,860
Change in estimated fair value	3,372
Balance at March 31, 2024	$ 41,232

4. Right-Of-Use and Financing Lease Assets, Net, Machinery and Equipment, Net, and Construction in Progress

Right-of-use and financing lease assets, net, machinery and equipment, net, and construction in progress were as follows:

	March 31, 2024	December 31, 2023
	(In thousands)	
Right-of-use and financing lease assets	$ 4,187	$ 4,036
Machinery, equipment and leasehold improvements	7,353	6,909
Accumulated depreciation and amortization	(6,136)	(6,235)
Right-of-use and financing lease assets and machinery and equipment, net	5,404	4,710
Construction in progress	323	726
Total	$ 5,727	$ 5,436

Fixed asset depreciation and amortization expense amounted to $ 313,000 and $450,000 for the three months ended March 31, 2024 and 2023, respectively.

5. Intangible Assets, Net

As part of the Insight and Chronix acquisitions completed on January 31, 2020 and April 15, 2021, respectively, the Company has acquired IPR&D and customer relationships (see Note 3).

During the first quarter of 2023, due to changes in management and the economic condition of the Company, management shifted the Company's business strategy to direct efforts on fewer studies and to transition from tests that are laboratory developed tests to research use only sales. Due to the change in strategy, the Company's long range plan forecasts were updated and anticipated future benefits derived from the Company's assets. The change in strategy represent a significant indicator for change in value of the Company's long-lived assets. The original IPR&D balances were reassessed based on the updated long range plan, using the multi-period excess earnings method ("MPEEM") approach, the results of the valuation noted that the carrying value of the DetermaIO related IPR&D intangible assets was greater than the fair market value, whereas the CNI and VitaGraft related IPR&D intangible assets carrying value was lower than the fair market value. Accordingly, the Company recorded an impairment of approximately $5.0 million related to DetermaIO as of March 31, 2023.

The MPEEM valuation approach is a discounted cash flow valuation technique and was used to determine the Level 3 fair value of Insight's IPR&D discussed above. The significant unobservable inputs used as of March 31, 2023, included: (i) a discount period of 20.0 years, based on the expected life of patent, (ii) a royalty rate of 0.3%, and (iii) a weighted average cost of capital rate of 30.0%. This valuation approach yielded a fair value of $9.7 million as of March 31, 2023. As market conditions change, the Company will re-evaluate assumptions used in the determination of fair value for IPR&D and is uncertain to the extent of the volatility in the unobservable inputs in the foreseeable future. Refer to Note 2, "Intangible Assets" for additional IPR&D information.

Intangible assets, net, consisted of the following:

	March 31, 2024	December 31, 2023
	(In thousands)	
Intangible assets:		
Acquired IPR&D - DetermaIO™ (1)	$ 9,700	$ 9,700
Acquired IPR&D - DetermaCNI™ and VitaGraft™ (2)	46,800	46,800
Intangible assets subject to amortization:		
Acquired intangible assets - customer relationship	440	440
Total intangible assets	56,940	56,940
Accumulated amortization - customer relationship(3)	(367)	(345)
Intangible assets, net	$ 56,573	$ 56,595

(1) See Note 3 for information on the Insight Merger.

(2) See Note 3 for information on the Chronix Merger.

(3) Amortization of intangible assets is included in "Cost of revenues – amortization of acquired intangibles" on the consolidated statements of operations because the intangible assets pertain directly to the revenues generated from the acquired intangibles.

Intangible asset amortization expense amounted to $ 22,000 for the three months ended March 31, 2024 and 2023.

Future amortization expense of intangible assets subject to amortization is as follows:

	Amortization
	(In thousands)
Year ending December 31,	
2024	$ 66
2025	7
	$ 73

6. Commitments and Contingencies

Office and Facilities Leases

Irvine Office Lease

On December 23, 2019, Oncocyte and Cushing Ventures, LLC ("Landlord") entered into an Office Lease Agreement (the "Irvine Lease") of a building containing approximately 26,800 square feet of rentable space located at 15 Cushing in Irvine, California (the "Premises") that serves as Oncocyte's principal executive and administrative offices.

The Irvine Lease has an initial term of 89 calendar months (the "Term"), which commenced on June 1, 2020 (the "Commencement Date") and will end September 2027. Oncocyte has an option to extend the Term for a period of five years (the "Extended Term").

Oncocyte agreed to pay base monthly rent in the amount of $ 61,640 during the first 12 months of the Term. Base monthly rent increases annually, over the base monthly rent then in effect, by 3.5%. Oncocyte was entitled to an abatement of 50% of the base monthly rent during the first ten calendar months of the Term. If the Irvine Lease is terminated based on the occurrence of an "event of default," Oncocyte will be obligated to pay the abated rent to the lessor.

If Oncocyte exercises its option to extend the Term, the initial base monthly rent during the Extended Term will be the greater of the base monthly rent in effect during the last year of the Term or the prevailing market rate. The prevailing market rate will be determined based on annual rental rates per square foot for comparable space in the area where the Premises are located. If Oncocyte does not agree with the prevailing market rate proposed by the lessor, the rate may be determined through an appraisal process. The base monthly rent during the Extended Term shall be subject to the same annual rent adjustment as applicable for base monthly rent during the Term.

In addition to base monthly rent, Oncocyte agreed to pay in monthly installments (a) all costs and expenses, other than certain excluded expenses, incurred by the lessor in each calendar year in connection with operating, maintaining, repairing (including replacements if repairs are not feasible or would not be effective) and managing the Premises and the building in which the Premises are located ("Expenses"), and (b) all real estate taxes and assessments on the Premises and the building in which the Premises are located, all personal property taxes for property that is owned by lessor and used in connection with the operation, maintenance and repair of the Premises, and costs and fees incurred in connection with seeking reductions in such tax liabilities ("Taxes"). Subject to certain exceptions, Expenses shall not be increased by more than 4% annually on a cumulative, compounded basis.

Oncocyte was entitled to an abatement of its obligations to pay Expenses and Taxes while constructing improvements to the Premises constituting "Tenant's Work" under the Irvine Lease prior to the Commencement Date, except that Oncocyte was obligated to pay 43.7% of Expenses and Taxes during the period prior to the Commencement Date for its use of the second floor of the Premises, which was already built out as office space.

The lessor provided Oncocyte with a "Tenant Improvement Allowance" in the amount of $ 1.3 million to pay for the plan, design, permitting, and construction of the improvements constituting Tenant's Work. The lessor retained 1.5% of the Tenant Improvement Allowance as an administrative fee as provided in the Irvine Lease. As of June 2021, the lessor had provided $1.3 million of the total Tenant Improvement Allowance, which is being amortized over the Term.

Oncocyte has provided the lessor with a security deposit in the amount of $ 150,000 and a letter of credit in the amount of $ 1.7 million. The lessor may apply the security deposit, in whole or in part, for the payment of rent and any other amount that Oncocyte is or becomes obligated to pay under the Irvine Lease but fails to pay when due and beyond any cure period. The lessor may draw on the letter of credit from time to time to pay any amount that is unpaid and due, or if the original issuing bank notifies the lessor that the letter of credit will not be renewed or extended for the period required under the Irvine Lease and Oncocyte fails to timely provide a replacement letter of credit, or an event of default under the Irvine Lease occurs and continues beyond the applicable cure period, or if certain insolvency or bankruptcy or insolvency with respect to Oncocyte occur. Oncocyte is required to restore any portion of the security deposit that is applied by the lessor to payments due under the Irvine Lease, and Oncocyte is required to restore the amount available under the letter of credit to the required amount if any portion of the letter of credit is drawn by the lessor. The Irvine Lease provides that commencing on the 34th month of the Term, (a) the amount of the letter of credit that Oncocyte is required to maintain shall be reduced on a monthly basis, in equal installments, to amortize the required amount to zero at the end of the Term, and (b) Oncocyte has the right to cancel the letter of credit at any time if it meets certain market capitalization and balance sheets thresholds; provided, in each case, that Oncocyte is not in then default under the Irvine Lease beyond any applicable notice and cure period and the lessor has not determined that an event exists that would lead to an event of default. As of March 31, 2024, to date, Oncocyte is not in default based on any provision of the Irvine Lease, however, neither provision discussed in the preceding are currently available to Oncocyte based on the lessor's related rights.

To obtain the letter of credit, Oncocyte has provided the issuing bank with a restricted cash deposit that the bank will hold to cover its obligation to pay any draws on the letter of credit by the lessor. The restricted cash may not be used for any other purpose, accordingly, Oncocyte has reflected $1.7 million as restricted cash in the accompanying consolidated balance sheets.

Irvine Office Sublease

On August 8, 2023, Oncocyte and Induce Biologics USA, Inc. ("Subtenant") entered into a Sublease Agreement (the "Sublease Agreement"), which subsequently became effective as of September 14, 2023, upon the execution and delivery by the Company, Subtenant, and Landlord, of that certain Landlord's Consent to Sublease dated September 12, 2023 (the "Consent Agreement"), under which Landlord consented to the Sublease Agreement, on the terms and subject to the conditions set forth therein. The Sublease Agreement is subject and subordinate to the Irvine Lease.

Under the Sublease Agreement, the Company agreed to initially sublet to Subtenant a portion of the Premises consisting of approximately 13,400 square feet of rentable space for a term (the "Initial Period") commencing on the date that is 120 days after the effective date of the Consent Agreement (the "Commencement Date") and ending on the date that is 18 months following the Commencement Date or such earlier date as Subtenant may elect upon the exercise of its one-time option to accelerate such date upon 90 days prior written notice to the Company (the date on which the Initial Period ends, the "Expansion Date"). On the Expansion Date, the portion of the Premises that is subleased to Subtenant under the Sublease Agreement will automatically increase to include the remaining portion of the Premises, which consists of approximately 13,400 square feet of additional rentable space for a term (the "Expansion Period") beginning on the Expansion Date through the expiration of the Irvine Lease on October 31, 2027, unless earlier terminated.

The Sublease Agreement provides that, from and after the Commencement Date, Subtenant will pay to the Company monthly base rent in the following amounts: (i) $36,850 for rental periods beginning on the Commencement Date and ending on or before December 31, 2024 (subject to adjustment in the event that Subtenant exercises its option to accelerate the Expansion Date, such that the Expansion Period begins prior to December 31, 2024); (ii) $37,955 for rental periods beginning on or after January 1, 2025 and ending on or before June 20, 2025 (subject to adjustment in the event that Subtenant exercises its option to accelerate the Expansion Date, such that the Expansion Period begins prior to June 20, 2025); (iii) $75,844 for rental periods beginning on or after July 1, 2025 and ending on or before December 31, 2025; (iv) $78,188 for rental periods beginning on or after January 1, 2026 and ending on or before December 31, 2026; and (v) $80,534 for rental periods beginning on or after January 1, 2027 and ending on or before October 31, 2027.

Following the Commencement Date, Subtenant will be responsible for the payment of Additional Rent, including Expenses and Taxes (as each such term is defined in the Irvine Lease), provided that, with respect to the Initial Period, Subtenant will be responsible for only 50% of the Expenses and Taxes due. In addition, Subtenant will pay the Company a security deposit in the amount of $101,987 in connection with the transactions contemplated by the Sublease Agreement.

The Sublease Agreement contains customary provisions with respect to, among other things, Subtenant's obligation to comply with the Irvine Lease and applicable laws, the payment of utilities and similar services utilized by Subtenant with respect its use of the Premises, the indemnification of the Company by Subtenant, and the right of the Company to terminate the Sublease Agreement in its entirety and retake the Premises if Subtenant fails to remedy certain defaults of its obligations under the Sublease Agreement within specified time periods.

Nashville Leases

Insight operates a CLIA-certified laboratory and has additional office space located at 2 International Plaza, Nashville, Tennessee, under lease arrangements with MPC Holdings, LLC. In August 2021, the Company entered into a lease agreement to add an additional suite to its Nashville office space, containing 1,928 square feet for an aggregate of 8,362 square feet of rentable space as of December 31, 2023. The term of the leases was scheduled to end in April 2024.

On January 1, 2024, the Company renewed its exiting leases with MPC Holdings, LLC and added a new lease agreement to further expand its Nashville office space. The new lease contains 2,319 square feet for an aggregate of 10,681 square feet of rentable space. Lab space is approximately 4,826 square feet of the total. The new lease agreements each have an initial term of 36 months, which commenced on January 1, 2024 and will end in January 2027. The Company has the option to renew the term of each lease for four additional one year periods.

The office and facilities leases discussed above are operating leases under ASC 842 and are included in the tables below. The tables below provide the amounts recorded in connection with the application of ASC 842 for Oncocyte's operating and financing leases (see Note 2 for additional policy information).

Financing Lease

As of March 31, 2024 and December 31, 2023, Oncocyte had no financing lease obligations. Previously, we had one such lease for certain laboratory equipment, which was paid in full during 2023. Oncocyte's lease obligations were collateralized by the equipment financed under the lease schedule.

Operating and Financing Leases

The following table presents supplemental balance sheet information related to operating and financing leases:

	March 31, 2024	December 31, 2023
	(In thousands)	
Operating lease		
Right-of-use assets, net	$ 2,199	$ 1,637
Right-of-use lease liabilities, current	$ 821	$ 628
Right-of-use lease liabilities, noncurrent	2,412	2,102
Total operating lease liabilities	$ 3,233	$ 2,730
Financing lease		
Machinery and equipment	$ 537	$ 537
Accumulated depreciation	(537)	(537)
Machinery and equipment, net	$ -	$ -
Weighted average remaining lease term:		
Operating lease	3.4 years	3.7 years
Weighted average discount rate:		
Operating lease	10.38%	11.31%

Future minimum lease commitments are as follows:

	Operating Leases
	(In thousands)
Year Ending December 31,	
2024	$ 834
2025	1,144
2026	1,182
2027	696
Total minimum lease payments	3,856
Less amounts representing interest	(623)
Present value of net minimum lease payments	$ 3,233

The following table presents supplemental cash flow information related to operating and financing leases:

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Cash paid for amounts included in the measurement of financing lease liabilities:		
Operating cash flows from operating leases	$ 272	$ 286
Operating cash flows from financing leases	-	$ 3
Financing cash flows from financing leases	-	$ 28

The Company incurred total lease cost, including short-term lease expenses, of $ 92,000 and $263,000, which was net of sublease income of $ 173,000 and 12,000, for the three months ended March 31, 2024 and 2023, respectively.

Litigation – General

Oncocyte may be subject to various claims and contingencies in the ordinary course of its business, including those related to litigation, business transactions, employee-related matters, and other matters. When Oncocyte is aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, Oncocyte will record a liability for the loss. If the loss is not probable or the amount of the loss cannot be reasonably estimated, Oncocyte discloses the claim if the likelihood of a potential loss is reasonably possible and the amount involved could be material.

Tax Filings

Oncocyte tax filings are subject to audit by taxing authorities in jurisdictions where it conducts business. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities or potentially through the courts. Management believes Oncocyte has adequately provided for any ultimate amounts that are likely to result from these audits; however, final assessments, if any, could be significantly different than the amounts recorded in the consolidated financial statements.

Employment Contracts

Oncocyte has entered into employment and severance benefit contracts with certain executive officers. Under the provisions of the contracts, Oncocyte may be required to incur severance obligations for matters relating to changes in control, as defined, and certain terminations of executives. As of March 31, 2024 and December 31, 2023, Oncocyte has accrued approximately $2.4 million and $2.5 million, respectively, in severance obligations for certain executive officers, in accordance with the severance benefit provisions of their respective employment and severance benefit agreements, primarily related to Oncocyte's acquisition of Chronix in 2021. For the periods presented, management has classified the $2.3 million accrued severance obligations related to the Chronix acquisition as current based on our expectations of the timing of product commercialization and subsequent revenues that trigger the payouts.

Indemnification

In the normal course of business, Oncocyte may provide indemnification of varying scope under Oncocyte's agreements with other companies or consultants, typically Oncocyte's clinical research organizations, investigators, clinical sites, suppliers and others. Pursuant to these agreements, Oncocyte will generally agree to indemnify, hold harmless, and reimburse the indemnified parties for losses and expenses suffered or incurred by the indemnified parties arising from claims of third parties in connection with the use or testing of Oncocyte's diagnostic tests. Indemnification provisions could also cover third party infringement claims with respect to patent rights, copyrights, or other intellectual property pertaining to Oncocyte's diagnostic tests. Oncocyte's office and laboratory facility leases also will generally contain indemnification obligations, including obligations for indemnification of the lessor for environmental law matters and injuries to persons or property of others, arising from Oncocyte's use or occupancy of the leased property. The term of these indemnification agreements will generally continue in effect after the termination or expiration of the particular research, development, services, lease, or license agreement to which they relate. The Razor Stock Purchase Agreement also contains provisions under which Oncocyte has agreed to indemnify Razor and Encore Clinical, Inc., a former stockholder of Razor, from losses and expenses resulting from breaches or inaccuracy of Oncocyte's representations and warranties and breaches or nonfulfillment of Oncocyte's covenants, agreements, and obligations under the Razor Stock Purchase Agreement. Oncocyte periodically enters into underwriting and securities sales agreements with broker-dealers in connection with the offer and sale of Oncocyte securities. The terms of those underwriting and securities sales agreements include indemnification provisions pursuant to which Oncocyte agrees to indemnify the broker-dealers from certain liabilities, including liabilities arising under the Securities Act, in connection with the offer and sale of Oncocyte securities. The potential future payments Oncocyte could be required to make under these indemnification agreements will generally not be subject to any specified maximum amounts. Historically, Oncocyte has not been subject to any claims or demands for indemnification. Oncocyte also maintains various liability insurance policies that limit Oncocyte's financial exposure. As a result, Oncocyte management believes that the fair value of these indemnification agreements is minimal. Accordingly, Oncocyte has not recorded any liabilities for these agreements as of March 31, 2024 and December 31, 2023.

7. Series A Redeemable Convertible Preferred Stock and Shareholders' Equity

Series A Redeemable Convertible Preferred Stock

On April 13, 2022, the Company entered into a Securities Purchase Agreement with institutional accredited investors (the "Investors") in a registered direct offering of 11,765 shares of the Company's Series A Preferred Stock, which shares of Series A Preferred Stock are convertible into a total of 384,477 shares of common stock, at a conversion price of $ 30.60. The purchase price of each share of Series A Preferred Stock was $ 850, which included an original issue discount to the stated value of $1,000 per share. The rights, preferences and privileges of the Series A Preferred Stock are set forth in the Company's Certificate of Determination, which the Company filed with the Secretary of State of the State of California. The Securities Purchase Agreement provides that the closing of the Series A Preferred Stock offering will occur, subject to the satisfaction of certain closing conditions, in two equal tranches of $5,000,000 each for aggregate gross proceeds from both closings of $ 10,000,000. The first closing occurred on June 1, 2022, and Oncocyte received net proceeds of approximately $4.9 million from the Series A Preferred Stock issued from the first tranche. The second closing would occur, subject to the satisfaction of certain closing conditions (including but not limited to a requirement that the Company has not received, in the 12 months preceding the second closing, a notice from The Nasdaq Stock Market LLC ("Nasdaq") that the Company is not in compliance with the listing and maintenance and listing requirements of Nasdaq), on the earlier of (a) the second trading day following the date that Oncocyte receives notice from an Investor to accelerate the second closing and (b) a date selected by Oncocyte on or after October 8, 2022 and on or prior to March 8, 2023. On August 9, 2022, Oncocyte received a letter from Nasdaq indicating that the Company no longer met the minimum bid price requirement of the Nasdaq continued listing requirements. Accordingly, the second closing did not occur and no additional proceeds were received under the Securities Purchase Agreement. On August 8, 2023, the Company received a letter from Nasdaq indicating that the Company had regained compliance with the minimum bid price requirement of the Nasdaq continued listing requirements.

The Series A Preferred Stock is convertible into shares of the Company's common stock at any time at the holder's option. The conversion price will be subject to customary anti-dilution adjustments for matters such as stock splits, stock dividends and other distributions on our common stock, and recapitalizations. A holder is prohibited from converting shares of Series A Preferred Stock into shares of common stock if, as a result of such conversion, the holder, together with its affiliates, would own more than 4.99% of the shares of our common stock then issued and outstanding (provided a holder may elect, at the first closing, to increase such beneficial ownership limitation solely as to itself up to 19.99% of the number of shares of our common stock outstanding immediately after giving effect to the conversion, provided further that following the receipt of shareholder approval required by applicable Nasdaq rules with respect to the issuance of common stock that would exceed the beneficial ownership limitation, such beneficial ownership limitation will no longer apply to the holder if the holder notified the Company that the holder wishes the Company to seek such shareholder approval). On July 15, 2022, the Company received such shareholder approval to remove the beneficial ownership limitation with respect to the Series A Preferred Stock held by Broadwood Partners, L.P. ("Broadwood"). The Company may force the conversion of up to one-third of the shares of Series A Preferred Stock originally issued, subject to customary equity conditions, if the daily volume weighted average price of our common stock for 20 out of 30 trading days exceeds 140% of the conversion price and on 20 out of the same 30 trading days the daily trading volume equals or exceeds 20,000 shares of our common stock. The Company may only effect one forced conversion during any 30-trading day period.

In the event of the Company's liquidation, dissolution, or winding up, holders of Series A Preferred Stock will receive a payment equal to the stated value of the Series A Preferred Stock plus accrued but unpaid dividends and any other amounts that may have become payable on the Series A Preferred Stock due to any failure or delay that may have occurred in issuing shares of common stock upon conversion of a portion of the Series A Preferred Stock, before any distribution or payment to the holders of common stock or any of our other junior equity.

Shares of Series A Preferred Stock generally have no voting rights, except as required by law and except that the consent of holders of a majority of the outstanding Series A Preferred Stock will be required to amend any provision of our certificate of incorporation that would have a materially adverse effect on the rights of the holders of the Series A Preferred Stock. Additionally, as long as any shares of Series A Preferred Stock remain outstanding, unless the holders of at least 51% of the then outstanding shares of Series A Preferred Stock shall have otherwise given prior written consent, we, on a consolidated basis with our subsidiaries, are not permitted to (1) have less than $8 million of unrestricted, unencumbered cash on hand ("Cash Minimum Requirement"); (2) other than certain permitted indebtedness, incur indebtedness to the extent that our aggregate indebtedness exceeds $15 million; (3) enter into any agreement (including any indenture, credit agreement or other debt instrument) that by its terms prohibits, prevents, or otherwise limits our ability to pay dividends on, or redeem, the Series A Preferred Stock in accordance with the terms of the Certificate of Determination; or (4) authorize or issue any class or series of preferred stock or other capital stock of the Company that ranks senior or pari passu with the Series A Preferred Stock.

Shares of Series A Preferred Stock are entitled to receive cumulative dividends at a rate per share (as a percentage of stated value) of 6% per annum, payable quarterly in cash or, at our option, by accreting such dividends to the stated value. As of March 31, 2024, the Company has elected to accrete dividends of $557,000, net of the April 2023 redemption, with respect to shares of Series A Preferred Stock.

The Company is required to redeem, for cash, the shares of Series A Preferred Stock on the earlier to occur of (1) April 8, 2024, (2) the commencement of certain a voluntary or involuntary bankruptcy, receivership, or similar proceedings against the Company or its assets, (3) a Change of Control Transaction (as defined herein) and (4) at the election and upon notice of 51% in interest of the holders, if the Company fails to meet the Cash Minimum Requirement. A "Change of Control Transaction" means the occurrence of any of (a) an acquisition by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Securities Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 50% of the voting securities of the Company (other than by means of conversion of Series A Preferred Stock), (b) the Company merges into or consolidates with any other person, or any person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the Company or the successor entity of such transaction, or (c) the Company sells or transfers all or substantially all of its assets to another person. Additionally, the Company has the right to redeem the Series A Preferred Stock for cash upon 30 days prior notice to the holders; provided if the Company undertakes a capital raise in connection with such redemption, the Investors will have the right to participate in such financing. On April 5, 2023, the Company redeemed 1,064 shares of the Series A Preferred Stock for approximately $ 1.1 million (see "Common Stock – April 2023 Offering" below). In connection with the April 5, 2023 redemption, the Company recorded a deemed dividend of $118,000 based on the difference between the Series A Preferred Stock redemption value and carrying value.

The issuance and sale of the Series A Preferred Stock was completed pursuant to the Company's effective shelf registration statement on Form S-3 (Registration No. 333-256650), filed with the SEC on May 28, 2021 and declared effective by the SEC on June 8, 2021, and an accompanying prospectus dated June 8, 2021 as supplemented by a prospectus supplement dated April 13, 2022.

As of March 31, 2024 and December 31, 2023, Oncocyte had 4,818, shares issued and outstanding.

In connection with the Company's private placement as discussed in Note 12, "Subsequent Events," the Company used approximately $ 5.4 million of the

net proceeds to redeem the remaining 4,818 shares of its Series A Redeemable Convertible Preferred Stock on April 15, 2024.

Preferred Stock

As of March 31, 2024 and December 31, 2023, Oncocyte has 5,000,000 shares of preferred stock, no-par value, authorized. As of March 31, 2024 and December 31, 2023, Oncocyte had no shares of preferred stock issued and outstanding.

Common Stock

As of March 31, 2024 and December 31, 2023, Oncocyte has 230,000,000 shares of common stock, no-par value, authorized. As of March 31, 2024 and December 31, 2023, Oncocyte had 8,273,073 and 8,261,073 shares of common stock issued and outstanding, respectively.

Underwritten Offering

On April 13, 2022, Oncocyte entered into an underwriting agreement (the "Underwriting Agreement") with BTIG, LLC, as representative of the underwriters named therein (the "Underwriters"), pursuant to which the Company agreed to issue and sell to the Underwriters an aggregate of 1,313,320 shares of common stock and 1,313,320 warrants to purchase up to 656,660 shares of common stock ("April 2022 Warrants"). Each share of common stock and the accompanying April 2022 Warrant was sold at a combined offering price of $26.65, representing an offering price of $26.45 per share of common stock and $0.20 per accompanying April 2022 Warrant, before underwriting discounts and commissions.

Under the terms of the Underwriting Agreement, the Company also granted to the Underwriters an over-allotment option, exercisable in whole or in part at any time for a period of 30 days from the date of the Underwriting Agreement, to purchase up to an additional 196,998 shares of common stock and 196,998 April 2022 Warrants to purchase 98,499 shares of common stock to cover over-allotments, if any. The over-allotment option may be exercised separately for shares of common stock at a price to the underwriters of $24.85 per share, and April 2022 Warrants at a price of $ 0.20 per April 2022 Warrant. On April 14, 2022, the Underwriters exercised their option to purchase the 196,998 April 2022 Warrants pursuant to the over-allotment option but did not exercise their option to purchase the additional 196,998 shares of common stock.

The Company received net proceeds of approximately $32.8 million from the Underwritten Offering, which includes the April 2022 Warrants sold upon the exercise of the Underwriters' overallotment option. The Underwritten Offering closed on April 19, 2022. Refer to Note 9, "Related Party Transactions" for additional information.

The Underwritten Offering was made pursuant to the Company's effective "shelf" registration statement on Form S-3 (Registration No. 333-256650) filed with the SEC on May 28, 2021 and declared effective by the SEC on June 8, 2021, and an accompanying prospectus dated June 8, 2021 as supplemented by a prospectus supplement dated April 13, 2022.

April 2023 Offering

On April 3, 2023, Oncocyte entered into an agreement with certain members of the Company's board of directors, and several institutional and accredited investors, including Broadwood, the Company's largest shareholder, and certain members of the Company's board of directors (and certain of their affiliated parties), relating to their purchase of an aggregate of up to 2,278,121 shares of its common stock at an offering price of $ 7.08 per share to board members and $6.03 per share to the other investors participating in the April 2023 Offering. The April 2023 Offering was intended to be priced at-the-market for purposes of complying with applicable Nasdaq Listing Rules. The Company issued an aggregate of 2,274,709 shares of common stock from this offering, as further discussed in Note 9, "Related Party Transactions". The aggregate gross proceeds from the offering were approximately $13.9 million. The Company used approximately $1.1 million of the net proceeds to immediately redeem an aggregate of 1,064 shares of its Series A Preferred Stock.

Securities Purchase Agreement

On April 11, 2024, Oncocyte entered into a private placement securities purchase agreement with certain accredited investors. The gross proceeds from the private placement were approximately $15.8 million. See Note 12, "Subsequent Events" for additional information.

Restricted Stock Issuance

In August 2023, the Company issued 9,091 shares of restricted common stock in connection with an ongoing consulting service arrangement for a total fair value of $36,000. In March 2024, the Company issued 12,000 shares of restricted common stock to the same consulting firm for a total fair value of $36,000.

Common Stock Purchase Warrants

As of March 31, 2024 and December 31, 2023, Oncocyte had common stock purchase warrants issued and outstanding of 773,366 and 819,767, respectively. During the quarter ended March 2024, 46,401 warrants expired. As of March 31, 2024, the outstanding warrants had exercise prices ranging from $30.60 to $109.20 per warrant, are set to expire on various dates ranging from August 2024 to October 2029, and have a weighted average remaining life of 3.02 years. Certain warrants have "cashless exercise" provisions meaning that the value of a portion of warrant shares may be used to pay the exercise price rather than payment in cash, which may be exercised under any circumstances in the case of the Bank Warrants discussed below or, in the case of certain other warrants, only if a registration statement for the warrants and underlying shares of common stock is not effective under the Securities Act or a prospectus in the registration statement is not available for the issuance of shares upon the exercise of the warrants. All of the outstanding warrants meet the equity classification criteria and have been classified as equity, refer to Note 2, "Accounting for Warrants" for additional information.

Bank Warrants

In connection with a loan that matured in September 2022 from Silicon Valley Bank ("the Bank"), in February 2017, Oncocyte issued common stock purchase warrants to the Bank (the "2017 Bank Warrants"). The Bank was issued warrants to purchase 412 shares of Oncocyte common stock at an

exercise price of $97.00 per share, through February 21, 2027. In March 2017, the Bank was issued warrants to purchase an additional 366 shares at an exercise price of $109.20 per share, through March 23, 2027. In October 2019, Oncocyte issued a common stock purchase warrant to the Bank (the "2019 Bank Warrant") entitling the Bank to purchase 4,928 shares of Oncocyte common stock at an exercise price of $ 33.80 per share, through October 17, 2029. The Bank may elect to exercise the 2017 Bank Warrants and the 2019 Bank Warrant on a "cashless exercise" basis and receive a number of shares determined by multiplying the number of shares for which the Bank Warrant is being exercised by (A) the excess of the fair market value of the common stock over the applicable Warrant Price, divided by (B) the fair market value of the common stock. The fair market value of the common stock will be last closing or sale price on a national securities exchange, interdealer quotation system, or over-the-counter market. These warrants meet the equity classification criteria and have been classified as equity. As of March 31, 2024, to date, no Bank Warrants have been exercised.

8. Stock-Based Compensation

Equity Incentive Plan

On August 27, 2018, Oncocyte shareholders approved a new Equity Incentive Plan (the "2018 Incentive Plan") to replace the 2010 Stock Option Plan (the "2010 Plan"). In adopting the 2018 Incentive Plan, Oncocyte terminated the 2010 Plan and ceased to grant any additional stock options or sell any stock under restricted stock purchase agreements under the 2010 Plan; however, stock options issued under the 2010 Plan continue in effect in accordance with their terms and the terms of the 2010 Plan until the exercise or expiration of the individual options. Total remaining stock options outstanding under the 2010 Plan as of March 31, 2024 and December 31, 2023 were 16,217.

As of March 31, 2024, 1,310,000 aggregate shares of common stock were reserved for issuance under the equity incentive plans for the grant of stock options or the sale of restricted stock or for the settlement of RSUs. Oncocyte may also grant stock appreciation rights under the 2018 Incentive Plan. Upon the exercise of stock options, the sale of restricted stock, or the delivery of shares pursuant to vested RSUs, it is Oncocyte's policy to issue new shares of common stock. The Board may amend or modify the 2018 Incentive Plan at any time, subject to any required stockholder approval. As of March 31, 2024, 462,652 shares are available for grant under the 2018 Incentive Plan.

Plan Activity

A summary of Oncocyte's 2010 Plan and 2018 Incentive Plan activity and related information follows:

	Options				Nonvested RSUs	
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Number Outstanding	Weighted Average Grant Date Fair Value
	(In thousands, except weighted average amounts)					
Balance at December 31, 2023	532	$ 24.56	8.3 years	$ -	5	$ 4.00
Options granted	-	$ -			n/a	n/a
RSUs granted	n/a	n/a			-	$ -
Options exercised	-	$ -		$ -	n/a	n/a
RSUs vested	n/a	n/a			-	$ -
Options forfeited/expired	(17)	$ 56.06			n/a	n/a
RSUs forfeited	n/a	n/a			-	$ -
Balance at March 31, 2024	515	$ 23.56	8.23 years	$ -	5	$ 4.00
Options vested and expected to vest at March 31, 2024	515	$ 23.56	8.23 years	$ -		
Options exercisable at March 31, 2024	193	$ 46.03	6.83 years	$ -		
Stock-based compensation expense for the period	$ 413				$ 5	
Unrecognized stock-based compensation expense	$ 2,212				$ 4	
Weighted average remaining recognition period	1.93 years				0.23 years	

During the three months ended March 31, 2024, the Company did not grant any stock options. During the three months ended March 31, 2023, the Company granted 138,934 stock options with a weighted average grant date fair value of $ 7.34. The assumptions used to calculate the Black-Scholes grant date fair value of the time-based awards were as follows:

	Three Months Ended March 31,	
	2024	2023
Expected life	-	6.26 years
Risk-free interest rates	-	3.72%
Volatility	-	107.64%
Dividend yield	-	0%

In August 2023, the Company awarded 120,000 stock option grants with market-based and time-based vesting conditions to certain executives. The fair value of such awards was estimated using the Monte Carlo simulation model. Assumptions and estimates utilized in the model include the risk-free interest rate, dividend yield, expected stock volatility and the estimated period to achievement of the performance and market conditions, which are subject to the achievement of the market-based goals established by the Company and the continued employment of the executives through December 31, 2025. These awards vest only to the extent that the market-based conditions are satisfied as specified in the vesting conditions. The grant date fair value and associated compensation cost of the market-based awards reflect the probability of the market condition being achieved, and the Company will recognize this compensation cost regardless of the actual achievement of the market condition. Assumptions utilized in connection with the Monte Carlo valuation technique included: estimated risk-free interest rate of 4.81 percent; term of 6.19 years; expected volatility of 91.0 percent; and expected dividend yield of 0 percent. The risk-free interest rate was determined based on the yields available on U.S. Treasury zero-coupon issues. The expected stock price volatility was determined using historical volatility. The expected dividend yield was based on expectations regarding dividend payments. Based on the market-based conditions, the grant date fair values of these awards ranged from $1.09 to $1.74, amounting to a total fair value of approximately $156,000.

No RSUs were granted during the three months ended March 31, 2024 and 2023. The aggregate fair value of RSUs vested during the three months ended March 31, 2023 was $79,000. No RSUs vested during the three months ended March 31, 2024.

ONCOCYTE CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Oncocyte recorded stock-based compensation expense in the following categories on the accompanying consolidated statements of operations:

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Cost of revenues	$ 2	$ 10
Research and development	207	323
Sales and marketing	42	77
General and administrative	167	406
Expense included in discontinued operations	-	18
Total	$ 418	$ 834

Total unrecognized stock-based compensation expense as of March 31, 2024 was $ 2.2 million, which will be amortized over a weighted average remaining recognition period of 1.93 years.

Other Information

The determination of stock-based compensation is inherently uncertain and subjective and involves the application of valuation models and assumptions requiring the use of judgment. If Oncocyte had made different assumptions, its stock-based compensation expense and net loss for the periods presented may have been significantly different. Refer to Note 2 for additional information.

Oncocyte does not recognize deferred income taxes for incentive stock option compensation expense and records a tax deduction only when a disqualified disposition has occurred.

9. Related Party Transactions

Financing Transactions

On April 13, 2022, Oncocyte entered into the Securities Purchase Agreement with the Investors, including Broadwood and John Peter Gutfreund, a former director of Oncocyte, for the Series A Preferred Stock offering. Each of Broadwood and Mr. Gutfreund has a direct material interest in the Series A Preferred Stock offering and agreed to purchase 5,882.35 and 1,176.48 shares, respectively, in the Series A Preferred Stock offering and on the same terms as other investors. Additionally, Halle Capital Management, L.P. received $ 85,000 from the Company as reimbursement for its legal fees and expenses. Mr. Gutfreund is the Managing Partner of Halle Capital Management, L.P. On April 5, 2023, Oncocyte redeemed all of the 588.23529 shares of Series A Preferred Stock held by Mr. Gutfreund for $ 618,672.34. Mr. Gutfreund is no longer a related party as of June 23, 2023. See Note 7 for additional information about the Series A Preferred Stock offering.

Further, on April 13, 2022, Oncocyte entered into the Underwriting Agreement with the Underwriters for the Underwritten Offering. Pursuant to the Underwritten Offering, Broadwood acquired from us (i) 261,032 shares of common stock, and (ii) 300,187 April 2022 Warrants to purchase up to 150,093 shares of common stock at an exercise price of $30.60 per share. However, the total number of shares of common stock that Broadwood purchased in the Underwritten Offering was 300,187, of which 39,154 existing shares were acquired by the underwriters in the open market and re-sold to Broadwood. Pura Vida acquired from us (i) 249,204 shares of common stock, and (ii) 286,585 April 2022 Warrants to purchase up to 143,292 shares of common stock. However, the total number of shares of common stock that Pura Vida purchased in the Underwritten Offering was 286,585, of which 37,380 existing shares were acquired by the underwriters in the open market and re-sold to Pura Vida. Halle Special Situations Fund LLC purchased from us (i) 309,976 shares of common stock, and (ii) 356,472 2022 Warrants to purchase up to 178,236 shares of common stock. Mr. Gutfreund is the investment manager and a control person of Halle Capital Partners GP LLC, the managing member of Halle Special Situations Fund LLC. However, the total number of shares of common stock that Halle Special Situations Fund LLC purchased in the Underwritten was 356,472, of which 46,496 existing shares were acquired by the underwriters in the open market and re-sold to Halle Special Situations Fund LLC. See Note 7 for additional information about the Underwritten Offering.

ONCOCYTE CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On April 3, 2023, Oncocyte entered into a securities purchase agreement with certain investors, including Broadwood, Pura Vida and entities affiliated with AWM, and certain individuals, including our Chairman Andrew Arno and former director John Peter Gutfreund (and certain of their affiliated parties), which provided for the sale and issuance by the Company of an aggregate of 2,274,709 shares of common stock at an offering price of: (i) $6.03 to investors who are not considered to be “insiders” of the Company pursuant to Nasdaq Listing Rules (“Insiders”), which amount reflected the average closing price of the Common Stock on Nasdaq during the five trading day period immediately prior to pricing, and (ii) $7.08 to Insiders, which amount reflected the final closing price of the Common Stock on Nasdaq on the last trading day immediately prior to pricing. Broadwood purchased 1,341,381 shares of common stock for $8,093,361.84, Pura Vida purchased 33,150 shares of common stock for $ 200,013.84 and entities affiliated with AWM purchased 472,354 shares of common stock for $ 2,849,999.92. Mr. Arno and his affiliated parties purchased 21,162 shares of common stock for $150,000.51, and Mr. Gutfreund and his affiliated parties purchased 85,250 for $604,252.00.

On April 11, 2024, Oncocyte entered into a securities purchase agreement (the “Purchase Agreement”) with certain investors, including Broadwood, entities affiliated with AWM, Bio-Rad Laboratories, Inc. (“Bio-Rad”), and certain individuals, including our Chairman Andrew Arno, which provided for the issuance and sale in a private placement (the “Private Placement”) of an aggregate of 5,076,900 shares of common stock and pre-funded warrants (“Pre-Funded Warrants”) to purchase up to 342,888 shares of common stock. The purchase price for one share of common stock was $2.9164, and the purchase price for one Pre-Funded Warrant was $2.9163. Insiders subscribed for 42,373 of the shares of common stock sold in the Private Placement, at a purchase price of $2.95 per share of common stock, which amount reflected the final closing price of the common stock on Nasdaq on the last trading day immediately prior to pricing. Broadwood purchased 2,420,000 shares of common stock for $7,057,688, entities affiliated with AWM purchased 342,889 shares of common stock and 342,889 Pre-Funded Warrants for $2,000,000, and Bio-Rad purchased 1,200,109 shares of common stock for $3,499,998. Mr. Arno purchased 33,898 shares of common stock for $100,000. Our director Andrew Last is the Executive Vice President and Chief Operating Officer of Bio-Rad. See Note 12, “Subsequent Events” for additional information.

Other Transactions

The Company previously employed the son of Andrew Arno, Chairman of the Board as its Senior Manager, Investor Relations, Corporate Planning & Development. The total compensation paid by the Company to Mr. Arno's son since January 1, 2022 is approximately $200,000. Mr. Arno's son is no longer an employee of the Company as of July 28, 2023.

During 2023, Oncocyte purchased $581,000 in laboratory equipment and incurred $375,000 in laboratory related expenses from Bio-Rad. During the three months ended March 31, 2024, there were no such transactions with Bio-Rad. As of March 31, 2024 and December 31, 2023, Oncocyte's accounts payable due to Bio-Rad was zero and $206,000, respectively. Our director Andrew Last is the Executive Vice President and Chief Operating Officer of Bio-Rad.

On April 5, 2024, the Company entered into an agreement with Bio-Rad to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products (the "Collaboration Agreement"). Under the Collaboration Agreement, Bio-Rad agreed to purchase shares of our common stock equal to 9.99% of the total number of shares of common stock issued and outstanding immediately after the closing of such investment, provided that the total purchase price would not exceed $3,500,000 unless Bio-Rad chooses to exceed such limit (the "Bio-Rad Investment"). The Bio-Rad Investment was completed in connection with the Private Placement. In addition, we will pay Bio-Rad a single digit royalty payment based on certain net sales under the Collaboration Agreement, and Bio-Rad has an option for the exclusive right to promote, market and sell certain kits worldwide subject to certain conditions. If and when such option is exercised, Bio-Rad will purchase additional shares of our common stock, at then then-current market price per share, up to a specified maximum aggregate purchase price. Our director Dr. Last recused himself from all Board discussions related to transactions with Bio-Rad. See Note 12, "Subsequent Events" for additional information.

10. Co-Development Agreement with Life Technologies Corporation

In January 2022, Oncocyte entered into a collaboration agreement (the "LTC Agreement") with Life Technologies Corporation, a Delaware corporation and subsidiary of Thermo Fisher Scientific ("LTC"), in order to partner in the development and collaborate in the commercialization of Thermo Fisher Scientific's existing Oncomine Comprehensive Assay Plus and Oncocyte's DetermaIO assay for use with LTC's Ion Torrent™ Genexus™ Integrated Sequencer and LTC's Ion Torrent™ Genexus™ Purification System in order to obtain *in vitro* diagnostic regulatory approval. In February 2023, Oncocyte entered into a Termination Agreement with LTC, pursuant to which the parties terminated the LTC Agreement. As of the termination date, Oncocyte was responsible for reimbursing LTC for $749,000 of certain development costs under the terms of the LTC Agreement, which were fully paid in 2023.

11. Discontinued Operations of Razor

On December 15, 2022, the Company entered into the Razor Stock Purchase Agreement with Dragon and Razor. Pursuant to the Razor Stock Purchase Agreement, Oncocyte agreed to sell, and Dragon agreed to purchase, 3,188,181 shares of common stock of Razor, which constitutes approximately 70% of the issued and outstanding equity interests of Razor on a fully-diluted basis. On February 16, 2023, Oncocyte completed the Razor Sale Transaction. In connection with the Razor Closing, Oncocyte transferred to Razor all of the assets and liabilities related to DetermaRx. Refer to additional Razor information in Note 1.

In addition to the transfer of 70% of the equity interests of Razor, the Razor Stock Purchase Agreement provided that Dragon would purchase furniture, fixtures, and equipment from the Company for a cash consideration of approximately $116,000. Upon the Razor Closing, the Company deconsolidated the assets and liabilities of Razor as control of Razor has transferred to Dragon.

The Company recorded the final adjustment related to the disposal, including final working capital adjustments, and recognized an impairment loss of $1.3 million during the first quarter of 2023. Including the impairment losses we recognized as of December 31, 2022 related to this transaction, we recorded an overall impairment loss of $27.2 million.

The operating results for Razor have been recorded in discontinued operations of the accompanying consolidated statement of operations and we have reclassified the remaining liabilities as discontinued operations in the accompanying balance sheets. For the three months ended March 31, 2023, discontinued operations reflect operating results of Razor up to the closing of the sale.

The Company's consolidated balance sheets and consolidated statements of operations report discontinued operations separate from continuing operations. Our consolidated statements of comprehensive loss, statements of shareholders' equity and statement of cash flows combined continuing and discontinued operations. A summary of financial information related to the Company's discontinued operations is as follows.

As of December 31, 2023, the Company's consolidated balance sheet included $45,000 in accounts payable related to discontinued operations. As of March 31, 2024, no balances remain related to Razor.

The following table represents the results of the discontinued operations of Razor:

	Three Months Ended March 31, 2023
	(In thousands)
Net revenue	$ 421
Cost of revenues	507
Research and development	702
Sales and marketing	498
General and administrative	329
Loss from impairment of held for sale assets	1,311
Net loss from discontinued operations	$ (2,926)

The following table summarizes cash used related to the discontinued operations of Razor:

	Three Months Ended March 31, 2023
	(In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net cash used in operating activities	$ (4,357)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net cash used in investing activities	$ (1,372)

12. Subsequent Events

Collaboration Agreement

On April 5, 2024, the Company entered into a Collaboration Agreement with Bio-Rad to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products using Bio-Rad's ddPCR instruments and reagents. The Collaboration Agreement has a term of 10 years unless earlier terminated pursuant to customary termination provisions.

The Collaboration Agreement provides that through the oversight of a joint steering committee comprised of representatives from both parties, the parties will collaborate on the development of (i) the Company's series of GraftAssure™ Transplant Monitoring Assays to measure and test the concentration of donor-derived cell free DNA for research use only (the "RUO Assays"); and (ii) the Company's VitaGraft™ Transplant Monitoring Assays that have received regulatory approval as an in vitro diagnostic device (the "IVD Kits") for exclusive use on one or more Bio-Rad ddPCR instruments. Pursuant to the Collaboration Agreement, and toward the development of the RUO Assays and the IVD Kits, the Company will collect and screen samples, conduct feasibility testing and stability studies, and perform analytical validation, among other things; and Bio-Rad will supply its ddPCR instruments and platforms as well as manufacture and supply all consumables.

Prior to the commercial launch of the RUO Assays, under the Collaboration Agreement, the parties will develop a plan to market and sell the RUO Assays. The Company will be responsible for the manufacture and supply of all RUO Assays, and Bio-Rad will supply to the Company Bio-Rad's ddPCR instruments and reagents for use in commercializing the RUO Assays, which products will be purchased by the Company exclusively from Bio-Rad. The Company and Bio-Rad will be jointly responsible for co-promoting and co-marketing the RUO Assays within the United States and Germany (the "Territory"). The Company has the exclusive right to sell the RUO Assays in the Territory exclusively with the use of Bio-Rad ddPCR instruments and reagents. Bio-Rad will be responsible for promoting and marketing, and has the exclusive right to sell, the RUO Assays outside the Territory. For the sales of the RUO Assays in the Territory, the Company will pay to Bio-Rad a single digit royalty payment based on net sales. The Company will manufacture and supply the RUO Assays to Bio-Rad for resale outside the Territory.

Additionally, the Collaboration Agreement provides Bio-Rad an option for the exclusive right to promote, market and sell IVD Kits worldwide subject to certain conditions. If and when such option is exercised, Bio-Rad will purchase additional shares of the Company's common stock, no par value per share ("Common Stock"), at the then-current market price per share, up to a specified maximum aggregate purchase price, and the Company will manufacture and supply IVD Kits exclusively for Bio-Rad. See Note 9 for additional information.

Securities Purchase Agreement

On April 11, 2024, the Company entered into the Purchase Agreement with certain accredited investors (collectively, the "Purchasers") for the issuance and sale in the Private Placement of an aggregate of 5,076,900 shares (the "Common Shares") of Common Stock and Pre-Funded Warrants to purchase up to 342,888 shares of Common Stock, with an exercise price of $ 0.0001 per share. The purchase price for one Common Share was $ 2.9164, and the purchase price for one Pre-Funded Warrant was $2.9163. Certain insiders of the Company subscribed for 42,373 of the shares of Common Stock sold in the Private Placement, at a purchase price of $2.95 per share of Common Stock. The closing of the Private Placement occurred on April 15, 2024. The Purchase Agreement contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company and the Purchasers, including for liabilities under the Securities Act of 1933, as amended, other obligations of the parties and termination provisions.

A holder of the Pre-Funded Warrants may not exercise any portion of such holder's Pre-Funded Warrants to the extent that the holder, together with its affiliates, would beneficially own more than 4.99% (or, at the election of the holder, 9.99%) of the Company's outstanding shares of Common Stock immediately after exercise, except that upon at least 61 days' prior notice from the holder to the Company, the holder may increase the beneficial ownership limitation to up to 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the exercise. See Note 9 for additional information.

In connection with the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement"), dated as of April 11, 2024, with the Purchasers, pursuant to which the Company agreed to prepare and file a registration statement with the SEC registering the resale of the Common Shares and the shares of Common Stock underlying the Pre-Funded Warrants no later than 30 days after the date of the Registration Rights Agreement, and to use best efforts to have the registration statement declared effective as promptly as practical thereafter, and in any event no later than 60 days following the date of the Registration Rights Agreement (or 75 days following the date of the Registration Rights Agreement in the event of a "full review" by the SEC). On May 10, 2024, the Company filed the registration statement on Form S-3 with the SEC.

The gross proceeds to the Company from the Private Placement were approximately $ 15.8 million, before deducting approximately $529,000 in placement agent fees and expenses and estimated offering expenses payable by the Company. The Company intends to use the net proceeds received from the Private Placement for general corporate purposes and working capital. In addition, approximately $5.4 million of the proceeds from the Private Placement was used to redeem the outstanding shares of the Company's Series A Redeemable Convertible Preferred Stock, no par value per share (See Note 7).

Needham & Company, LLC served as the Company's exclusive placement agent in connection with the Private Placement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide information necessary to understand our consolidated financial statements for the three months ended March 31, 2024 and 2023 included elsewhere in this Report, and highlight certain other information which, in the opinion of management, will enhance a reader's understanding of our financial condition, changes in financial condition and results of operations. These historical consolidated financial statements may not be indicative of our future performance. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks described throughout this filing, particularly under Risk Factors in this Report and those Risk Factors in Part I, Item 1A of our most recent Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the SEC. For additional information, refer to the section above entitled "Cautionary Note Regarding Forward-Looking Statements."

Overview

We are a precision diagnostics company focused on developing and commercializing proprietary tests in three areas: VitaGraft is a blood-based solid organ transplantation monitoring test, DetermaIO is a gene expression test that assesses the tumor microenvironment to predict response to immunotherapies, and DetermaCNI is a blood-based monitoring tool for monitoring therapeutic efficacy in cancer patients.

We are continuing to develop DetermaIO, a test with promising data supporting its potential to help identify patients likely to respond to checkpoint inhibitor drugs. This new class of drugs modulate the immune response and show activity in multiple solid tumor types including non-small cell lung cancer, and triple negative breast cancer. DetermaIO is presently available for research use through our Pharma Services operations but one of our goals is to complete development of that assay and to make it available for clinical use later in 2024. We also perform other assay development and clinical testing services for pharmaceutical and biotechnology companies through our Pharma Services operations. This test is currently available as part of an early access program with leaders in the immuno-oncology field. A kitted research product format of the underlying technology began proof-of-concept development in 2023. The application of immunotherapy is a global problem, so we expect partnering opportunities for each of our products as they reach clinical maturity.

During 2021, we added to our diagnostic test pipeline VitaGraft, a blood-based solid organ transplantation monitoring test, and DetermaCNI, a patented, blood-based test from Chronix for immunotherapy monitoring. We successfully completed the technology transfer of VitaGraft to our laboratory in Nashville, Tennessee in the second quarter of 2022. The assay is analytically and clinically validated in three major solid organ transplant types (kidney, liver and heart) by peer reviewed international publications. We received a positive coverage decision from MolDx for VitaGraft Kidney in August of 2023, and it became commercially available for ordering in January 2024 through our CLIA Laboratory in Nashville, Tennessee. VitaGraft Kidney is now broadly available to transplant professionals upon request. In April 2024, we entered into an agreement to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products. See Note 12, "Subsequent Events," to our consolidated financial statements included elsewhere in this Report for additional information.

The inherent uncertainties of developing and commercializing new diagnostic tests for medical use make it impossible to predict the amount of time and expense that will be required to complete the development and commercialization of those tests. There is no assurance that we will be successful in developing new technology or diagnostic tests, or that any technology or diagnostic tests that we may develop will be proven safe and effective in diagnosis of cancer in humans or will be successfully commercialized.

We expect that our operating expenses will continue to increase if we successfully complete the development of DetermaIO and commercialize this test. We have hired a sales and marketing team. We also acquired a laboratory in Germany through our completed merger with Chronix and we will incur additional expenses resulting from our continued investment in Chronix. We are continuing to seek other opportunities to acquire ownership of or marketing rights to additional cancer tests. Because of the expected time frame to apply for and receive Medicare reimbursement approval for our tests, our pre-Medicare approval revenues from commercialization of our tests and revenues from services we perform for pharmaceutical companies are not expected to cover our operating expenses. We will need to obtain additional financing for our operations until such time as we generate sufficient revenues from the commercialization of our tests to cover our operating expenses. Our determination as to when we will seek new financing and the amount of financing that we will need will be based on our evaluation of the progress we make in our research and development programs, any changes to or the expansion of the scope and focus of our research, progress and results of commercializing our tests after completion of development, progress in receiving Medicare and other payor reimbursement approval, and our projection of future costs. See "Liquidity and Capital Resources" below for a discussion of our available capital resources, our need for future financing, and possible sources of capital.

Recent Developments

Collaboration Agreement

On April 5, 2024, we entered into an agreement to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products. See Note 12, "Subsequent Events," to our consolidated financial statements included elsewhere in this Report for additional information.

Securities Purchase Agreement

On April 11, 2024, we entered into a private placement securities purchase agreement with certain accredited investors. The gross proceeds from the private placement were approximately $15.8 million. See Note 12, "Subsequent Events," to our consolidated financial statements included elsewhere in this Report for additional information.

Results of Operations

Summary Results of Operations

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)			
Net revenue	$ 176	$ 297	$ (121)	-41%
Cost of revenues	252	265	(13)	-5%
Cost of revenues – amortization of acquired intangibles	22	22	-	0%
Research and development	2,169	2,127	42	2%
Sales and marketing	846	695	151	22%
General and administrative	2,673	3,412	(739)	-22%

Change in fair value of contingent consideration	3,312	(18,307)	21,619	-118%
Impairment loss	-	4,950	(4,950)	-100%
Impairment loss on held for sale assets	169	1,283	(1,114)	-87%
(Loss) income from operations	(9,267)	5,850	(15,117)	-258%
Total other income	138	109	29	27%
(Loss) income before income taxes	(9,129)	5,959	(15,088)	-253%
Income taxes	-	-	-	0%
(Loss) income from continuing operations	(9,129)	5,959	(15,088)	-253%
Loss from discontinued operations (Note 11)	-	(2,926)	2,926	-100%
Net (loss) income	$ (9,129)	$ 3,033	$ (12,162)	-401%

Results of Operations – Three Months Ended March 31, 2024 Compared with the Three Months Ended March 31, 2023

Revenues decreased to $176,000 for the three months ended March 31, 2024, as compared to $297,000 in the prior period, due to decreased revenues in Pharma Services.

Loss from continuing operations was $9.1 million for the three months ended March 31, 2024, compared to income of $6.0 million for the comparable prior period. The loss from continuing operations increase of $15.1 million was mainly due to the change in fair value of contingent consideration, and the changes in Pharm Services revenue, operating expenses and other income and expenses from continuing operations as follows:

- Pharma Services revenue decreased by $143,000 due to a decreased number of contracts performed during the period. See below for additional information.

- Cost of revenues decreased by $13,000, primarily related to labor and allocated overhead associated with performing our Pharma Services. See below for additional information.

- Cost of revenues - amortization of acquired intangibles was unchanged, and relates to noncash amortization of acquired intangible assets such as our customer relationship intangible assets acquired as part of the Insight merger.
- Research and development expenses increased by $42,000, as we continue development of DetermaIO, VitaGraft and DetermaCNI. The main drivers of the increase were personnel-related expenses and professional fees, partially offset by depreciation and amortization, and stock-based compensation (see below for additional details).

- Sales and marketing expenses increased by $151,000, primarily attributable to continued ramp in sales, marketing and advertising activities related to the transplant business, as well as supporting the commercialization efforts within oncology. The main driver of the increase was personnel-related expenses (see below for additional details).

- General and administrative expenses decreased by $739,000, primarily due to decreases in stock-based compensation, personnel-related expenses, professional fees, and facilities and insurance expenses. See below for additional details.

- Change in fair value of contingent consideration was a loss of $3.3 million in 2024 compared to a gain of $18.3 million in 2023. This change was due to changes in the fair value model inputs and revised estimates on if and when future payouts will occur. The change is also driven by the Chronix Amendment during the first quarter of 2023, which amended the earnout considerations, and eliminated the Chronix Milestone Payments, 15% Royalty Payments and Sale Payment obligations (see Note 3 to our consolidated financial statements included elsewhere in this Report). See below for additional information.

- The prior year impairment loss relates to in-process research and development intangible assets (see Note 5 to our consolidated financial statements included elsewhere in this Report).

- Impairment loss on held for sale assets relates to various agreements to sell laboratory equipment and the subsequent necessary fair value adjustments. See Note 2, “Assets Held for Sale and Discontinued Operations,” to our consolidated financial statements included elsewhere in this Report for additional information.

- Total other income increased by $29,000, primarily due to additional interest income and miscellaneous income in 2024, compared to an unrealized gain on marketable equity securities in 2023. See below for additional information.

Revenues

The following table shows our service revenues:

	Three Months Ended March 31,			
	2024	**2023**	**$ Change**	**% Change**
	(In thousands, except percentage change values)			
Pharma Services	$ 154	$ 297	$ (143)	-48%
Laboratory developed test services	22	-	22	100%
Total	$ 176	$ 297	$ (121)	-41%

Pharma Services are generally performed on a time and materials basis. Upon our completion of the service to the customer in accordance with the contract, we have the right to bill the customer for the agreed upon price (either on a per test or per deliverable basis) and recognize the Pharma Services revenue at that time, on an accrual basis. Pharma Services revenues are generated under discrete agreements for particular customer projects that generally expire with the completion or termination of the customer’s project. Accordingly, different customers may account for greater or lesser portions of Pharma Services during different accounting periods, and Pharma Services revenues may exhibit a larger variance from accounting period to accounting period than other revenues such as laboratory developed test services revenue. Refer to Note 2, “Revenue Recognition – Pharma Services Revenue” and “Disaggregation of Revenues and Concentrations of Credit Risk,” to our consolidated financial statements included elsewhere in this Report for additional information.

Laboratory developed test services generally relate to payments received from sales prior to the Razor Sale Transaction. We generated revenue from performing DetermaRx tests on clinical samples through orders received from physicians, hospitals, and other healthcare providers. For all payers other than Medicare, we must consider the novelty of the test, the uncertainty of receiving payment, or being subject to claims for a refund, from payers with whom it does not have a sufficient payment collection history or contractual reimbursement agreements. Accordingly, for those payers, we have

recognized revenue upon payment. Refer to Note 2, “Revenue Recognition – Laboratory Developed Test Services,” to our consolidated financial statements included elsewhere in this Report for additional information.

Cost of Revenues

Cost of revenues generally consists of cost of materials, direct labor including payroll, payroll taxes, bonus, benefit and stock-based compensation, equipment and infrastructure expenses, clinical sample costs associated with performing Pharma Services, and amortization of acquired intangible assets. Infrastructure expenses include depreciation of laboratory equipment, allocated rent costs and leasehold improvements. Cost of revenues for Pharma Services varies depending on the nature, timing, and scope of customer projects.

Research and Development Expenses

A summary of the main drivers of the change in research and development expenses is as follows:

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)			
Personnel-related expenses	$ 1,042	$ 923	$ 119	13%
Depreciation and amortization	237	363	(126)	-35%
Share-based compensation	207	323	(116)	-36%
Laboratory supplies and expenses	247	242	5	2%
Facilities and insurance	186	138	48	35%
Professional fees, legal, and outside services	234	103	131	127%
Other	16	12	4	33%
Clinical trials	-	23	(23)	-100%
Total	$ 2,169	$ 2,127	$ 42	2%
% of Net Revenue	1232%	716%		516%

We expect to continue to incur a significant amount of research and development expenses during the foreseeable future. We will continue development of DetermaIO and VitaGraft. Our future research and development efforts and expenses will also depend on the amount of capital that we are able to raise to finance those activities and whether we acquire rights to any new diagnostic tests. A portion of our costs for leasing and operating our CLIA laboratory in Tennessee, and in Germany with Chronix, will also be included in research and development expenses to the extent allocated to the development of our diagnostic tests.

We may commence clinical trials of DetermaIO if we develop that diagnostic test to the point where we determine that its use as a clinical diagnostic appears to be feasible.

Sales and Marketing Expenses

A summary of the main drivers of the change in sales and marketing expenses is as follows:

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)			
Personnel-related expenses	$ 615	$ 429	$ 186	43%
Share-based compensation	42	77	(35)	-45%
Facilities and insurance	32	51	(19)	-37%
Professional fees, legal, and outside services	73	94	(21)	-22%
Marketing & Advertising	38	20	18	90%
Other	46	24	22	92%
Total	$ 846	$ 695	$ 151	22%
% of Net Revenue	481%	234%		247%

We expect to continue to incur sales and marketing expenses during the foreseeable future as we complete product development and begin commercialization efforts for DetermaIO as a clinical test. Sales and marketing expenses will also increase if we successfully develop and begin commercializing DetermaCNI, and VitaGraft, or if we acquire and commercialize other diagnostic tests. Our commercialization efforts and expenses will also depend on the amount of capital that we are able to raise to finance commercialization of our tests. Our future expenditures on sales and marketing will also depend on the amount of revenue that those efforts are likely to generate. Because physicians are more likely to prescribe a test for their patients if the cost is covered by Medicare or health insurance, demand for our diagnostic and other tests and our expenditures on sales and marketing are likely to increase if our diagnostic or other tests qualify for reimbursement by Medicare or private health insurance companies.

General and Administrative Expenses

A summary of the main drivers of the change in general and administrative expenses is as follows:

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)			
Personnel-related expenses and board fees	$ 1,016	$ 1,191	$ (175)	-15%
Professional fees, legal, and outside services	858	1,017	(159)	-16%
Facilities and insurance	475	673	(198)	-29%
Share-based compensation	167	407	(240)	-59%

Other	157	124	33	27%
Total	$ 2,673	$ 3,412	$ (739)	-22%
% of Net Revenue	1519%	1149%		370%

Change in Fair Value of Contingent Consideration

We will pay contingent consideration if various payment milestones are triggered under the merger agreements through which we acquired Insight and Chronix. See Note 3 to our consolidated financial statements included elsewhere in this Report. Changes in the fair value of the contingent consideration will be based on our reassessment of the key assumptions underlying the determination of this liability as changes in circumstances and conditions occur from the Insight and Chronix acquisition dates to the reporting periods being presented, with the subsequent changes in fair value recorded as part of our consolidated results from operations for such periods. See above change explanation for additional information.

Other Income and Expenses

Other income and expenses are primarily comprised of interest income and expense, and unrealized gains/losses from marketable equity securities, which were sold in 2023 (see Note 2, “Marketable Equity Securities,” to our consolidated financial statements included elsewhere in this Report). Interest income is earned from money market funds we hold for capital preservation. Interest expense was incurred mainly from insurance financing activity and our financing lease obligations (see Note 6).

Income Taxes

We did not record any provision or benefit for income taxes for the three months ended March 31, 2024 and 2023, as we had a full valuation allowance for the periods presented (see Note 2 to our consolidated financial statements included elsewhere in this Report).

A valuation allowance is provided when it is more-likely-than-not that some portion of the deferred tax assets will not be realized. We established a full valuation allowance for all periods presented due to the uncertainty of realizing future tax benefits from our net operating loss carry-forwards and other deferred tax assets.

Inflation

Although historically not significant to our results of operations, financial condition and cash flows, we may experience inflationary pressures, primarily in personnel costs and with certain laboratory supplies. The extent of any future impacts from inflation on our business and our results of operations will be dependent upon how long elevated inflation levels persist and the extent to which the rate of inflation were to increase, if at all, neither of which we are able to predict. If elevated levels of inflation were to persist or if the rate of inflation were to accelerate, the purchasing power of our cash and cash equivalents may be diminished, our expenses could increase faster than anticipated and we may utilize our capital resources sooner than expected. Further, given the complexities of the reimbursement landscape in which we operate, our payors may be unwilling or unable to increase reimbursement rates to compensate for inflationary impacts. As such, the effects of inflation may adversely impact our results of operations, financial condition and cash flows.

Liquidity and Capital Resources

Our foreseeable material cash requirements as of March 31, 2024, are recognized as liabilities or generally are otherwise described in Note 6, “Commitments and Contingencies,” to our consolidated financial statements included elsewhere in this Report. Cash requirements are generally derived from our operating and investing activities including expenditures for working capital, human capital, business development, investments in intellectual property, and business combinations. Our office lease obligations, net of sublease payments, and contingent consideration obligations are further described in Note 6 and Note 3, respectively. Historically, we have not entered into any off-balance sheet arrangements. As of March 31, 2024 and December 31, 2023, we had unrecognized tax benefits totaling $2.3 million (see Note 2, “Income Taxes”).

Since formation, we have financed our operations primarily through the sale of our common stock, preferred stock and warrants. We have incurred operating losses and negative cash flows since inception and had an accumulated deficit of $299.0 million as of March 31, 2024. At March 31, 2024, we had $5.6 million of cash and cash equivalents. We expect to continue to incur operating losses and negative cash flows for the near future. Our expectation to generate operating losses and negative operating cash flows in the future and the need for additional funding to support our planned operations raise substantial doubt regarding our ability to continue as a going concern for a period of one year after the date that the financial statements are issued (see Note 1).

On April 3, 2023, we entered into an agreement with certain members of our Board of Directors, and several institutional and accredited investors, including Broadwood, our largest shareholder, relating to their purchase of an aggregate of up to 2,278,121 shares of its common stock at an offering price of $7.08 per share to board members and $6.03 per share to the other investors participating in the offering (see Note 7). The offering was intended to be priced ‘at-the market’ for purposes of complying with applicable Nasdaq Listing Rules. The aggregate gross proceeds from the offering were approximately $13.9 million before deducting offering expenses payable by us. We used approximately $1.1 million of the net proceeds to immediately redeem an aggregate of 1,064 shares of our Series A Redeemable Convertible Preferred Stock.

On April 11, 2024, we entered into a private placement securities purchase agreement with certain accredited investors. The resulting net proceeds were approximately $9.9 million, after deducting offering expenses of $529,000 and for the redemption of all remaining shares of our Series A Redeemable Convertible Preferred Stock in the amount of $5.4 million (see Note 7). See Note 12, “Subsequent Events,” to our consolidated financial statements included elsewhere in this Report for additional information.

We expect that our general operating expenses will be commensurate with the market opportunity as we continue to manage our available cash. Although we intend to market our diagnostic tests in the United States through our own sales force, we are also beginning to make marketing arrangements with distributors in other countries. We may also explore a range of other commercialization options in order to enter overseas markets and to reduce our capital needs and expenditures, and the risks associated the timelines and uncertainty for attaining the Medicare reimbursement approvals that will be essential for the successful commercialization of additional cancer diagnostic tests. Those alternative arrangements could include marketing arrangements with other diagnostic companies through which we might receive a licensing fee and royalty on sales, or through which we might form a joint venture to market one or more tests and share in net revenues, in the United States or abroad.

On April 5, 2024, we entered into an agreement to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products. See Note 12, “Subsequent Events,” to our consolidated financial statements included elsewhere in this Report for additional information.

In addition to sales and marketing expenses, we will incur expenses from leasing and improving our offices and laboratory facilities in Nashville, Tennessee. During the third quarter of 2023, we entered into a sublease arrangement for our main office. On January 1, 2024, we expanded our Nashville facility by adding one new office lease and renewing and extending our existing leases.

We may need to meet significant cash payment or stock obligations to former Insight and Chronix shareholders in connection with our acquisition of those companies, as disclosed in Note 3 to the consolidated financial statements included elsewhere in this Report. To meet the future cash payment obligations, we may have to utilize cash on hand that would otherwise be available to us for other business and operational purposes, which could cause us to delay or reduce activities in the development and commercialization of our cancer tests.

We will need to continue to raise additional capital to finance our operations, including the development and commercialization of our diagnostic tests, and making payments that may become due under our obligations to former Chronix shareholders and former Insight shareholders, until such time as we are able to generate sufficient revenues to cover our operating expenses. Delays in the development of DetermaIO, or obtaining reimbursement coverage from Medicare for that diagnostic test and for the other diagnostic tests that we may develop or acquire, could prevent us from raising sufficient additional capital to finance the completion of development and commercial launch of those tests. Investors may be reluctant to provide us with capital until our tests are approved for reimbursement by Medicare or reimbursement by private healthcare insurers or healthcare providers, or until we begin generating significant amounts of revenue from performing those tests. The unavailability or inadequacy of financing or revenues to meet future capital needs could force us to modify, curtail, delay, or suspend some or all aspects of our planned operations. Sales of additional equity securities could result in the dilution of the interests of our shareholders. We cannot assure that adequate long-term financing will be available on favorable terms, if at all.

See Note 1 and Note 7 to our consolidated financial statements included elsewhere in this Report for additional information about our going concern discussion and equity offerings, respectively.

Cash Used in Operations

During the three months ended March 31, 2024, our total research and development expenses were $2.2 million, our sales and marketing expenses were $846,000, and our general and administrative expenses were $2.7 million. We also incurred $274,000 in total cost of revenues, including $22,000 amortization of intangible expenses. Consolidated net loss for the three months ended March 31, 2024 was $9.0 million, and our consolidated net cash used in operating activities amounted to $3.8 million. Our cash used in operating activities during 2024 did not include the following noncash items: $335,000 in depreciation and amortization expenses, $418,000 in stock-based compensation, $3.3 million loss from change in fair value of contingent consideration, $169,000 impairment loss on held for sale assets, and $46,000 in other equity compensation expenses. Changes in operating assets and liabilities were $1.0 million as a positive source of cash.

During the three months ended March 31, 2023, our total research and development expenses were $2.1 million, our sales and marketing expenses were $695,000, and our general and administrative expenses were $3.4 million. We also incurred $287,000 in total cost of revenues, including $22,000 amortization of intangible expenses. Consolidated net income for the three months ended March 31, 2023 was $3.0 million and net cash used in operating activities amounted to $8.3 million. Our cash used in operating activities during 2023 did not include the following noncash items: $834,000 in stock-based compensation, $18.3 million gain from change in fair value of contingent consideration, $5.0 million loss from an intangible asset impairment, $1.3 million impairment loss on held for sale assets, $472,000 in depreciation and amortization expenses, and $121,000 in unrealized gain on marketable equity securities. Changes in operating assets and liabilities were $2.0 million as an additional use of cash.

Cash Used in Investing Activities

During the three months ended March 31, 2024, net cash used in investing activities was $24,000 from cash paid for construction in progress and purchase of furniture and equipment.

During the three months ended March 31, 2023, net cash used in investing activities was $1.4 million from cash sold in discontinued operations.

Cash Used in Financing Activities

During the three months ended March 31, 2023, net cash used in financing activities was $28,000 from repayments of financing lease obligations.

Critical Accounting Estimates

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). In preparing these financial statements, we make assumptions, judgments and estimates that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis, we evaluate our assumptions, judgments and estimates and make changes accordingly.

We believe that of the significant accounting policies discussed in Note 2 to our consolidated financial statements included elsewhere in this Report, the following accounting policies involve a significant level of estimation uncertainty and require our most difficult, subjective or complex assumptions, judgments and estimates:

- Going Concern Assessment;
- Contingent Consideration Liabilities;
- Intangible Assets;
- Impairment of Long-Lived Assets;
- Revenue Recognition and Allowance for Credit Losses;
- Stock-Based Compensation; and
- Income Taxes.

Going Concern Assessment

We assess going concern uncertainty in our consolidated financial statements to determine if we have sufficient cash and cash equivalents on hand and working capital, including available loans or lines of credit, if any, to operate for a period of at least one year from the date our consolidated financial statements are issued (the “look-forward period”). As part of this assessment, based on conditions that are known and reasonably knowable to us, we consider various scenarios, forecasts, projections, and estimates, and we make certain key assumptions, including the timing and nature of projected cash expenditures or programs, and our ability to delay or curtail those expenditures or programs, if necessary, among other factors. Based on this assessment, as necessary or applicable, we make certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent we deem probable those implementations can be achieved and we have the proper authority to execute them within the look-forward period. For additional information, refer to Note 1 to our consolidated financial statements included elsewhere in this Report.

Contingent Consideration Liabilities

Contingent consideration is estimated and recorded at fair value as of the acquisition date as part of the total consideration transferred. Contingent consideration is an obligation of the acquirer to transfer additional assets or equity interests to the selling shareholders in the future if certain future events occur or conditions are met, such as the attainment of product development milestones. Contingent consideration also includes additional future payments to selling shareholders based on achievement of components of earnings, such as "earn-out" provisions or percentage of future revenues, including royalties paid to the selling shareholders based on a percentage of certain revenues generated.

The fair value of milestone-based contingent consideration was determined using a scenario analysis valuation method which incorporates our assumptions with respect to the likelihood of achievement of the milestones, as defined in the merger agreements, credit risk, timing of the contingent consideration payments and a risk-adjusted discount rate to estimate the present value of the expected payments, all of which require significant management judgment and assumptions. Since the contingent consideration payments are based on nonfinancial, binary events, management believes the use of the scenario analysis method is appropriate.

The fair value of royalty or revenue share-based contingent consideration was determined using a single scenario analysis method to value those payments. The single scenario method incorporates our assumptions with respect to specified future revenues generated over their respective useful lives, credit risk, and a risk-adjusted discount rate to estimate the present value of the expected royalty payments, all of which require significant management judgment and assumptions. Since the royalty-based contingent consideration payments are based on future revenues and linear payouts, management believes the use of the single scenario method is appropriate.

The fair value of contingent consideration after the acquisition date is reassessed by us as changes in circumstances and conditions occur, with the subsequent change in fair value recorded in our consolidated statements of operations. Changes in key assumptions can materially affect the estimated fair value of contingent consideration liabilities and, accordingly, the resulting gain or loss that we record in our consolidated financial statements. During the three months ended March 31, 2024 and 2023, we recorded a loss of $3.3 million and a gain of $18.3 million, respectively, related to the fair value of contingent consideration. As of March 31, 2024 and December 31, 2023, contingent consideration liabilities were $43.2 million and $39.9 million, respectively. For additional information, refer to Note 3 to our consolidated financial statements included elsewhere in this Report.

Intangible Assets

We consider various factors and risks for potential impairment of IPR&D intangible assets, including the current legal and regulatory environment and the competitive landscape. Adverse clinical trial results, significant delays or inability to obtain LCD from the Centers for Medicare and Medicaid Services for Medicare reimbursement for a diagnostic test, the inability to bring a diagnostic test to market and the introduction or advancement of competitors' diagnostic tests could result in partial or full impairment of the related intangible assets. Consequently, the eventual realized value of the IPR&D project may vary from its fair value at the date of acquisition, and IPR&D impairment charges may occur in future periods. During the period between completion or abandonment, the IPR&D assets will not be amortized but will be tested for impairment on an annual basis and between annual tests if we become aware of any events occurring or changes in circumstances that would indicate a reduction in the fair value of the IPR&D projects below their respective carrying amounts.

During the first quarter of 2023, due to changes in management and our economic condition, management shifted our business strategy to direct efforts on fewer studies and to transition from tests that are laboratory developed tests ("LDTs") to research use only sales. Due to the change in strategy, our long range plan forecasts were updated and anticipated future benefits derived from our assets. The change in strategy represent a significant indicator for change in value of our long-lived assets. The original IPR&D balances were reassessed based on the updated long range plan, using the multi-period excess earnings method ("MPEEM") approach, the results of the valuation noted that the carrying value of certain IPR&D intangible assets was greater than the fair market value. Accordingly, we recorded an impairment of approximately $5.0 million as of March 31, 2023. We did not record any additional adjustment as of March 31, 2024. For additional information, refer to Note 5 to our consolidated financial statements included elsewhere in this Report.

Impairment of Long-Lived Assets

We assess the impairment of long-lived assets, which consists primarily of long-lived intangible assets, right-of-use assets, and machinery and equipment, whenever events or changes in circumstances indicate that such assets might be impaired and the carrying value may not be recoverable. When such events or changes in circumstances are present, we estimate the future cash flows expected to result from the use of the asset (or asset group) and its eventual disposition. If the sum of the expected undiscounted future cash flows is less than the carrying amount, we recognize an impairment based on the fair value of such assets. During the three months ended March 31, 2024 and 2023, we recognized impairment losses on held for sales assets of $169,000 and $1.3 million, respectively. For additional information, refer to Note 2, "Assets Held for Sale and Discontinued Operations," to our consolidated financial statements included elsewhere in this Report.

Revenue Recognition and Allowance for Credit Losses

Pharma Services revenue

Pharma Services are generally performed under individual scope of work ("SOW") arrangements or license agreements (together with SOW the "Pharma Services Agreements") with specific deliverables defined by the customer. Pharma Services are performed on a (i) time and materials basis or (ii) per test completed basis. Upon completion of the service to the customer in accordance with a Pharma Services Agreement, we have the right to bill the customer for the agreed upon price (either on a per test or per deliverable basis) and recognizes Pharma Service revenue at that time. Insight identifies each sale of its Pharma Service offering as a single performance obligation. Chronix identifies the processing of test samples as a separate performance obligation (considered a series) within license agreements with customers. Completion of the service and satisfaction of the performance obligation is typically evidenced by access to the report or test made available to the customer or any other form or applicable manner of delivery defined in the Pharma Services Agreements. However, for certain SOWs under which work is performed pursuant to the customer's highly customized specifications, we have the enforceable right to bill the customer for work completed, rather than upon completion of the SOW. For those SOWs, we recognize revenue over a period during which the work is performed using a formula that accounts for expended efforts, generally measured in labor hours, as a percentage of total estimated efforts for the completion of the SOW. As performance obligations are satisfied under the Pharma Services Agreements, any amounts earned as revenue and billed to the customer are included in accounts receivable.

We establish an allowance for credit losses based on the evaluation of the collectability of its Pharma Services accounts receivables after considering a variety of factors, including the length of time receivables are past due, significant events that may impair the customer's ability to pay, such as a bankruptcy filing or deterioration in the customer's operating results or financial position, reasonable and supportable forecast that affect the collectability of the reported amount, and historical experience. We continuously monitor collections and payments from customers and maintains a provision for estimated credit losses and uncollectible accounts, if any, based upon its historical experience and any specific customer collection issues that have been

identified. Amounts determined to be uncollectible are written off against the credit loss reserve accounts. As of March 31, 2024 and December 31, 2023, we had an allowance for credit losses of $2,000 and $5,000, respectively, related to Pharma Services.

Laboratory Developed Test Services

Although we have billed a list price for all tests ordered and completed for all payer types, we consider constraints on the variable consideration when recognizing revenue for DetermaRx. Because DetermaRx is a novel test and there are no current reimbursement arrangements with third-party payers other than Medicare, the transaction price represents variable consideration. Application of the constraint for variable consideration is an area that requires significant judgment. For all payers other than Medicare, we must consider the novelty of the test, the uncertainty of receiving payment, or being subject to claims for a refund, from payers with whom it does not have a sufficient payment collection history or contractual reimbursement agreements. Accordingly, for those payers, we have recognized revenue upon payment because it has had insufficient history to reliably estimate payment patterns.

We maintained an allowance for credit losses related to Laboratory Developed Test Services at an amount we estimated to be sufficient to provide adequate protection against losses resulting from extending credit to our customers. We based this allowance, in the aggregate, on historical collection experience, age of receivables and general economic conditions, as well as specific identification of uncollectible accounts. We initially established an allowance in 2022 in connection with remaining Medicare and Medicare Advantage account balances and continued to add to the allowance as appropriate. In the first quarter of 2023, in connection with the adoption of the new current expected credit loss model, the Company determined that the Medicare and Medicare Advantage accounts receivable net balance of approximately $1.4 million was uncollectible and should therefore be written-off as of the adoption date, January 1, 2023. As of March 31, 2024 and December 31, 2023, we had no allowance for credit losses related to Laboratory Developed Test Services.

Stock-Based Compensation

We recognize compensation expense related to share-based payment awards made to employees, board directors and other non-employees based on estimated fair values. We estimate the fair value of stock-based payment awards on the grant date and recognize the resulting fair value over the requisite service period on a straight-line basis. For stock-based awards that vest only upon the attainment of one or more performance goals, compensation cost is recognized if and when we determine that it is probable that the performance condition or conditions will be, or have been, achieved. For grants with market-based and time-based vesting conditions, the fair value is estimated using the Monte Carlo simulation model, which includes the estimated period to achievement of the performance and market conditions, which are subject to the achievement of the market-based goals established by us and continued employment. We utilize the Black-Scholes option pricing model for determining the fair value of standard time-based stock options. Our determination of fair value of share-based payment awards on the date of grant using an option pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. We estimate the expected volatility using our own stock price volatility for a period equal to the expected term of the options. The expected term of options granted is based on our own experience. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. Key inputs and assumptions may change as we continue to develop our own company estimates, experience and key inputs including our expected term, and stock price volatility based on the trading history of our stock in the public market. Changes in these subjective assumptions can materially affect the estimated value of equity grants and the stock-based compensation that we record in our consolidated financial statements. During the three months ended March 31, 2024 and 2023, we recognized total stock-based compensation of $418,000 and $834,000, respectively. For additional information, refer to Note 8 to our consolidated financial statements included elsewhere in this Report.

Income Taxes

We account for income taxes in accordance with ASC 740, *Income Taxes*, which prescribes the use of the asset and liability method, whereby deferred tax asset or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect. The provision for income taxes for interim periods is determined using an estimated annual effective tax rate in accordance with ASC 740-270, *Income Taxes, Interim Reporting*. Valuation allowances are established when necessary to reduce deferred tax assets when it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized. Our judgments regarding future taxable income may change over time due to changes in market conditions, changes in tax laws, tax planning strategies or other factors. If our assumptions and consequently our estimates change in the future, the valuation allowance may be increased or decreased, which may have a material impact on our statements of operations.

The guidance also prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not sustainable upon examination by taxing authorities. We will recognize accrued interest and penalties, if any, related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of the financial statement periods presented herein. We account for uncertain tax positions by assessing all material positions taken in any assessment or challenge by relevant taxing authorities. We are currently unaware of any tax issues under review. Refer to Note 2, “Income Taxes,” to our consolidated financial statements included elsewhere in this Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Under SEC rules and regulations, as a smaller reporting company, we are not required to provide the information required by this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

It is management’s responsibility to establish and maintain adequate internal control over all financial reporting pursuant to Rule 13a-15 under the Securities Exchange Act. Our management, including our principal executive officer and principal financial officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Report. Following this review and evaluation, the principal executive officer and principal financial officer determined that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to management, including our principal executive officer, and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the quarterly period covered by this Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in routine litigation incidental to the conduct of our business. We are not presently involved in any material pending litigation or proceedings. See Note 6 to our consolidated financial statements included elsewhere in this Report for additional information regarding commitments and contingencies.

Item 1A. Risk Factors.

Our business, financial condition, results of operations and future growth prospects are subject to various risks, including those described in Item 1A "Risk Factors" of our Annual Report on Form 10-K, filed with the SEC on April 16, 2024, which we encourage you to review. Other than as noted below, there have been no material changes from the risk factors disclosed in our most recent Annual Report on Form 10-K.

Changes in the way the FDA regulates diagnostic tests developed by laboratories like ours could result in delays in commercialization (or if encountered after commercialization, requirements to halt the commercial provision of our tests until applicable FDA requirements are met), as well as additional expenses in offering our tests and tests that we may develop in the future.

Although the FDA has historically exercised enforcement discretion over most LDTs, it does not consider tests to be subject to this enforcement discretion if they were or are designed or manufactured completely, or partly, outside of the laboratory that offers and uses them, or if they are offered "over-the-counter" (as opposed to being available to patients only when prescribed by a health care provider). In recent years, however, the FDA has stated it intends to end its policy of general enforcement discretion and regulate certain LDTs as medical devices.

In September 2023, the FDA announced a proposed rule aimed at helping to ensure the safety and effectiveness of these tests. The proposed rule seeks to amend the FDA's regulations to make explicit that IVDs are devices under the FD&C Act, including when the manufacturer of the IVD is a laboratory. Along with this amendment, the FDA is proposing a policy under which the FDA intends to provide greater oversight of LDTs through a phaseout of its general enforcement discretion approach for most LDTs.

In October 2023, the FDA published the proposed rule entitled "Medical Devices; Laboratory Developed Tests." The final rule was released to the public on April 29, 2024, and then officially published in the Federal Register on May 6, 2024, with an effective date of July 5, 2024.

The final rule provides that the LDT enforcement policy phase-out process will occur in gradual stages over a total period of four years, with premarket approval applications for high-risk tests to be submitted by the 3.5-year mark. Moderate-risk and low-risks tests are expected to be in compliance at the 4-year mark, although FDA has stated that if premarket submissions are pending review it will continue to exercise enforcement discretion with respect to those tests. Litigation challenging the agency's authority to adopt this final rule is highly likely, although the outcome of such litigation is uncertain. Litigation challenging the final rule may also have an impact on the FDA's plans to implement these new LDT requirements, making the potential implementation timeline somewhat uncertain. Affected stakeholders continue to press for a comprehensive legislative solution to create a harmonized paradigm for oversight of LDTs by both the FDA and CMS, instead of implementation of the administrative agency action, which may be disruptive to the industry and to patient access to certain diagnostic tests. Until any regulatory changes become effective, the FDA is expected to continue to exercise enforcement discretion; although it may attempt to regulate certain LDTs on a case-by-case basis at any time, which could result in delay or additional expense in offering our tests and tests that we may develop in the future.

In addition, Congress has considered a number of legislative proposals in recent years that would amend the regulatory framework for LDTs, including, among other requirements, FDA premarket review of certain LDTs. In March 2020, the VALID Act, was officially introduced in Congress. The bill proposes a risk-based approach to regulate LDTs and creates a new in vitro clinical test, or IVCT, category of regulated products, which includes LDTs, and a regulatory structure under the FDA. As proposed, the bill grandfathers many existing tests from the proposed premarket approval, quality systems, and labeling requirements, respectively, but would require such tests to comply with other regulatory requirements (e.g., registration and listing, adverse event reporting). Later that month, Senator Paul introduced the VITAL Act, which proposes that all aspects of "laboratory-developed testing procedures" be subject to regulation under CLIA, and that no aspects of such procedures be subject to regulation by the FDA. We cannot predict if either of these bills will be enacted in their current (or any other) form and cannot quantify the effect of these bills on our business.

If the FDA were to ultimately regulate our tests for any reason, including new rules, policies, or guidance, or due to new legislation such as the proposed VALID Act, our tests may become subject to FDA requirements, including pre-market review. If required, the regulatory marketing authorization process may involve, among other things, successfully completing additional clinical trials and submitting a pre-market clearance (510(k)) submission or filing a *de novo* or pre-market approval application with the FDA. If pre-market review and approval is required by the FDA, we may need to incur additional expenses or require additional time to seek it, or we may be unable to satisfy FDA standards, and our tests may not be cleared or approved on a timely basis, if at all, and the labeling claims permitted by the FDA may not be consistent with our currently planned claims or adequate to support adoption of and reimbursement for our tests. Ongoing compliance with FDA regulations would increase the cost of conducting our business, and subject us to inspection by and the regulatory requirements of the FDA, for example registration and listing, adherence to good manufacturing practices under the Quality System Regulation, and medical device reporting, and enforcement action in the event we fail to comply with these requirements. Our laboratories are operating under CLIA and are not currently operating as device manufacturing facilities following FDA's Quality System Regulation. Because these standards differ, we may face challenges establishing FDA-compliant quality systems or be unable to do so. If after commercialization under the LDT framework our tests are allowed to remain on the market but there is uncertainty about the regulatory status of our tests, including questions that may be raised if competitors object to our regulatory positioning as an LDT, we may encounter ongoing regulatory and legal challenges and related costs. Such challenges or related developments (for example if the labeling claims the FDA allows us to make are more limited than the claims we currently plan to make) may impact our commercialization efforts as orders or reimbursement may be less than anticipated. Any of these regulatory developments may cause our business to suffer.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

On March 8, 2024, we issued to PCG Advisory, Inc. 12,000 shares of our common stock (the "PCG Shares"). The PCG Shares were issued without registration under the Securities Act in reliance on the exemption from registration under Section 4(a)(2).

Repurchases

None.

Item 3. Default Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.

(b) None.

(c) None.

Item 6. Exhibits.

Exhibit Numbers	Exhibit Description
4.1	Form of Pre-Funded Warrant (Incorporated by reference to Oncocyte Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2024)
10.1	Lease Agreement for Suite 103, dated January 1, 2024, between Insight Genetics, Inc. and MPC Holdings, LLC (Incorporated by reference to Oncocyte Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 16, 2024)
10.2	Lease Agreement for Suite 410, dated January 1, 2024, between Insight Genetics, Inc. and MPC Holdings, LLC (Incorporated by reference to Oncocyte Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 16, 2024)
10.3	Lease Agreement for Suite 510, dated January 1, 2024, between Insight Genetics, Inc. and MPC Holdings, LLC (Incorporated by reference to Oncocyte Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 16, 2024)
10.4	Securities Purchase Agreement, dated April 11, 2024, by and among the Company and the investors signatory thereto (Incorporated by reference to Oncocyte Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2024)
10.5	Registration Rights Agreement, dated April 11, 2024, by and among the Company and the investors signatory thereto (Incorporated by reference to Oncocyte Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2024)
10.6*	Collaboration Agreement, dated April 5, 2024, between the Company and Bio-Rad Laboratories, Inc.
31.1*	Certification of the Principal Executive Officer of Oncocyte Corporation pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Rule 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer of Oncocyte Corporation pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Rule 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive Data Files. The following financial statements from the Company's Report for the three months ended March 31, 2024 and 2023, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Series A Redeemable Convertible Preferred Stock and Shareholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104*	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)

*Filed herewith

**The certifications attached as Exhibit 32.1 that accompany this Report are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Oncocyte under the Securities Act, or the Securities Exchange Act, whether made before or after the date of this Report, regardless of any general incorporation language contained in any filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

ONCOCYTE CORPORATION

Date: May 15, 2024

/s/ Joshua Riggs
Joshua Riggs
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2024

/s/ James Liu
James Liu
Controller, Principal Accounting Officer and interim Principal Financial Officer
(Principal Financial Officer)

Exhibit 10.6

Certain information contained in this document, marked by brackets [***], has been omitted pursuant to Regulation S-K, Item 601(b)(10) because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

COLLABORATION AGREEMENT

This Collaboration Agreement (" **Agreement**") is made effective as of April 5, 2024 (the " **Effective Date**"), by and between Oncocyte Corporation, a California corporation having a place of business at 15 Cushing, Irvine, California 92618 ("**Oncocyte**"), and Bio-Rad Laboratories, Inc., a Delaware corporation having a place of business at 1000 Alfred Nobel Drive, Hercules, California 94547 ("**Bio-Rad**"). Hereinafter, each of Bio-Rad and Oncocyte are referred to as a "**Party**" and collectively as the " **Parties**."

BACKGROUND

Oncocyte is engaged in business that includes the development and commercialization of diagnostic assay services and products to provide clear insights to physicians and their patients that inform critical decisions in the diagnosis, treatment, and monitoring of cancer.

Bio-Rad is engaged in business that includes the manufacturing, supply and distribution of life science research and clinical diagnostics products in the life science research, healthcare, analytical chemistry and other markets.

Oncocyte and Bio-Rad wish to partner in the development, and collaborate in the commercialization, of RUO and IVD kitted transplant products using Bio-Rad ddPCR Instruments and Reagents (as defined below).

For convenience, the Parties have agreed to a phased approach to this Agreement; an RUO Phase and an IVD Phase. This Agreement is intended to govern the RUO Phase and the transition to the IVD Phase. The Joint Steering Committee (as defined below) will determine as necessary the additional documents and/or addendums necessary if and when the transitioning to the IVD Phase occurs.

Now, therefore, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Capitalized terms not defined in the text are defined below and have the meanings set forth therein whether used in singular or plural forms.

"**Activities**" means the activities to be undertaken pursuant to the Product Development Plan and the Product Commercialization Plan, as applicable, under this Agreement, on the terms contained herein.

"**Affiliate**" means any corporation or other business entity that is controlled by, controlling, or under common control with the affected Party or Third Party, wherein control means direct or indirect ownership of at least 50% (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) of the stock entitled to vote in the election of directors (or in the case of an entity that is not a corporation, for the election of the corresponding managing authority) or the power to direct or cause the direction of the management and policies of such corporation or other business entity, directly or indirectly, whether through ownership of voting securities, by contract or otherwise. For clarity, a corporation or other business entity is only considered an Affiliate for as long as such control exists.

"**Agreement**" has the meaning set forth in the preamble.

"**Applicable Law**" means all applicable laws, statutes, rules, regulations, court orders or injunctions having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision, agency or other body, domestic or foreign, including but not limited to any applicable rules, regulations, or other requirements of the Regulatory Authorities that may be in effect from time to time.

"**Arising IP**" means any Intellectual Property Rights invented or developed in the course of the performance of Activities under this Agreement, either solely by or on behalf of a Party or jointly by the Parties, Bio-Rad Product Arising IP, Oncocyte Product Arising IP and Other Arising IP.

"**Background IP**" means all Intellectual Property Rights other than Arising IP that are necessary for purposes of carrying out this Agreement and that are Controlled by a Party on or after the Effective Date. For clarity, to the extent (a) a Party obtains Control of Relevant Third Party IP after the Effective Date, and (b) the Party acquiring the Relevant Third Party IP is not restricted by contractual or other obligations, such rights will be included in such Party's Background IP.

"**Bio-Rad**" has the meaning set forth in the preamble.

"**Bio-Rad Indemnified Parties**" means Bio-Rad and its Affiliates, and its and their respective officers, directors, employees, agents and representatives.

"**Bio-Rad ddPCR Instruments and Reagents**" has the meaning set forth in Section 4.1 (Product Development Plan).

"**Bio-Rad Materials**" means the Materials owned or Controlled by Bio-Rad and provided by Bio-Rad to Oncocyte under this Agreement.

"**Bio-Rad Product Arising IP**" means Arising IP that relates [***].

"**CCPA**" has the meaning set forth in this Article I below.

"**Claim**" means any claim, demand, lawsuit or legal action brought against a Party.

"**Commercially Reasonable Efforts**" means, with respect to a Party, [***].

"**Confidential Information**" includes, but is not limited to, know-how, trade secrets, tools, methods, methodologies, processes, techniques,

apparatus, designs, specifications, samples, technical descriptions, study proposals, study data, computer source code, customer lists, pricing information, product development plans, marketing plans, personnel information, financial information and business strategies, together with other information which a reasonable person would conclude is intended to remain confidential, due to its nature or the circumstances under which it is disclosed, and any other non-public information that the Disclosing Party designates as proprietary or confidential pursuant to the terms herein. Confidential Information also includes any reports, study data, notes, summaries, abstracts, or drafts of Confidential Information or oral presentations, reports, or discussions referring to, describing, elaborating upon, verifying or otherwise relating to the Disclosing Party's Confidential Information that are created by the Receiving Party. Notwithstanding the foregoing, Confidential Information does not include any item of information that: (i) is within the public domain prior to the time of the disclosure by the Disclosing Party or thereafter becomes within the public domain other than as a result of disclosure by the Receiving Party or any of its representatives in violation of this Agreement, (ii) was, on or before the date of disclosure, rightfully in the possession of the Receiving Party without burden of confidentiality to Disclosing Party, as evidenced by written records, however maintained, (iii) is acquired by the Receiving Party from a Third Party having the right to disclose without burden of confidentiality to Disclosing Party, or (iv) is hereafter independently developed by the Receiving Party without use of the Disclosing Party's Confidential Information, as evidenced by written records, however maintained.

"**Control**" or "**Controlled**" means, with respect to any Intellectual Property Rights or other assets, possession by Oncocyte or its respective Affiliates or Bio-Rad or its respective Affiliates, as of the time of inquiry, of the right (whether by ownership, license or otherwise, other than pursuant to this Agreement) to grant to the other Party access, ownership, a license, sublicense, or other right to or under such Intellectual Property Rights or assets for the specific purposes provided for herein without any payment obligation to any Third Party or conflict with any other obligation or violating the terms of any agreement or other arrangement with any Third Party.

"**De-identified**" means the process by which (a) health information no longer identifies an individual and with respect to which there is no reasonable basis to believe that the information can be used to identify or re-identify an individual, as set forth in §164.514 of the Privacy Rule of the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), (b) Personal Data (as that term is defined in Article IV of the General Data Protection Regulations ("**GDPR**")) that is subject to GDPR requirements is anonymized or, where not possible, pseudonymized as defined under the GDPR, and (c) personal information is deidentified (as those terms are defined in the California Consumer Privacy Act ("**CCPA**")).

"**Development**" means activities relating to the development, optimization, validation, or clinical testing of any product or service, including activities relating to obtaining or maintaining Regulatory Approval of such product or service. When used as a verb, "**Develop**" means to engage in Development.

"**Disclosing Party**" means the Party disclosing its Confidential Information to the Receiving Party.

"**Effective Date**" has the meaning set forth in the preamble.

"**Executive Officers**" has the meaning set forth in Section 2.2(b) (Actions or Decisions).

"**FDA**" means the United States Food and Drug Administration.

"**Field**" means donor-derived cell-free DNA (dd-cfDNA) quantification and assay kits sold with an RUO label for use in measuring DNA levels for allotransplant research purposes, including test kits using digital polymerase chain reaction technology to measure and test the concentration of donor-derived cell free DNA using single nucleotide polymorphisms.

"**First Commercial Sale**" means the first sale for end use or consumption to a Third Party of the RUO Assay in a country in the Territory by Oncocyte or its Affiliate, or any distributor of such Party or its Affiliates. First Commercial Sale excludes any transfers of a product to Third Parties for use in a clinical trial or other development activities or any expanded access program, compassionate sales or use program (including any named patient program or single patient program), or indigent program; *provided* that such transfers are provided at no profit to the transferring Party and its Affiliates.

"**GCP**" means the then-current good clinical practice standards, practices, and procedures promulgated or endorsed by the applicable Regulatory Authority as set forth in the guidelines imposed by such Regulatory Authority, as may be updated from time-to-time.

"**GDPR**" has the meaning set forth in this Article I above.

"**HIPAA**" has the meaning set forth in this Article I above.

"**Indemnified Party**" means the Party seeking indemnification.

"**Indemnifying Party**" means Party from which an Indemnified Party seeks indemnification.

"**Insolvency Event**" has the meaning set forth in Section 14.2(b) (Insolvency).

"**Intellectual Property Rights**" means rights in and to all (a) Patents, (b) copyrights, whether registered or unregistered, (c) Know How, and (d) any other intellectual or other proprietary rights of any kind now known or hereafter recognized in any jurisdiction relating to technology, including the right to bring a claim with respect to any of the foregoing for past, present or future infringement, and any applications or registrations thereof, but excluding trademarks, service marks, trade names, trade dress, domain names and similar rights, including goodwill therein.

"**IVD**" means *in vitro* diagnostics (IVD), which are tests, done on samples such as blood or tissue that have been taken from the human body, that can detect diseases or other conditions, and can be used to monitor a person's overall health to help cure, treat, or prevent diseases.

"**IVD Kits**" means the VitaGraft™ Transplant Monitoring Assays (including modified versions thereof) that have received Regulatory Approval as an in vitro diagnostic device, including diagnostic assays, for testing, done on samples such as blood or tissue that have been taken from the human body, that can detect diseases or other conditions, and can be used to monitor a person's overall health to help cure, treat, or prevent diseases.

"**IVD Kits Option**" has the meaning set forth in Section 8.2 (Option for IVD Kits).

"**IVD Phase**" means the period during the Term commencing upon the exercise of the IVD Kits Option.

"**Joint Committee**" means each of the JSC and any Joint Subcommittee.

"**Joint Other Arising IP**" means Other Arising IP invented or developed jointly by the Parties.

"**Joint Steering Committee**" or "**JSC**" means a joint committee formed by the Parties, as more particularly described in Section 2.1 (Joint Steering Committee).

"**Joint Subcommittee**" has the meaning set forth in Section 2.1(c) (Subcommittees).

"**Know How**" means any information and materials, including discoveries, inventions, improvements, processes, techniques, machines, manufactures, technical developments, methods, analysis, results, tools, models, systems, assays, designs, protocols, formulas, compositions, genetic constructs, sequences, data, databases, algorithms, software, know-how and trade secrets (in each case, patentable, copyrightable or otherwise), but excluding any Patent.

"**Loss**" means any liability, damage, cost, and expense of every kind and description, including penalties and reasonable attorney fees, other than consequential or speculative damages incurred by a Party based on lost sales of any product.

"**Manufacturer of Record**" means the entity that is responsible for a product's design, manufacture, packaging, labeling, distribution, and regulatory compliance (both pre-market and post-market compliance) regardless of whether these operations are carried out by the entity or on its behalf by another Person.

"**Materials**" means any specimens, samples or such other biological materials, including human tissue, blood, pre-extracted materials from human samples, cell lines, plasmids, controls, and other contrived samples, that are (i) furnished by one Party to the other Party under this Agreement, or (ii) procured through Third Party vendors under this Agreement.

"**Net Sales**" means gross receipts based on actual invoiced prices from the sale by Oncocyte or its Affiliates of RUO Assays in the Territory to Third Parties in arm's length transactions, less deductions for:

(a) [***];

(b) [***];

(c) [***];

(d) [***]; and

(e) [***].

There will be no imputed Net Sales from free samples, free goods, or other marketing programs whereby assays are provided free of charge. In addition, Net Sales will not accrue for sales for use in a clinical trial or other development activities or any expanded access program, compassionate sales or use program (including named patient program or single patient program), or indigent program; *provided* that such transfers are provided at no profit to the selling Party and its Affiliates.

"**OEM**" means original equipment manufacturer.

"**Oncocyte Indemnified Party**" means Oncocyte and its Affiliates and its and their respective officers, directors, employees, agents and representatives.

"**Oncocyte Materials**" means the Materials owned or Controlled by Oncocyte and provided by Oncocyte to Bio-Rad under this Agreement.

"**Oncocyte Product Arising IP**" means Arising IP that relates [***].

"**Option Period**" has the meaning set forth in Section 8.2 (Option for IVD Kits).

"**Other Arising IP**" means Arising IP that is neither Bio-Rad Product Arising IP nor Oncocyte Product Arising IP.

"**Party**" or "**Parties**" has the meaning set forth in the preamble.

"**Patents**" means: (a) design and utility patents and patent applications in any country or jurisdiction, (b) all priority applications (including provisional and non-provisional applications), divisionals, continuations, and continuations-in-part of any of the foregoing, and (c) all patents issuing on any of the foregoing patent applications; together with all registrations, reissues, renewals, reexaminations, confirmations, supplementary protection certificates and extensions, and applications of any of (a), (b) or (c).

"**Person**" means any corporation, limited or general partnership, limited liability company, joint venture, trust, unincorporated association, governmental body, authority, bureau, or agency, or any other entity or body, or an individual.

"**Product Commercialization Plan**" has the meaning set forth in Section 5.1 (5.1 Manufacture and Supply of Products).

"**Product Development Plan**" has the meaning set forth in Section 4.1 (Product Development Plan).

"**Project Manager**" has the meaning set forth in Section 2.3(a) (Role).

"**Publication**" has the meaning set forth in Section 10.6 (Publications).

"**QMSR**" means the applicable regulations set forth in FDA's Quality Management System Regulation at 21 C.F.R. Part 820.

"**Receiving Party**" means any Party receiving another Party's Confidential Information.

"**Regulatory Approval**" means, with respect to a product in each regulatory jurisdiction, the approvals, clearances, exemptions, product or establishment licenses, registrations, or authorizations necessary and sufficient for the marketing, distribution, and sale of such product in such jurisdiction in accordance with Applicable Law.

"**Regulatory Authority**" means the applicable governmental authority in a given regulatory jurisdiction that has responsibility for granting Regulatory Approvals.

"**Regulatory Compliance**" means, with respect to a product in each regulatory jurisdiction, the clearances, registrations or authorizations

necessary and sufficient for the marketing, distribution, and sale of such product in such jurisdiction in accordance with Applicable Law.

"**Regulatory Submission**" means any formal regulatory applications, filings, registrations, or submissions, made to any Regulatory Authority in a jurisdiction.

"**Relevant Third Party IP**" means any U.S. or foreign Patents owned, licensed, or otherwise controlled by a Third Party that, assuming a specific claim construction, validity and enforceability, may be infringed by the activities or transactions performed by either Party pursuant to this Agreement.

"**RUO**" means research use only.

"**RUO Assays**" means the series of GraftAssure ™ Transplant Monitoring Assays (including modified versions thereof) that (a) utilizes digital polymerase chain reaction technology to measure and test the concentration of donor-derived cell free DNA in a single nucleotide polymorphism gene, and (b) has been developed and validated for RUO guidance in measuring DNA levels for allotransplant research purposes.

"**RUO Phase**" means the period during the Term from the Effective Date to the first Regulatory Approval by the FDA of the IVD Kits.

"**Term**" has the meaning set forth in Section 14.1 (Term).

"**Territory**" means the United States and Germany.

"**Third Party**" means any individual, partnership, corporation, limited liability company, or any other business entity that is not a Party to this Agreement or an Affiliate of a Party.

ARTICLE II
GOVERNANCE

II.1 Joint Steering Committee.

(a) Formation and Function. The Parties will form a Joint Steering Committee promptly following the Effective Date. The JSC will serve as a coordinating body for (i) strategic considerations related to the development and commercialization of the RUO Assays and (ii) the transitioning from the RUO Phase and to the IVD Phase if and when the IVD Kits Option is duly exercised. Among other things, the JSC will perform the following functions: (i) review the Product Development Plan and the Product Commercialization Plan, (ii) receive and review updates on Activities contemplated by the Product Development Plan and the Product Commercialization Plan, (iii) serve as a forum for resolving disputes arising in Joint Subcommittees, and (iv) all other matters related to this Agreement expressly delegated to the authority of the JSC hereunder, including allocation of responsibilities for customer support and the potential transfer of assay manufacturing by Oncocyte to Bio-Rad.

(b) Composition. The JSC will be composed of an equal number of representatives from each Party, with each Party designating at least one representative. The JSC will be co-chaired by one co-chairperson designated by each of the Parties. The JSC shall initially consist of [***], as Oncocyte's designated co-chairperson, [***], as Bio-Rad's designated co-chairperson, [***], as an Oncocyte representative, and [***], as Bio-Rad's representative. Members of the JSC will serve in such capacities, on such terms and conditions, and for such duration as determined by the Party appointing her or him. Each Party may designate an alternate member or co-chairperson to serve temporarily in the absence of a permanent member or co-chairperson designated by such Party. Each Party may from time to time, upon prior written notice to the other Party, change its co-chairperson or its representative members on the JSC. The Parties may agree to invite non-voting employees and consultants to attend meetings of the JSC; *provided* that each such non-employee invitee is subject to the confidentiality obligations consistent with those set forth in Article X (Confidential Information). The Project Managers will attend all JSC meetings and coordinate logistics for the JSC, including meeting schedules, agendas and minutes. For purposes of clarity, the Project Managers will not be counted as Party representatives.

(c) Subcommittees. The JSC may from time to time establish subcommittees to which the JSC may delegate certain responsibilities of the JSC hereunder (each a "**Joint Subcommittee**"); *provided, however*, that the JSC cannot delegate decision-making responsibilities to a subcommittee.

II.2 General Provisions Applicable to Joint Steering Committee.

(a) Meetings. The Joint Steering Committee will establish a regular meeting schedule that will provide for meetings no less frequently than quarterly, or at such other frequency as the Parties agree. The Joint Steering Committee may conduct meetings in person or by teleconference or video conference and may also act without a meeting through a written consent to an action or decision signed by all voting members of the Joint Steering Committee. The Joint Steering Committee may establish procedures for its internal operation at meetings.

(b) Actions or Decisions. All actions or decisions of the JSC made pursuant to this Agreement must be made by unanimous approval of the Parties, with each Party's representatives on the JSC collectively having only one vote. If Joint Subcommittee members cannot reach a unanimous decision after using good faith reasonable efforts over [***] days to reach consensus, then either Party may submit such deadlock to the JSC for resolution. If the JSC members cannot reach a unanimous decision after using good faith reasonable efforts over [***] days to reach consensus, then either Party may submit such deadlock to Oncocyte's Chief Executive Officer (or his or her nominee) and Bio-Rad's Chief Executive Officer (or his or her nominee) (the "**Executive Officers**") for resolution.

(c) Agendas. Each Party will notify the other Party at least [***] business days prior to the date of a meeting of the JSC, proposing the agenda items it wishes to discuss at such meeting. Notwithstanding the foregoing, the JSC is free to consider any matter related to this Agreement that is within the scope of its responsibilities and is brought to its attention by either Party at any meeting.

(d) Minutes. At each meeting, a Project Manager will prepare minutes promptly after such meeting, reporting in reasonable detail the actions and decisions taken by the Joint Steering Committee during such meeting, issues requiring resolution, and resolutions of previously reported issues. Such minutes are to be reviewed, commented on if needed, and updated per the Joint Steering Committee co-chairperson's feedback prior to being circulated to the Joint Steering Committee, and the Project Manager will revise such minutes as necessary. Such minutes will not become final until approved by both Joint Steering Committee co-chairpersons.

II.3 Project Managers.

(a) Role. Each Party will designate a single individual to serve as its manager under the Product Development Plan and the Product Commercialization Plan (each a "**Project Manager**"). The Project Managers are the principal point of contact for each Party for matters relating to that Party's performance under the Product Development Plan and the Product Commercialization Plan and are responsible for implementing and coordinating, on a day-to-day basis, all Activities and facilitating the exchange of information between the Parties regarding the performance of the Product Development Plan and the Product Commercialization Plan. The Project Managers may delegate tasks and responsibilities to sub-managers or sub-program teams, working groups and other team members as they deem appropriate to efficiently and effectively perform their respective obligations hereunder. Each Party may replace its Project Manager at any time and for any reason upon written notice to the other Party. Either Party may submit to the JSC for resolution any disputes with respect to matters within the scope of authority of the Project Managers that cannot be resolved after good faith efforts.

(b) Meetings. The Project Managers will meet as soon as practicable after the Effective Date and thereafter at least [***] and at such additional times as the Project Managers or the JSC deem reasonably appropriate. Meetings of the Project Managers may be conducted in person or by teleconference or video conference as agreed by the Project Managers. Additionally, the Project Managers (or their designees) will maintain close regular communications with each other as to the status of the ongoing activities under the Development Plans and Commercialization Plans. Each Project Manager will keep accurate and complete records of their activities and meetings and will, from time to time as requested by the JSC, provide the JSC with appropriate updates and information to keep the JSC apprised of each Party's performance under this Agreement.

II.4 Authority. The JSC and Project Managers do not have the right to amend this Agreement (which may only be amended or modified as provided in Section 15.10 (Waivers; Amendment)) or to make any decision or require any Party to take any action that conflicts with the terms of this Agreement or that is expressly reserved to the Parties hereunder.

II.5 Governance Expenses. Each Party is responsible for all expenses incurred by its representatives in connection with performing their duties under this Article II (Governance), including all costs of travel, lodging and meals in connection with meetings of the Joint Committees and Project Managers.

ARTICLE III
LICENSE GRANTS; EXCLUSIVITY

III.1 Bio-Rad License Grants to Oncocyte.

(a) Subject to the terms and conditions of this Agreement, Bio-Rad hereby grants to Oncocyte, during the Term of this Agreement, a nonexclusive license, without the right to sublicense (including to an OEM), under the applicable Background IP Controlled by Bio-Rad and Arising IP Controlled by Bio-Rad necessary to (i) perform Development Activities with respect to the RUO Assays (solely with the use of Bio-Rad ddPCR Instruments and Reagents) pursuant to the Product Development Plan, (ii) make, have made, offer to sell, sell, have sold, market and otherwise commercialize RUO Assays (solely with the use of Bio-Rad ddPCR Instruments and Reagents) in accordance with the Product Commercialization Plan, and (iii) otherwise perform its obligations under this Agreement. Such license includes the right to utilize Affiliates and approved subcontractors in accordance with Section 4.4 (Performance by Affiliates and Subcontractors).

(b) Subject to the terms and conditions of this Agreement, Bio-Rad hereby grants to Oncocyte a nonexclusive, perpetual, irrevocable, worldwide, royalty-free license (with the right to grant sublicenses through multiple tiers, including to an OEM), under any Arising IP Controlled by Bio-Rad that is related to any Oncocyte product or service to make, use, offer to sell, sell, Develop, manufacture, commercialize and otherwise exploit Oncocyte products or services, in each case, solely with the use of Bio-Rad ddPCR Instruments and Reagents.

(c) Subject to the terms and conditions of this Agreement, Bio-Rad hereby grants to Oncocyte a nonexclusive, perpetual, irrevocable, worldwide, royalty-free license (with the right to grant sublicenses through multiple tiers, including to an OEM), under any Bio-Rad Product Arising IP that is assigned to Bio-Rad by Oncocyte pursuant to Section 9.1(b)(i) (Bio-Rad Product Arising IP) to make, use, offer to sell, sell, Develop, manufacture, commercialize, and otherwise exploit Oncocyte products and services, in each case, solely with the use of Bio-Rad ddPCR Instruments and Reagents.

III.2 Oncocyte License Grants to Bio-Rad.

(a) Subject to the terms and conditions of this Agreement, Oncocyte hereby grants to Bio-Rad, during the Term of this Agreement, a nonexclusive license, without the right to sublicense (including to an OEM), under the applicable Background IP Controlled by Oncocyte and Arising IP Controlled by Oncocyte necessary to (i) use, offer to sell, sell, have sold, market and otherwise commercialize, including marketing, the RUO Assays (solely for use with Bio-Rad's ddPCR Instruments and Reagents) in the Field outside the Territory in accordance with the Product Commercialization Plan, (ii) co-market, along with Oncocyte, the RUO Assays (solely for use with Bio-Rad's ddPCR Instruments and Reagents)in the Field in the Territory in accordance with the Product Commercialization Plan, and (iii) otherwise perform its obligations under this Agreement. Such license includes the right to utilize Affiliates and approved subcontractors in accordance with Section 4.4 (Performance by Affiliates and Subcontractors).

(b) Subject to the terms and conditions of this Agreement, Oncocyte hereby grants to Bio-Rad a nonexclusive, perpetual, irrevocable, worldwide, royalty-free license (with the right to grant sublicenses through multiple tiers, including to an OEM), under any Arising IP Controlled by Oncocyte that is related to any Bio-Rad product or service to make, use, offer to sell, sell, Develop, manufacture, commercialize and otherwise exploit Bio-Rad products or services.

(c) Subject to the terms and conditions of this Agreement, Oncocyte hereby grants to Bio-Rad a nonexclusive, perpetual, irrevocable, worldwide, royalty-free license (with the right to grant sublicenses through multiple tiers, including to an OEM), under any Oncocyte Product Arising IP that is assigned to Oncocyte by Bio-Rad pursuant to Section 9.1(b)(ii) (Oncocyte Product Arising IP) to make, use, offer to sell, sell, Develop, manufacture, commercialize and otherwise exploit Bio-Rad products and services.

III.3 Use of Residual Knowledge for Research Purposes . Each Party acknowledges that the other Party's personnel may retain in their unaided memories knowledge gained in the course of this Agreement. Use of such knowledge for research purposes will not be a misuse of the other Party's Confidential Information or a violation of the confidentiality obligation in Article X (Confidential Information) so long as the other Party's Confidential Information is not disclosed, commercialized, or specifically conveyed to others, and so long as the individual has not intentionally memorized the knowledge for the purpose of retaining it.

III.4 Affiliates. Each Party acknowledges and accepts that the other Party may exercise its rights, perform its obligations, and pursue its remedies under this Agreement either directly or through one or more of its Affiliates. A Party's Affiliates will have the benefit of all rights (including all licenses) and remedies of such Party under this Agreement. Accordingly, in this Agreement "Bio-Rad" will be interpreted to mean "Bio-Rad or its Affiliates" and "Oncocyte" will be interpreted to mean "Oncocyte or its Affiliates" where necessary to give each Party's Affiliates the benefit of the rights and remedies provided to such Party in this Agreement; *provided, however*, that in any event each Party will remain responsible for the acts and omissions, including financial liabilities, of its Affiliates

III.5 No Implied Licenses. Nothing in this Agreement will be construed as conferring, explicitly or by implication, estoppel or otherwise, any license, right, or immunity under any Patents that a Party (or its successors, Affiliates or assigns, or successors, Affiliates or assigns of any of the foregoing) owns or Controls as of the Effective Date, or acquires or obtains Control of independent of its performance of its obligations under this Agreement, other than the rights set forth expressly in this Agreement regardless of whether such other Patents (or individual Patent claims) are dominant or subordinate to any Intellectual Property Rights developed under this Agreement or are required to exploit any Intellectual Property Rights developed under this Agreement. Furthermore, neither of the Parties has provided to the other Party and neither Party will provide to the other Party, and neither of the Parties have received from the other Party and neither Party will receive from the other Party, any consideration except that which is expressly provided herein for the specific rights expressly granted herein.

III.6 Exclusivity. Upon commercial launch of the RUO Assays and as long as the Parties are selling or offering to sell the RUO Assays pursuant to the Product Commercialization Plan: (a) Bio-Rad will not enter into any agreement, collaboration or arrangement with any Third Party with respect to the commercialization (but not the Development) of a donor-derived cell-free DNA (dd-cfDNA) assay in the Field and globally; and (b) Oncocyte will not enter into any agreement, collaboration or arrangement with any Third Party with respect to the commercialization (but not the Development) of a donor-derived cell-free DNA (dd-cfDNA) assay in the Field and globally. Notwithstanding the foregoing, the Parties may enter into agreements, collaborations or arrangements with Third Parties for the commercialization of the RUO Assays and/or IVD Kits.

ARTICLE IV
DEVELOPMENT

IV.1 Product Development Plan.

(a) RUO Product Development Plan. Within [***] days of the Effective Date, each of Oncocyte and Bio-Rad will share a written plan for conducting activities with respect to the Development of the RUO Assays for exclusive use on one or more Bio-Rad ddPCR instruments, which will set forth the responsibilities, deliverables, forecasts of consumables demand, and expected timelines (such plan the "**RUO Product Development Plan**"). Under the RUO Product Development Plan, Oncocyte will perform the following activities to complete the Development of the RUO Assays: [***]. Under the RUO Product Development Plan, Bio-Rad will perform the following activities to complete the Development of RUO Assays: [***] (such [***], collectively "**Bio-Rad ddPCR Instruments and Reagents**"). The costs to Oncocyte for supplying Bio-Rad ddPCR Instruments and Reagents will be covered under the RUO Product Development Plan. Oncocyte and Bio-Rad will jointly submit the proposed RUO Product Development Plan to the JSC for its review, discussion, and approval. Proposed amendments to the RUO Product Development Plan would be submitted by either Party to the JSC for its review, discussion, and approval.

(b) IVD Product Development Plan. Within [***] days of the Effective Date, each of Oncocyte and Bio-Rad will share a written plan for conducting activities with respect to the Development of the IVD Kits for exclusive use on one or more Bio-Rad ddPCR instruments, which will set forth the responsibilities, deliverables, forecasts of consumables demand, and expected timelines (such plan the "**IVD Product Development Plan**" and together with the RUO Product Development Plan, the "**Product Development Plans**"). Under the IVD Product Development Plan, Oncocyte will perform the following activities to complete the Development of the IVD Kits: [***]. Under the IVD Product Development Plan, Bio-Rad will perform the following activities to complete the Development of IVD Kits: [***] (such [***], collectively "**Bio-Rad ddPCR Instruments and Reagents for IVD Kits**"). The costs to Oncocyte for supplying Bio-Rad ddPCR Instruments and Reagents for IVD Kits will be covered under the IVD Product Development Plan. Oncocyte and Bio-Rad will jointly submit the proposed IVD Product Development Plan to the JSC for its review, discussion, and approval. Proposed amendments to the IVD Product Development Plan would be submitted by either Party to the JSC for its review, discussion, and approval.

IV.2 Development Plan Costs. Except as otherwise set forth in this Agreement or the Product Development Plan, Oncocyte will be responsible for all costs associated with Oncocyte Activities under the Product Development Plan,

IV.3 Performance of Activities. Each Party will perform all Activities in accordance with the terms and conditions of this Agreement, and will start and complete all Activities pursuant to the applicable timelines set forth in the Product Development Plan. Each Party will provide reasonable updates to the other Party, through the JSC, on the status and progress of its Activities, and will promptly notify the other Party, in writing or via discussions during a JSC meeting, if material delays are likely or if such Party encounters any issue that has (or would reasonably be expected to have) a material impact on any Activities or budget items contemplated by the Product Development Plan. For the avoidance of doubt, any material delay by a Party shall be deemed a material breach of this Agreement by such Party, and the other Party may terminate the Agreement pursuant to Section 14.2(a) below, subject to any notice and cure periods set forth therein. The Parties will perform the Activities with reasonable care and skill in accordance with GCP, QMSR and all Applicable Laws.

IV.4 Performance by Affiliates and Subcontractors. (a) Oncocyte may delegate performance of Activities, or portions thereof, to (i) a Third Party subcontractor set forth in Schedule 4.4 (Approved Subcontractors) or an Affiliate without the prior written consent of Bio-Rad or (ii) to another Third Party subcontractor upon the prior written consent of Bio-Rad (such consent not to be unreasonably withheld, delayed, or conditioned); and (b) Bio-Rad may delegate performance of Activities, or portions thereof, to a Third Party subcontractor or an Affiliate; *provided* that, in each case ((a) and (b)), with respect to a Third Party subcontractor, such subcontractor must have entered into an appropriate written agreement with the Party utilizing such subcontractor that: (i) contains obligations of confidentiality and restrictions on use of any Confidential Information and any proprietary materials that are substantially as restrictive as the obligations set forth in Article X (Confidential Information) (including with respect to duration); and (ii) contains obligations to assign or exclusively license any intellectual property invented or developed by such authorized subcontractor in performing such Activities to the applicable Party utilizing such authorized subcontractor to enable such Party to comply with the provisions of Article IX (Intellectual Property) regarding ownership and Control of Arising IP. Each Party is and remains solely and exclusively responsible for the conduct of Activities by any Affiliate or subcontractor under this Agreement as if such Affiliate's or subcontractor's actions were its own. For clarity, Bio-Rad may use Third Party subcontractors and Affiliates, including Third Party distributors, in its sole discretion, to exercise its rights and perform its obligations in connection with marketing, sale and distribution Activities relating to the RUO Assays under this Agreement, and the above terms in this Section 4.4 (Performance by Affiliates and Subcontractors) will not apply to such activities.

IV.5 Materials.

(a) Provision of Materials. Each Party will furnish Materials to the other Party to the extent provided under the Product Development Plan. If Materials are human samples, and such Materials and information related thereto are provided by one Party to the other Party (or its Affiliates or subcontractors under Section 4.4 (Performance by Affiliates and Subcontractors)), then the providing Party will ensure that such Materials and information are De-identified prior to providing them to the receiving Party (or its Affiliates or subcontractors under Section 4.4 (Performance by Affiliates and Subcontractors)). Each Party will comply with all Applicable Laws relating to the Materials, including HIPAA and other data privacy laws as applicable. Each receiving Party will handle the Materials of the providing Party in accordance with any applicable documentation and any relevant informed consent provided to the receiving Party by the providing Party in writing, applicable common scientific standards of care, and the providing

Party's written instructions. Each Party understands and agrees that the Materials may be experimental in nature and agrees to comply with Applicable Laws and use due care in the use, storage and handling of the Materials.

(b) Use of Materials. Except as described in Section 4.4 (Performance by Affiliates and Subcontractors), each receiving Party will retain possession of the providing Party's Materials and will not sell or otherwise provide such Materials to any Third Party without the prior written consent of the providing Party. Each receiving Party will only use the Materials of the providing Party for the purposes of performing the activities under this Agreement.

(c) Records of Use. Each receiving Party will keep records of its use of the providing Party's Materials and upon completion of the activities for which the Materials have been provided, or upon expiration or termination of this Agreement, if earlier, each receiving Party will account for all use of such Materials and, at the option of the providing Party, either destroy or return to the providing Party all unused Materials, in accordance with Applicable Law and the instructions of the providing Party, if any.

(d) Ownership of Materials. Notwithstanding anything herein to the contrary, each Party will own and retain all rights, title, and interests in and to all Materials furnished by it pursuant to this Agreement.

ARTICLE V
MANUFACTURING AND CO-MARKETING

V.1 Manufacture and Supply of Products.

(a) Supply of Bio-Rad ddPCR Instruments and Reagents. At a reasonable time prior to the commercial launch of the RUO Assays, the Parties will develop and submit to the JSC for approval a plan to market and sell the RUO Assays in the Field for both within the Territory and outside the Territory (the "**Product Commercialization Plan**"). As between Bio-Rad and Oncocyte, Oncocyte is responsible for the manufacture and supply of all RUO Assays. To enable Oncocyte's performance of its obligations under the Product Commercialization Plan, Oncocyte will purchase from Bio-Rad, and Bio-Rad will supply to Oncocyte, Bio-Rad ddPCR Instruments and Reagents for use in commercializing the RUO Assays pursuant to the Product Commercialization Plan. [***]. Bio-Rad shall have the exclusive rights to sell the Bio-Rad ddPCR Instruments and Reagents in the Territory; *provided, however*, Oncocyte shall have the right to resell any Bio-Rad ddPCR Instruments it purchased from Bio-Rad pursuant to this Section 5.1(a) to the extent not utilized as part of the Product Commercialization Plan. As part of the Product Commercialization Plan, the Parties will agree on a standard product warranty and return and replacement policy for the RUO Assays. Furthermore, the Parties shall discuss and agree on a potential exit strategy for ending the collaboration if the execution of a Product Development Plan or Product Commercialization Plan is not successful.

(b) Commercialization of Products Within the Territory. Under the Product Commercialization Plan, Oncocyte and Bio-Rad will be jointly responsible for co-promoting and co-marketing the RUO Assays (solely with the use of Bio-Rad ddPCR Instruments and Reagents) in the Field within the Territory. Subject to both Parties completing their activities under the Product Development Plan, Oncocyte will use Commercially Reasonable Efforts to complete the Activities in the Product Commercialization Plan in the Territory. Oncocyte shall have the exclusive right to make and book all sales of the RUO Assays in the Territory. Oncocyte agrees to market, promote, sell, offer to sell, and commercialize RUO Assays solely and exclusively with the use of Bio-Rad ddPCR Instruments and Reagents.

(c) Commercialization of Products Outside the Territory; Supply Payments. Under the Product Commercialization Plan, Bio-Rad will be solely responsible for, and shall use Commercially Reasonable Efforts in, promoting and marketing the RUO Assays (for use together with Bio-Rad ddPCR Instruments and Reagents) in the Field outside the Territory. Subject to both Parties completing their activities under the Product Development Plan, Bio-Rad will use Commercially Reasonable Efforts to complete the Activities in the Product Commercialization Plan outside the Territory. Bio-Rad shall have the exclusive right to make and book all sales of the RUO Assays outside the Territory.

V.2 Intentionally Omitted.

V.3 Conditional License. Subject to the terms and condition of this Agreement, and exercisable only upon the occurrence of any of the events described below ("**Conditions Precedent**"), Oncocyte hereby grants Bio-Rad a limited, non-exclusive, non-transferable, royalty-free, fully paid-up license to use that certain technology owned or licensed by Oncocyte which is necessary for Bio-Rad to manufacture or have manufactured the RUO Assays (the "**Technology**").

(a) *Events*. Conditions Precedent are: (i) consent granted by Oncocyte in writing; (ii) the occurrence of any event that would give Bio-Rad the right to terminate this Agreement for cause which is not cured within the applicable cure period under this Agreement; or (iii) Oncocyte's failure for a period of [***] days to meet its obligation to provide an uninterrupted supply of the RUO Assays to Bio-Rad for any reason.

(b) Termination. Such license will terminate upon the earlier of (i) the abatement of the Condition Precedent but only if Oncocyte provides written assurance that it is ready, willing, and able to resume the production and supply of the RUO Assays, or (ii) the date of expiration or termination of this Agreement.

(c) Ownership of Technology. Nothing in this section shall be construed to grant any right of ownership in the Technology to Bio-Rad or grant any other right or interest not expressly provided.

(d) Technology Escrow. Oncocyte will, within [***] days of the Effective Date, establish a technology escrow account with a reputable escrow organization naming Bio-Rad as beneficiary. Oncocyte will use Commercially Reasonable Efforts to document all aspects of the production of RUO Assays, including all applicable know-how, identities of vendors, bill of materials, critical material properties, part numbers, mechanical and electrical diagrams, designs, custom tooling, mask works and manufacturing standard operating procedures and the like relating to the production of RUO Assays ("**Deposit Materials**"). Oncocyte will deposit an initial, comprehensive set of Deposit Materials promptly following the Effective Date and will update the Deposit Materials at least once per calendar year thereafter. Oncocyte agrees that the Deposit Materials shall be released to Bio-Rad upon the occurrence of a Condition Precedent. Bio-Rad will pay for all the escrow costs. Any costs associated with preparing the Deposit Materials will be borne by Oncocyte. In the event of any termination of expiration of this Agreement, the Deposit Materials shall be immediately returned to Oncocyte out of escrow and such provision shall be set forth in the escrow agreement.

ARTICLE VI
REGULATORY MATTERS

VI.1 RUO Assays.

(a) General Responsibilities. Oncocyte will be designated as the Manufacturer of Record for the RUO Assays and will be responsible for

all attendant responsibilities, including: (i) all product specifications, design control, and manufacturing; and (ii) product maintenance such as documenting complaints and investigations, recall review and reporting, labels and labeling, and for reviewing changes for product impact.

(b) Regulatory Compliance. Oncocyte will be responsible for the Regulatory Compliance for the RUO Assays within the Territory, and Bio-Rad will be responsible for the Regulatory Compliance for the RUO Assays outside the Territory. Such responsibility will include all communications with the relevant Regulatory Authorities, in each case, relating to Development, manufacturing, use, or commercialization of the RUO Assays.

(c) Cooperation. As and to the extent reasonably requested by either Party, the other Party will, and will cause its Affiliates to, cooperate with the requesting Party with respect to all regulatory matters relating to the RUO Assays. Without limiting the foregoing, such cooperation will include providing reasonable assistance to technical documentation.

VI.2 IVD Kits.

(a) General Responsibilities. During the IVD Phase, Oncocyte will be designated as the Manufacturer of Record for the IVD Kits within the Territory and Bio-Rad will be designated as the Manufacturer of Record for the IVD Kits outside the Territory. In countries where Bio-Rad is designated as the Manufacturer of Record for the IVD Kits, Bio-Rad shall appoint Oncocyte as its contract manufacturer subject to the definitive manufacture and supply agreement for the IVD Kits to be negotiated and executed by the Parties pursuant to Section 8.2 in the event the IVD Kits Option is duly exercised. Each Party will be responsible for all attendant responsibilities in their respective territories, including: (i) all product specifications, design control, product submission activities, and manufacturing; and (ii) product maintenance such as documenting complaints and investigations, medical device review and reporting, recall review and reporting, labels and labeling, and for reviewing changes for product impact.

(b) Ownership of Regulatory Approvals. Oncocyte or its designee will own all rights, title, and interests, in and to all Regulatory Submissions and Regulatory Approvals for the IVD Kits in the Territory, and Bio-Rad or its designee will own all rights, title, and interests, in and to all Regulatory Submissions and Regulatory Approvals for the IVD Kits outside the Territory.

(c) Cooperation. As and to the extent reasonably requested by either Party, the other Party will, and will cause its Affiliates to, cooperate with the requesting Party with respect to all regulatory matters relating to the IVD Kits. Without limiting the foregoing, as reasonably requested by either Party, the other Party will provide assistance to technical documentation and will assist the requesting Party in preparing portions of Regulatory Submissions for the IVD Kits.

(d) Regulatory Submissions and Approvals. Each Party will be responsible for submitting all Regulatory Submissions (including all pre-submissions and applications for Regulatory Approval) to the Regulatory Authorities, all communications with Regulatory Authorities, and the maintenance of all Regulatory Approvals, in each case, relating to Development, manufacturing, use, or commercialization of the IVD Kits, in their respective territories (i.e., in the Territory for Oncocyte and outside the Territory for Bio-Rad). Upon either Party's written request, the other Party will provide the requesting Party with access to all draft Regulatory Submissions relating to the IVD Kits, and the requesting Party will provide comments, if any, back to the other Party within [***] days for each document. Each Party will consider in good faith any comments from the other Party regarding such draft Regulatory Submission and the final Regulatory Submissions relating to the IVD Kits. Each Party will use Commercially Reasonable Efforts to protect trade secret information that may be contained in Regulatory Approvals with respect to the IVD Kits.

(e) Written Communications. Each Party will furnish to the other Party a copy of any substantive written communication received by such Party from Regulatory Authorities with respect to Regulatory Approval of the IVD Kits; *provided* that, prior to furnishing such written communications to the other Party, such Party may redact (i) Confidential Information of a Third Party contained in such communication and (ii) any proprietary information of such Party that may be contained in such communications. The other Party will provide comments, if any, back to such written communications no later than [***] days after receipt of the information.

VI.3 Regulatory Diligence. Oncocyte will use Commercially Reasonable Efforts to obtain Regulatory Approval for the IVD Kits in the Territory. Oncocyte will be solely responsible for obtaining and maintaining Regulatory Approval for the IVD Kits in the Territory.

VI.4 Records. The Parties will maintain complete and accurate records of all development Activities conducted and deliverables provided pursuant to this Agreement, and all results, data, and developments made in conducting such development Activities. Such records will reflect all work done and results achieved in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes. Each Party agrees to retain all such records for the time required by Applicable Laws and will allow for auditing by Regulatory Authorities of all such records.

VI.5 Right of Reference. Bio-Rad will and hereby does grant to Oncocyte a right of reference, which will provide Regulatory Authorities the ability to reference applicable Bio-Rad submission records in order to complete Oncocyte product submission reviews. The right of reference is solely for the purpose of obtaining Regulatory Approval in the Field for the IVD Kit. In furtherance of such right of reference, upon Oncocyte's written request to Bio-Rad, Bio-Rad will send a letter to Oncocyte that authorizes the FDA and corresponding Regulatory Authorities in foreign jurisdictions to access the pre-market notification of Bio-Rad systems or other applicable regulatory filings, on behalf of Oncocyte for the purposes of obtaining Regulatory Approval in the Field for any IVD Kit. Such letters may be included in Oncocyte's Regulatory Submissions. If needed, alternate mechanisms will be used by the Parties to achieve appropriate rights of reference in other jurisdictions.

VI.6 Post-Market Activities. Oncocyte will be responsible for all post-market surveillance activities with respect to the IVD Kits in and outside the Territory.

ARTICLE VII
PAYMENTS

VII.1 Royalty Payments.

(a) Beginning on the First Commercial Sale of a RUO Assay in the Field in the Territory and ending on the expiration or earlier termination of this Agreement, Oncocyte will pay to Bio-Rad a royalty payment equal to [***] percent ([***]%) of Net Sales (the "**Royalty Payments**").

(b) Within [***] days of the end of each calendar quarter, Oncocyte will deliver to Bio-Rad a report setting forth, for such calendar quarter, the following information, on a country-by-country basis: (i) Net Sales of the RUO Assays in the Field in the Territory and the calculation therefor, including a summary of deductions from the gross receipts and (ii) the amount of Net Sales payable as part of the Royalty Payments. No such reports will be due for any such RUO Assay before the First Commercial Sale of the RUO Assay in the Territory. The total Royalty Payments due for the sale of all RUO Assays in the Field in the Territory during such calendar quarter will be remitted at the time such report is made.

VII.2 Resale Supply Payments. After the completion of the activities under the Product Development Plan, Oncocyte shall manufacture and

supply the RUO Assays to Bio-Rad for resale outside the Territory at a purchase price of $ [***] per sample, subject to tiered volume discounts and pricing adjustments for significant reimbursement erosion in each case as mutually agreed by the Parties. Bio-Rad may initiate purchases under this Section 7.2 only by submitting written purchase orders to Oncocyte with advance lead-time ahead of delivery, such lead-time to be determined by the JSC, except as otherwise mutually agreed by the Parties in writing or in the applicable purchase order. No purchase order will be binding upon Oncocyte until accepted by Oncocyte in writing.

VII.3 Late Payments. Any amount owed by a Party to the other Party under this Agreement that is not paid within the applicable time period set forth herein will accrue interest at the lesser of (a) [***], or (b) the highest rate permitted under Applicable Law.

VII.4 Disputed Payments. If a Party disputes a payment under Section 7.1 (Royalty Payments), Section 7.2 (Resale Supply Payments) or Section 4.2 (Development Plan Costs), then the Party owing payment will timely pay the undisputed amount of such payment and the JSC will resolve such dispute in accordance with Section 2.2(b) (Actions or Decisions). The disputing Party will provide the JSC with a written notice setting forth in reasonable detail the nature and factual basis for such dispute and the JSC will seek to resolve such dispute within [***] days after the date such written notice is received. Any outstanding amounts due will be payable by the applicable Party within [***] days after the resolution of the dispute.

VII.5 Taxes. Each Party will be responsible for its own taxes, duties, levies, imposts, assessments, deductions, fees, withholdings or similar charges imposed on or measured by net income or overall gross income (including branch profits), gross receipts, capital, ability or right to do business, property, and franchise or similar taxes pursuant to Applicable Law. Each Party may deduct and withhold from payments any amounts it is required to deduct and withhold pursuant to Applicable Law, which such amounts will be treated as having been paid hereunder.

VII.6 Currency. All amounts payable and calculations under this Agreement will be in United States dollars. As applicable, Net Sales and any deductions will be translated into United States dollars at the average of the exchange rates published by the Federal Reserve Board (https://www.federalreserve.gov/releases/h10/current/) on each business day of the calendar quarter to which any such payments herein relate.

VII.7 Record Keeping. Each Party will keep and will cause its Affiliates to keep books and accounts of record in connection with the commercialization of the RUO Assays. Each Party and its Affiliates will maintain such records for the longer of (a) at least three years after the end of the calendar year in which they were generated or otherwise relevant and (b) as is required by Applicable Law.

VII.8 Audits. Oncocyte will permit an independent certified public accounting firm of nationally recognized standing selected by Bio-Rad and reasonably acceptable to Oncocyte, to examine, at Bio-Rad's sole expense and upon reasonable prior notice, the relevant books and records of Oncocyte and its Affiliates as may be reasonably necessary to verify the Royalty Payments amounts reported by Oncocyte in accordance with Section 7.1 (Royalty Payments). An examination by Bio-Rad under this Section 7.8 (Audits) (a) will be subject to standard confidentiality obligations, (b) will occur not more than once in any [***], (c) will be limited to Oncocyte's and its Affiliate's pertinent books and records to the extent relevant to the calculation of Net Sales for any calendar year ending not more than three years before the date of the request, (d) will not exceed a period of [***] business days in duration, (e) may not unreasonably disrupt the operations of Oncocyte or its Affiliates, and (f) may be reasonably delayed by Oncocyte to the extent such examination conflicts with any previously scheduled audit of Oncocyte. The accounting firm will be provided access to such books and records at Oncocyte's or its Affiliates' facility(ies), or remotely, where such books and records are normally kept and such examination will be conducted during Oncocyte's normal business hours. Upon completion of the audit, the accounting firm will provide both Bio-Rad and Oncocyte a written report disclosing any discrepancies in (i) the reports submitted by Oncocyte or (ii) the Royalty Payments and the specific details concerning any discrepancies.

VII.9 Underpayments/Overpayments. If such accounting firm concludes that additional amounts were due to Bio-Rad, then Oncocyte will pay to Bio-Rad such additional amounts within [***] days of the date Oncocyte receives such accountant's written report. Further, if the amount of such underpayments exceeds more than [***] % of the amounts that were properly payable to Bio-Rad, then Oncocyte will reimburse Bio-Rad for its reasonable out-of-pocket costs in connection with the audit. If such accounting firm concludes that Oncocyte made payments to Bio-Rad under this Agreement in excess of the amounts due under this Agreement, then Bio-Rad will refund such excess amount to Oncocyte, within [***] days of the date Bio-Rad receives such accountant's report and all invoices for the audit.

ARTICLE VIII
EQUITY INVESTMENT; OPTION FOR IVD KITS

VIII.1 Equity Investment. Prior to or as part of Oncocyte's next private placement of shares of its common stock occurring after the Effective Date, Bio-Rad agrees to purchase, at the then-current market price (or the price per share of the private placement if the purchase price is less than the then-market price), shares of Oncocyte's common stock equal to 9.99% of the total number of shares of common stock then issued and outstanding immediately after giving effect to the closing of such equity investment, in exchange for cash consideration (the closing date of such equity investment by Bio-Rad, "**Completion**"); *provided, however*, that, notwithstanding the foregoing, the total purchase price for Bio-Rad's purchase of such shares shall not exceed $[***] unless, at Bio-Rad's discretion, it chooses to purchase an amount exceeding such purchase price limit; *provided further* that any investment by Bio-Rad in the equity securities of Oncocyte will be subject to the completion of due diligence and negotiation of applicable legal documentation (which documentation shall provide for, among other things, customary preemptive rights in future offerings of equity securities of Oncocyte in favor of Bio-Rad), in each case, to Bio-Rad's reasonable satisfaction. Subject to agreement by Bio-Rad to certain confidentiality and restrictions on trading of securities on material non-public information, as applicable and as advised by securities counsel to Oncocyte, Oncocyte shall provide Bio-Rad with reasonable advance notice for the terms and conditions of the private placement of its common stock pursuant to this Section 8.1. Oncocyte hereby agrees that the proceeds of any investment by Bio-Rad in the securities of Oncocyte shall not be used by Oncocyte (a) to purchase or repurchase Oncocyte's securities, or (b) for compensation paid to directors, officers, employees or contractors of Oncocyte, in each case in this subsection (b), unless such compensation is in the ordinary course of business and in accordance with past practice.

VIII.2 Option for IVD Kits.

(a) Bio-Rad shall have, and Oncocyte hereby grants Bio-Rad, an irrevocable option for the exclusive rights to promote, market and sell IVD Kits worldwide, subject to the terms and conditions set forth in this Section 8.2 (the "**IVD Kits Option**"). The IVD Kits Option shall be exercisable for a period of time commencing upon Completion and ending [***] days after the date on which Oncocyte has notified Bio-Rad that it has obtained Regulatory Approval for the IVD Kits from the FDA (the "**Option Period**"), which Option Period may be extended by mutual agreement of the Parties if more time is necessary. To exercise the IVD Kits Option, Bio-Rad shall provide written notice to Oncocyte electing to exercise the IVD Kits Option. Upon Bio-Rad's exercise of the IVD Kits Option, subject to the satisfaction and completion of certain closing conditions as described herein, (1) Bio-Rad shall pay to Oncocyte $[***] in cash for the purchase of additional shares of Oncocyte's common stock at the then-current market price per share; (2) Oncocyte shall grant Bio-Rad exclusive rights to promote, market and sell IVD Kits worldwide; and (3) Oncocyte will manufacture exclusively for, and supply IVD Kits exclusively to, Bio-Rad.

(b) The exercise and consummation of the IVD Kits Option shall be subject to the satisfaction and completion of certain closing conditions, including, without limitation, the following:

(i) to the extent the equity issuance and/or the grant of exclusive rights pursuant to the IVD Kits Option require approval of Oncocyte's shareholders due to Nasdaq listing rules or other requirements, the transactions shall be consummated subject to any such shareholder approval, which approval Oncocyte shall seek to obtain using its Commercially Reasonable Efforts;

(ii) the completion of additional due diligence by Bio-Rad to include FTO Clearance and assessment of litigation risks, and the absence of significant reimbursement erosion; and

(iii) the negotiation and execution of a definitive manufacture and supply agreement for the IVD Kits by and between the Parties, which agreement will include relevant terms and conditions, including the grant of exclusive rights to promote, market and sell IVD Kits worldwide and transfer pricing for the IVD Kits.

ARTICLE IX
INTELLECTUAL PROPERTY

IX.1 Ownership of Intellectual Property.

(a) Background Intellectual Property. Each Party retains all rights, title, and interest in and to such Party's Background IP. Each Party, in its sole discretion, is responsible for the filing, prosecution, maintenance, abandonment and enforcement of its own Background IP.

(b) Arising Intellectual Property. Inventorship of Arising IP will be determined in accordance with U.S. patent laws. Ownership, as well as responsibility for prosecution, maintenance, abandonment and enforcement of Arising IP will be as set forth below.

(i) Bio-Rad Product Arising IP. All rights, title, and interests in and to all Bio-Rad Product Arising IP, irrespective of inventorship, will vest in Bio-Rad. Oncocyte hereby assigns and transfers and will assign and transfer to Bio-Rad all rights, title, and interests that it may have in or to any Bio-Rad Product Arising IP. Bio-Rad, in its sole discretion, is responsible for the filing, prosecution, maintenance, abandonment and enforcement of Bio-Rad Product Arising IP.

(ii) Oncocyte Product Arising IP. All rights, title, and interests in and to all Oncocyte Product Arising IP, irrespective of inventorship, will vest in Oncocyte. Bio-Rad hereby assigns and transfers to Oncocyte all rights, title, and interests that it may have in or to any Oncocyte Product Arising IP. Oncocyte, in its sole discretion, is responsible for the filing, prosecution, maintenance, abandonment and enforcement of Oncocyte Product Arising IP.

(iii) Sole Ownership of Other Arising IP. Ownership of any Other Arising IP will be according to inventorship, with the inventor(s) owning the IP and inventorship determined in accordance with U.S. patent law. Subject to Section 9.1(b)(v) (Procedure for Patent Claiming Arising IP), each Party, in its sole discretion, is responsible for the filing, prosecution, maintenance, abandonment and enforcement of Other Arising IP invented or developed solely by such Party.

(iv) Joint Other Arising IP. Subject to Section 9.1(b)(v) (Procedure For Patent Claiming Arising IP), the filing Party will provide the other Party with a reasonable opportunity to review and comment on its efforts to prepare, file, prosecute, and maintain Joint Other Arising IP, including by providing other Party with a copy of material communications from any patent authority in such country(ies) regarding any such Joint Other Arising IP, and by providing drafts of any material filings or responses to be made to such patent authorities in advance of submitting such filings or responses. Filing Party will consider other Party's comments regarding such communications and drafts in good faith. For the avoidance of doubt, in no instance will any Joint Other Arising IP be abandoned without giving the other Party an opportunity to maintain a patent or pursue a patent application. The filing Party will provide to the other Party at least [***] days' written notice prior to a final patent deadline of its intent to abandon such patent application or issued patent and will allow the other Party to directly pay the costs of preparing, filing, prosecuting, issuing, or maintaining such patent application or issued patent. Should other Party choose to directly pay such costs, filing Party will execute all documents and do all acts necessary to vest ownership of Joint Other Arising IP in the other Party. Subject to the terms and conditions of this Agreement, each Party will have the right to freely exploit and license the Joint Other Arising IP without the consent of or obligation to account to the other Party. To the extent that Applicable Law requires either Party to obtain the consent of the other Party to exploit or license its interest in the Joint Other Arising IP, each Party hereby grants and will grant such consent upon the request of the other Party.

(v) Procedure for Patent Claiming Arising IP. Prior to either Party filing a patent application claiming Arising IP, each Party will notify the other Party of its intent to file such patent application, provide a draft of such patent application (which may be redacted to protect the Confidential Information of the filing Party), and allow the other Party a reasonable opportunity to comment on such patent application with respect to inventorship and ownership of any patent that would be granted if such patent application were approved. If the other Party notifies the filing Party that it does not agree with the filing Party's view of inventorship and ownership of any patent that would be granted if such patent application were approved, then the Parties will endeavor in good faith to resolve such disagreement. Notwithstanding the foregoing, [***]; *provided* that [***].

(c) Defense of Joint Other Arising IP. Each Party will notify the other if becomes aware of any alleged or threatened assertion that the practice of Joint Other Arising IP infringes or misappropriates the Intellectual Property Rights of a Third Party. The Parties will discuss in good faith the defense of such assertion, including which Party shall have the right to conduct any related proceedings, and whether one or both Parties will bear the related costs and expenses.

(d) Cooperation. Each Party agrees to perform, during or after termination of this Agreement, such further acts as may be necessary or desirable to transfer, perfect, and defend the other Party's worldwide ownership of their respective Arising IP as reasonably requested by a Party and to provide all assistance reasonably requested by a Party, at the requesting Party's expense, in the establishment, preservation, and enforcement of a Party's rights in its respective Arising IP as delineated in this Section 9.1(b) (Arising Intellectual Property), including by: [***].

IX.2 Relevant Third Party IP. During the Term, if either Party becomes aware of: (i) any Intellectual Property Rights that such Party determines may constitute Relevant Third Party IP that would materially affect the transactions contemplated by this Agreement, or (ii) any allegation that any Party infringes the Intellectual Property Rights of a Third Party related to its Activities or transactions under its Agreement; such Party will promptly notify the other Party. Upon any such notice, the Parties will enter into discussions and any necessary protective agreements to determine with respect to any Relevant Third Party IP, [***]. Notwithstanding anything contained in this Agreement to the contrary and for the avoidance of doubt, Oncocyte shall only be responsible for the defense of any allegations or claims that the RUO Assays infringe the Intellectual Property Rights of a Third Party solely within the United States and the European Union, and Bio-Rad shall have sole responsibility for defense outside of the United States and the European Union in

any country in which it markets, sells or distributes the RUO Assays.

IX.3 Trademarks. Each Party will provide to the other Party a license to use its trademarks to the extent required by the Product Commercialization Plan to accomplish the commercialization of the RUO Assays.

ARTICLE X
CONFIDENTIAL INFORMATION

X.1 Confidentiality Requirement. Each Party will (a) maintain the other Party's Confidential Information in confidence during the Term and for [***] years thereafter, (b) limit dissemination of the other Party's Confidential Information to those of its employees who require such Confidential Information in order for such Party to perform its obligations and exercise its rights under this Agreement, and (c) use and disclose such Confidential Information only to the extent necessary for such Party to perform its obligations and exercise its rights under this Agreement (including disclosing Confidential Information to the Affiliates, subcontractors, and distributors allowed under this Agreement).

X.2 Authorized Disclosure. Notwithstanding the obligations set forth in Section 10.1 (Confidentiality Requirement), Confidential Information may be disclosed by the Receiving Party to the extent such disclosure is required to comply with Applicable Law and a court order; *provided* that the Receiving Party gives prior notice to the Providing Party regarding such disclosure, and seeks, or cooperates with the Disclosing Party in obtaining confidential treatment of such disclosure to the maximum extent permitted by Applicable Law. In addition, each Party will have the right to disclose Confidential Information belonging to the other Party in connection with a prospective acquisition, merger, financing, license or sublicense for such Party to potential or actual (a) acquirers or merger candidates, or (b) investors, lenders or financing sources, in each case, including any investment bank, placement agent, accountant or other financial or legal adviser in connection with any such actual or potential transaction; *provided* that, in each case, (i) such persons are bound by written obligations or other obligations of confidentiality and non-use with respect to such Confidential Information no less stringent than the confidentiality and non-use terms of this Agreement and (ii) any such disclosure is limited to the maximum extent practicable for the particular context in which it is being disclosed.

X.3 Terms of this Agreement . The Parties acknowledge that the terms and contents of this Agreement (including any Exhibits attached hereto) will be treated as the Confidential Information of each Party, as appropriate.

X.4 Publicity. Except as otherwise required by Applicable Law, and only after compliance with this Section 10.4 (Publicity), no Party will issue a press release or make any other public disclosure of the existence or terms of this Agreement, without the prior written approval of such press release or disclosure by the other Party. However if, in the reasonable opinion of a Party's counsel, a public disclosure is required by Applicable Law, or court order, including in a filing with the United States Securities and Exchange Commission, then such Party will provide copies of the disclosure reasonably in advance of such filing or other disclosure for the other Party's prior review and comment, and the other Party will provide their comments as soon as practicable, provided that, with respect to a filing with the United States Securities and Exchange Commission and where such time permits, such comments will be provided no later than [***] prior to the filing deadline. No disclosure permitted by this Section 10.4 (Publicity) is allowed to contain any Confidential Information of the other Party unless otherwise permitted in accordance with this Article X (Confidential Information).

X.5 Use of Name. No right, express or implied, is granted to either Party by this Agreement to use in any manner any trademark, logo or trade name of either Party without the prior written consent of the owning Party. No Party will make, place or disseminate any advertising, public relations, marketing material or any material of any kind using the name of the other Party or any subsidiary or Affiliate of the other Party or use their trademark, logo or trade name, without the prior written approval of the owning Party.

X.6 Publications. The publishing Party will have no right to publish the non-publishing Party's Confidential Information without the prior affirmative written consent of the non-publishing Party. The publishing Party will provide the non-publishing Party with an advance copy of the non-publishing Party's Confidential Information at least [***] days prior to such submission for publication or presentation for the non-publishing Party's review and written consent. The non-publishing Party will have the right to (a) provide comments, which will be considered and reasonably incorporated by the publishing Party, or (b) remove any Confidential Information of the non-publishing Party. The non-publishing Party may request, and the publishing Party will not unreasonably deny, postponement of the Publication for up to [***] additional days to allow for filing or registration of Intellectual Property Rights protection. For clarity, (i) a non-publishing Party's failure to redact any of its Confidential Information from a Publication, or silence around the same, and (ii) expiration of the review or postponement periods described herein, is not affirmative written consent by the non-publishing Party under this Section 10.6 (Publications).

ARTICLE XI
REPRESENTATIONS, WARRANTIES, AND COVENANTS

XI.1 Representations, Warranties and Covenants of Bio-Rad . Bio-Rad represents and warrants to and covenants with Oncocyte that:

(a) As of the Effective Date, Bio-Rad is a corporation duly organized, validly existing and in corporate good standing under the laws of the State of Delaware.

(b) Bio-Rad has the legal power and authority to execute, deliver and perform this Agreement.

(c) The execution, delivery and performance of this Agreement by Bio-Rad has been duly authorized by all necessary corporate action.

(d) Upon the execution and delivery of this Agreement, this Agreement constitutes the legal, valid and binding obligation of Bio-Rad, enforceable against Bio-Rad in accordance with its terms.

(e) The execution, delivery and performance of this Agreement will not cause or result in a violation of any Applicable Law.

(f) Bio-Rad has enforceable written agreements with all of its employees who receive Confidential Information of Oncocyte or perform activities under this Agreement assigning to Bio-Rad ownership of all Intellectual Property Rights created in the course of their employment.

(g) Any software provided by Bio-Rad to Oncocyte for use pursuant to this Agreement will not, to Bio-Rad's knowledge, contain any time bomb, virus, worm, Trojan horse, back door, drop dead device, or any other software that would interfere with the normal operation of any instrument, would allow circumvention of security controls for the same, or that is intended to cause damage to any instrument, software or data used by Oncocyte in connection with its Development Activities.

(h) No software, instrument or platform provided by Bio-Rad to Oncocyte for use pursuant to this Agreement will, to Bio-Rad's knowledge, (i) infringe any Third Party's copyright or misappropriate any Third Party's Know How or trade secret, (ii) infringe any Third Party Patent, or

(iii) impermissibly and without compliance with licensing requirements, include any open source computer code, and, to Bio-Rad's knowledge, none of such software will be subject to any contract or other obligation that would require Oncocyte or any Oncocyte Affiliate to divulge to any person any source code or trade secret.

(i) Bio-Rad will comply with all Applicable Laws and obtain all required governmental permits, licenses, and authorizations in the performance of its Activities under the Agreement.

(j) Bio-Rad represents that it is not debarred under subsections 306(a) or (b) of the US Federal Food Drug and Cosmetic Act US Generic Drug Enforcement Act of 1992, 21 USC 335a (a) or (b), and that it has not and will not use in any capacity the services of any person debarred under such law to conduct Activities. Bio-Rad further represents that none of its Affiliates in the US are excluded from any federal health care program, including but not limited to Medicare and Medicaid.

(k) If Bio-Rad Materials are human specimens, such Bio-Rad Materials will be De-identified prior to transfer to Oncocyte (or its Affiliates or subcontractors under Section 4.4 (Performance by Affiliates and Subcontractors)), and Bio-Rad will not provide Oncocyte any Protected Health Information (as such term is defined under HIPAA) or Personal Information as defined under the GDPR, the CCPA, or similarly defined term in Applicable Law, about any human donors of Bio-Rad Materials or of the original tissues from which Bio-Rad Materials were derived. Bio-Rad has legal title, power and authority to provide all Bio-Rad Materials provided to Oncocyte under this Agreement, and with respect to human specimens, a legal, valid, and binding informed consent from the patient authorizing such provision of such Bio-Rad Materials has been obtained from the patient in accordance with Applicable Law.

(l) Bio-Rad has and will comply with all Applicable Laws and obtain all required governmental permits, licenses, and authorizations in the collection and handling of Bio-Rad Materials and the performance of its Activities under the Agreement.

(m) Bio-Rad has legal right and title to Bio-Rad Materials and any uses of Bio-Rad Materials described in this Agreement (including the Development Plans) are within the scope of and consistent with the informed consents applicable to such Bio-Rad Materials or otherwise permissible under Applicable Law.

(n) To the extent that the Bio-Rad Materials include human specimens, Bio-Rad represents and warrants to Oncocyte that either it: (i) has obtained all informed consents and Institutional Review Board or Ethics Committee approvals required by Applicable Law with respect to such Materials, (ii) is not required under Applicable Law to obtain such informed consents, (iii) it has received a waiver for consent from an Institutional Review Board or Ethics Committee, or (iv) the use of the Bio-Rad Materials by Oncocyte in connection with this Agreement is within the scope of and consistent with the informed consents applicable to the Bio-Rad Materials.

XI.2 Representations, Warranties, and Covenants of Oncocyte. Oncocyte represents and warrants to and covenants with Bio-Rad that:

(a) As of the Effective Date, Oncocyte is a corporation duly organized, validly existing and in good standing under the laws of the State of California.

(b) Oncocyte has the legal power and authority to execute, deliver, and perform this Agreement.

(c) The execution, delivery and performance by Oncocyte of this Agreement has been duly authorized by all necessary corporate action.

(d) Upon the execution and delivery of this Agreement, this Agreement constitutes the legal, valid and binding obligation of Oncocyte, enforceable against Oncocyte in accordance with its terms.

(e) The execution, delivery and performance of this Agreement will not cause or result in a violation of any Applicable Law.

(f) Oncocyte has enforceable written agreements with all of its employees who receive Confidential Information of Bio-Rad or perform Activities under this Agreement assigning to Oncocyte ownership of all Intellectual Property Rights created in the course of their employment.

(g) Any software provided by Oncocyte to Bio-Rad for use pursuant to this Agreement will not, to Oncocyte's knowledge, contain any time bomb, virus, worm, Trojan horse, back door, drop dead device, or any other software that would interfere with the normal operation of any instrument, would allow circumvention of security controls for the same, or that is intended to cause damage to any instrument, software or data used by Bio-Rad in connection with its Development Activities.

(h) No software, RUO Assay or product provided by Oncocyte to Bio-Rad for use pursuant to this Agreement will, to Oncoctye's knowledge, (i) infringe any Third Party's copyright or misappropriate any Third Party's Know How or trade secret, (ii) infringe any Third Party Patent, or (iii) impermissibly and without compliance with licensing requirements, include any open source computer code, and, to Oncocyte's knowledge, none of such software will be subject to any contract or other obligation that would require Bio-Rad or any Bio-Rad Affiliate to divulge to any person any source code or trade secret.

(i) Oncocyte will comply with all Applicable Laws and obtain all required governmental permits, licenses, and authorizations in the performance of its Activities under the Agreement. If Oncocyte Materials are human specimens, such Oncocyte Materials will be De-identified prior to transfer to Bio-Rad (or its Affiliates or subcontractors under Section 4.4 (Performance by Affiliates and Subcontractors)), and Oncocyte will not provide Bio-Rad any Protected Health Information (as such term is defined under HIPAA) or Personal Information as defined under the GDPR, the CCPA, or similarly defined term in Applicable Law, about any human donors of Materials or of the original tissues from which Oncocyte Materials were derived. Oncocyte has legal title, power and authority to provide all Materials provided to Bio-Rad under this Agreement, and with respect to human specimens, a legal, valid, and binding informed consent from the patient authorizing such provision of such Oncocyte Materials has been obtained from the patient in accordance with Applicable Law.

(j) Oncocyte has and will comply with all Applicable Laws and obtain all required governmental permits, licenses, and authorizations in the collection and handling of Oncocyte Materials and the performance of its Activities under the Agreement.

(k) Oncocyte has legal right and title to Oncocyte Materials and any uses of Oncocyte Materials described in this Agreement (including the Development Plans) are within the scope of and consistent with the informed consents applicable to such Oncocyte Materials or otherwise permissible under Applicable Law.

(l) To the extent that the Oncocyte Materials include human specimens, Oncocyte represents and warrants to Bio-Rad that either it: (i) has obtained all informed consents and Institutional Review Board or Ethics Committee approvals required by Applicable Law with respect to such

Oncocyte Materials, (ii) is not required under Applicable Law to obtain such informed consents, (iii) it has received a waiver for consent from an Institutional Review Board or Ethics Committee, or (iv) the use of the Oncocyte Materials by Bio-Rad in connection with this Agreement is within the scope of and consistent with the informed consents applicable to the Materials.

(m) Oncocyte represents that it is not debarred under subsections 306(a) or (b) of the US Federal Food Drug and Cosmetic Act US Generic Drug Enforcement Act of 1992, 21 USC 335a (a) or (b), and that it has not and will not use in any capacity the services of any person debarred under such law to conduct Activities. Oncocyte further represents that none of its Affiliates in the US are excluded from any federal health care program, including but not limited to Medicare and Medicaid.

ARTICLE XII
INDEMNIFICATION

XII.1 Indemnification by Bio-Rad. Bio-Rad agrees to indemnify, defend, and hold harmless Oncocyte Indemnified Parties against all Losses to the extent resulting from Claims brought by a Third Party and arising from: (a) any gross negligence, recklessness or willful misconduct of the Bio-Rad Indemnified Parties in connection with this Agreement, (b) any breach by Bio-Rad of this Agreement (c) any violation of Applicable Law by Bio-Rad Indemnified Parties in connection with the performance of Bio-Rad's obligations or Activities under this Agreement, (d) Bio-Rad's and its Affiliates' commercialization of the RUO Assays, or (e) Bio-Rad's performance of its activities under the Product Development Plan or Product Commercialization Plan. In all cases in (a) through (e) above, such indemnity will be reduced up to the amount and to the extent that Oncocyte is required to indemnify any of the Bio-Rad Indemnified Parties for the relevant Losses or Claims under Section 12.2 (Indemnification by Oncocyte).

XII.2 Indemnification by Oncocyte. Oncocyte agrees to indemnify, defend, and hold harmless Bio-Rad Indemnified Parties against all Losses to the extent resulting from Claims brought by a Third Party and arising from: (a) any gross negligence, recklessness, or willful misconduct of Oncocyte Indemnified Parties in connection with this Agreement, (b) any breach by Oncocyte of this Agreement, (c) any violation of Applicable Law by Oncocyte Indemnified Parties in connection with the performance of Oncocyte's obligations or Activities under this Agreement, (d) Oncocyte's and its Affiliates' commercialization of the RUO Assays, or (e) Oncocyte's performance of its activities under the Product Development Plan or Product Commercialization Plan. In all cases in (a) through (e) above, such indemnity will be reduced up to the amount and to the extent that Bio-Rad is required to indemnify any of the Oncocyte Indemnified Parties for the relevant Losses or Claims under Section 12.1 (Indemnification by Bio-Rad).

XII.3 Notice. Should any claim arise which could reasonably be expected to lead to a claim for indemnification, the Indemnified Party will promptly notify, in writing, the Indemnifying Party of the claim and the facts constituting the basis for such claim and will promptly provide the Indemnifying Party with such documents and information that are reasonably requested. An Indemnifying Party will have no obligation or liability under this Article XII as to any claim for which settlement or compromise of such claim, or an offer of settlement or compromise of such claim, is made by an Indemnified Party without the prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld. Further, the Indemnified Party will take such lawful action as the Indemnifying Party may reasonably request to mitigate Losses, subject to the indemnification obligations set forth in Article XII (Indemnification).

XII.4 Defense; Mitigation. The Indemnifying Party will assume exclusive control of the defense of any claim for which the Indemnified Party may be liable under Article XII (Indemnification) at its sole cost and expense. The Indemnified Party will provide cooperation and assistance in the defense of such claim in the event the Indemnifying Party assumes the defense as set forth above. The Indemnifying Party will not settle or compromise any such claim without the prior written consent of the Indemnified Party, which consent will not be unreasonably withheld, conditioned or delayed; *provided, however*, that no consent is required to be obtained if: (a) the Indemnified Party is fully released of all liability without admission of liability or wrongdoing, and (b) the settlement is limited to a financial payment by the Indemnifying Party, and (c) the settlement does not otherwise adversely impact the Indemnified Party. Further, the Oncocyte Indemnified Parties and the Bio-Rad Indemnified Parties, as the case may be, will take such measures as are commercially reasonable to minimize risks and mitigate Losses related to any Claims under this Article XII (Indemnification).

ARTICLE XIII
LIMITATION OF LIABILITY AND DISCLAIMER OF WARRANTIES

XIII.1 Limitation of Liability. EXCEPT WITH RESPECT TO (A) THE GROSS NEGLIGENCE, RECKLESSNESS OR WILLFUL MISCONDUCT OF A PARTY, (B) A BREACH OF THE CONFIDENTIALITY OBLIGATIONS UNDER ARTICLE X (CONFIDENTIAL INFORMATION) BY A PARTY, OR (C) AMOUNTS SOUGHT BY THIRD PARTIES IN CLAIMS THAT ARE SUBJECT TO EACH PARTY'S RESPECTIVE INDEMNITY OBLIGATIONS UNDER ARTICLE XII (INDEMNIFICATION), NEITHER PARTY WILL BE LIABLE WITH RESPECT TO ANY MATTER ARISING UNDER THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF BUSINESS OR GOOD WILL, LOSS OF REVENUE OR LOST PROFITS.

XIII.2 Disclaimer of Warranties. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, (A) NEITHER PARTY MAKES ANY WARRANTIES WITH RESPECT TO ANY PRODUCT, PATENT RIGHTS, GOODS, SERVICES, MATERIALS, KNOW-HOW OR ANY OTHER SUBJECT MATTER OF THIS AGREEMENT, AND (B) EACH PARTY HEREBY DISCLAIMS WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT WITH RESPECT TO ANY AND ALL OF THE FOREGOING.

ARTICLE XIV
TERM AND TERMINATION

XIV.1 Term. This Agreement commences on the Effective Date and will remain in effect for ten (10) years from the Effective Date, unless terminated earlier as provided herein ("**Term**"). The Parties may extend the Term by mutual written agreement.

XIV.2 Termination Rights.

(a) For Cause. Either Party may terminate this Agreement by providing written notice of termination to the other Party in the event that the other Party materially breaches this Agreement (by, including but not limited to, causing a material delay under the Product Development Plan) and fails to cure such breach within [***] days of receiving a written notice of default from the non-breaching Party; *provided, however*, that if the default cannot, by its nature, be cured within such [***] day period, then the breaching Party may propose a plan to cure such breach in a longer period of time, such period not to exceed [***] days, and the Parties will discuss such plan in good faith. If the Parties cannot agree on such proposed plan to cure the applicable breach in a period longer than [***] days (but less than [***] days), then the non-breaching Party may terminate this Agreement upon the expiration of such [***] day period by providing written notice of termination to the other Party. Notwithstanding the foregoing, if the allegedly breaching Party disputes whether it has materially breached this Agreement or whether it has failed to cure such breach within such [***] day cure period and commences an action to dispute such allegation in accordance with Section 15.3 (Governing Law; Jurisdiction), then the cure period to cure such breach

will be tolled and the Agreement will remain in effect pending the outcome of such litigation.

(b) Insolvency. Either Party may terminate this Agreement if the other Party becomes the subject of a voluntary or involuntary petition in bankruptcy or any proceeding relating to insolvency, receivership, liquidation, or composition or the benefit of creditors, if that petition or proceeding is not dismissed with prejudice within [***] days after filing ("**Insolvency Event**"). All licenses granted under this Agreement (including the license granted under section 5.3) are deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of right to "intellectual property" as defined in Section 101 of such code. The Parties agree that any licensee Party will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code.

XIV.3 Effects of Expiration or Termination.

(a) Generally. If this Agreement is terminated or if it expires, then except as expressly provided in this Agreement (including in this Section 14.3 (Effects of Expiration or Termination) and Section 14.4 (Survival), all rights and obligations of the Parties will terminate.

(b) Intentionally omitted.

(c) Licenses Under Sections 3.1(a) and 3.2(a). If either Party terminates this Agreement for any reason, or upon expiration of the Term, then the licenses granted in Section 3.1(a) (Bio-Rad License Grants to Oncocyte) and Section 3.2(a) (Oncocyte License Grants to Bio-Rad) will terminate.

(d) Confidential Information. Upon termination or expiration of this Agreement, each Receiving Party will dispose of all tangible embodiments, and render inaccessible or useless all electronic embodiments, of any Confidential Information of the Disclosing Party hereunder, except that such Receiving Party may retain one copy thereof for legal archival purposes.

(e) Materials. Upon termination or expiration of this Agreement, each receiving Party will, as directed by the providing Party, either (i) return to the providing Party any unused or reusable Materials provided to the receiving Party by the providing Party hereunder or (ii) destroy or otherwise dispose in a manner to render inaccessible all such Materials.

XIV.4 Survival. Termination of this Agreement by either Party for any reason or expiration of this Agreement does not affect the rights and obligations (including payment obligations) of the Parties accrued prior to the effective date of the termination or expiration of this Agreement. All rights and obligations of the Parties set forth herein that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement until they are satisfied or by their nature expire, including Sections 3.5 (No Implied Licenses), 9.1 (Ownership of Intellectual Property), Section 10.1 (Confidentiality Requirement), Section 10.2 (Authorized Disclosure), 14.3 (Effect of Termination), 14.4 (Survival), Article I (Definitions), Article VII (Payments) (to the extent related to payment obligation accruing prior to the effective date of termination) Article XII (Indemnification), Article XIII (Limitation of Liability and Disclaimer of Warranties), and Article XV (General Provisions).

ARTICLE XV
GENERAL PROVISIONS

XV.1 Notice. Notices provided for herein must be in writing and delivered by hand or overnight courier service, or mailed (certified or registered) as follows:

If to Oncocyte:

[***]
Attn: [***]
Email: [***]

with a copy to:

[***]
[***]
[***]
Attn: [***]
Email: [***]

If to Bio-Rad:

[***] [***] [***] Attn: [***]

with a copy via email to: [***]

All notices and other communications given to any Party in accordance with the provisions of this Agreement are deemed to have been given on the date of receipt if delivered by hand or overnight courier service, or on the date of [***] business days after dispatch by certified or registered mail return receipt requested (postage prepaid) if mailed, in each case delivered, sent or mailed (properly addressed) to such Party to its address as set forth in this Section 15.1 (Notice), or to such other address that such Party may have notified to the other Party from time to time.

XV.2 Compliance with Law and Ethics. Oncocyte, and its respective Affiliates, and Bio-Rad and its respective Affiliates, will comply with Applicable Law applicable to the performance of their activities in connection with this Agreement.

(a) Supplier Code of Conduct. Oncocyte warrants that it is familiar with and shall at all times comply with Bio-Rad's Supplier Code of Conduct, as it may be amended from time to time by Bio-Rad. The Supplier Code of Conduct can be found at http://www.bio-rad.com/supplier-code-of-conduct or a successor site.

(b) Compliance with Laws. Oncocyte represents and warrants that it shall comply, and that all products shall be produced and sold in compliance, all services shall be performed in compliance, and all deliverables shall be delivered in compliance, with all applicable laws and regulations (including without limitation the applicable laws, regulations, orders and policies of the U.S. government and any other jurisdiction in which products or deliverables are provided or services are performed), including, without limitation any laws and regulations related to anti-corruption, import/export, labor,

employment, anti-discrimination, anti-harassment, anti-slavery, human trafficking, freedom of association, health and safety, environmental protection, hazardous substances, pollution, waste management, recycling and intellectual property. Oncocyte has not taken, and shall not take, any action that would subject Bio-Rad or any of its affiliated companies to any liability or penalty under any applicable law or regulation. Oncocyte has not, and shall not, directly or indirectly, make any offer, promise, authorization or payment of anything of value for the purpose of securing discretionary action or inaction or a decision of a government official or any improper advantage.

(c) Conflict Minerals. Oncocyte agrees to comply, and assist Bio-Rad in complying, with applicable conflict mineral laws, including without limitation, the requirements set forth in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as it may be amended from time to time. Such compliance includes, without limitation, Oncocyte's timely completion of a conflict minerals survey on an annual basis and cooperation with Bio-Rad in connection with any due diligence it may perform regarding conflict minerals contained in Oncocyte's products supplied to Bio-Rad.

(d) Manufacturing Practices. Oncocyte will manufacture all products in compliance with applicable standards of the International Standards Organization and, if applicable, current Good Manufacturing Practices. Oncocyte will maintain its ISO certification at all times and will promptly notify Bio-Rad if there is any change to its certification.

XV.3 Governing Law; Jurisdiction. This Agreement is governed by, construed and enforced in accordance with the laws of the State of California, other than its conflict of laws principles directing the application of any other law; *provided* that those matters pertaining to the validity or enforceability of patent rights will be interpreted and enforced in accordance with the laws of the territory in which such patent rights exist. Any legal suit, action, or proceeding arising out of or based upon this agreement or the transactions contemplated hereby may be instituted in the state or federal courts of the United States of America located in the Central District of California and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

XV.4 Relationship. This Agreement does not establish any Party as the legal representative or agent of the other, nor does any Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against, or in the name of or on behalf of, any other Party. This Agreement does not constitute, create or in any way be interpreted as a joint venture, partnership or formal business organization of any kind.

XV.5 Force Majeure. Neither Party will lose any rights hereunder or be liable to the other Party for Losses on account of failure of performance by the defaulting Party, if the failure is occasioned by government or court action (e.g. injunction), war, terrorism, public health emergency, pandemic, epidemic, fire, explosion, flood, strike, lockout, embargo, widespread market shortage of materials or utilities or an act of God; *provided* that the Party claiming force majeure has exerted all Commercially Reasonable Efforts to avoid or remedy such force majeure. Such excuse will continue as long as the condition preventing the performance continues. Upon cessation of such condition, the affected Party will promptly resume performance hereunder. Each Party agrees to give the other Party prompt written notice of the occurrence of any such condition, the nature thereof, and the extent to which the affected Party will be unable to perform its obligations hereunder. Each Party further agrees to use Commercially Reasonable Efforts to correct the condition as quickly as possible and to give the other Party prompt written notice when it is again fully able to perform its obligations hereunder.

XV.6 Interpretation. The headings used herein are included for convenience only and are not to be used in construing or interpreting this Agreement. The singular includes the plural and the plural includes the singular. The word "or" is used in the disjunctive sense, commonly associated with "and/or." The term "including," "include," or "includes" means including, without limiting the generality of any description preceding such term. Unless the context requires otherwise, (i) any definition of or reference to any agreement, document or law will be construed as referring to such agreement, document or law as from time to time amended, supplemented or otherwise modified, (ii) the words "herein," "hereof" and "hereunder" and words of similar import will each be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iii) all references to Sections or Exhibits will be construed to refer to Sections or Exhibits to this Agreement, (iv) the word "days" means calendar days unless otherwise specified, (v) the words "copy" and "copies" and words of similar import include, to the extent available, electronic copies, files or databases containing the information, files, items, documents or materials to which such words apply, (vi) wherever used, the word "shall" and the word "will" are each understood to be imperative or mandatory in nature and are interchangeable with one another; (vii) all references to dollars will be to US dollars; and (viii) "person" and "party" will be interpreted broadly to include any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, government authority or other entity.

XV.7 Assignment. No Party has the right to assign its rights or obligations under this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed; *provided, however*, that: (a) each Party may assign this Agreement and all of its rights and obligations hereunder, without such consent, to an entity that acquires substantially all of the assets of such Party (or the business or assets to which this Agreement pertains) whether by merger, consolidation, reorganization, acquisition, sale or otherwise, and (b) each Party may assign this Agreement and all of its rights and obligations hereunder, without such consent, to an Affiliate if the assigning Party remains liable and responsible for the performance and observance of all of the Affiliate's duties and obligations hereunder. This Agreement is binding upon and inures to the benefit of the successors and permitted assigns of each respective Party to the extent necessary to carry out the intent of this Agreement. Any assignment not in accordance with this Section 15.7 (Assignment) is null and void.

XV.8 Entire Agreement. This Agreement (including all Exhibits hereof) constitutes the entire agreement between the Parties with respect to the matters set forth herein, and supersedes all prior agreements and understandings, both written and oral, between the Parties with respect thereto.

XV.9 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic and legal substance of the underlying transaction, taken as a whole, is not affected in any manner materially adverse to either Party. Upon such determination that: (a) any term or other provision is invalid, illegal or incapable of being enforced, and (b) the economic or legal substance of the underlying transaction, taken as a whole, is affected in a manner materially adverse to either Party, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner to the fullest extent permitted by Applicable Law in order that the underlying transaction be completed as originally contemplated to the fullest extent possible.

XV.10 Waivers; Amendment. The failure of either Party to insist, in any one or more instances, upon the performance of any of the terms, covenants or conditions of this Agreement or to exercise any right hereunder, will not be construed as a waiver or relinquishment of the future performance of any such term, covenant or conditions or the future exercise of such right, and the obligation of the other Party with respect to such future performance will continue in full force and effect. No item or provision of this Agreement may be altered or amended except by a writing signed by both Parties.

XV.11 No Construction Against Drafter . The Parties acknowledge and agree that each Party has participated in the drafting and negotiation of this contract and have had a free and equal opportunity to do so, that each Party has been represented by counsel or had an opportunity to be represented by counsel, and that the provisions of this Agreement will not be construed against any Party as the drafter.

XV.12 Expenses. Except as expressly provided herein or in any Development Plan, all fees, costs and expenses incurred in connection with the negotiation of this Agreement and the other agreements contemplated hereby, the performance of this Agreement and the other agreements contemplated hereby, and the consummation of the transactions contemplated hereby and thereby will be the responsibility of the Party incurring such fees, costs and expenses.

XV.13 Counterparts. This Agreement and any amendments may be executed (including via facsimile or other reliable electronic means of transmitting signed copies such as emailed scanned signed copies) in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties, through their duly authorized representatives, have executed this Collaboration Agreement and have caused it to be effective as of the Effective Date set forth above.

ONCOCYTE CORPORATION		**BIO-RAD LABORATORIES, INC.**	
By:	*/s/ Josh Riggs*	By:	*/s/ Norman Schwartz*
Name:	Josh Riggs	Name:	Norman Schwartz
Title:	Chief Executive Officer	Title:	Chief Executive Officer

Schedule 4.4

[***]

Exhibit 31.1

CERTIFICATION

I, Josh Riggs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Oncocyte Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this periodic report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ Josh Riggs
Josh Riggs
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, James Liu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Oncocyte Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this periodic report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ James Liu
James Liu
Controller, Principal Accounting Officer and interim Principal Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Oncocyte Corporation (the "Company") for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Josh Riggs, President and Chief Executive Officer of the Company, and James Liu, Controller, Principal Accounting Officer and interim Principal Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2024

/s/ Josh Riggs
Josh Riggs
President and Chief Executive Officer
(Principal Executive Officer)

/s/ James Liu
James Liu
Controller, Principal Accounting Officer and interim Principal Financial Officer
(Principal Financial Officer)