

REFINITIV

DELTA REPORT

10-Q

NEO - NEOGENOMICS INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1280

■ CHANGES	184
■ DELETIONS	528
■ ADDITIONS	568

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 **September 30, 2023** **March 31, 2024**

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: 001-35756

NEOGENOMICS, INC.

(Exact name of registrant as specified in its charter)

Nevada

74-2897368

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

9490 NeoGenomics Way,

Fort Myers,

Florida

33912

(Address of principal executive offices)

(Zip Code)

(239) 768-0600

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock (\$0.001 par value)	NEO	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

S

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 pursuant 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

As of **November 2, 2023** **April 26, 2024**, the registrant had **127,465,820** **127,711,930** shares of Common Stock, par value \$0.001 per share outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements generally can be identified by the use of words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "goal," "intends," "may," "plan," "potential," "project," "will," "would" and similar expressions, although not all forward-looking statements contain these identifying words. These forward-looking statements address various matters, including the Company's strategy, future operations, future financial position, future revenues, changing reimbursement levels from government payers and private insurers, projected costs, prospects and plans, and objectives of management. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that could cause our actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risks set forth in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission (the "SEC") on **February 24, 2023** **February 20, 2024**, and in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q.

Forward-looking statements include, but are not limited to, statements about:

- Our ability to respond to rapid scientific change;
- The risk of liability in conducting clinical trials and providing research services and the sufficiency of our insurance to cover such claims;
- Our ability to implement our business strategy;
- The expected reimbursement levels from governmental payers and private insurers and proposed changes to those levels;
- The application, to our business and the services we provide, of existing laws, rules and regulations, including without limitation, Medicare laws, anti-kickback laws, Health Insurance Portability and Accountability Act of 1996 regulations, state medical privacy laws, international privacy laws, federal and state false claims laws and corporate practice of medicine laws;
- Regulatory developments in the United States including downward pressure on health care reimbursement;
- Our ability to maintain our license under the Clinical Laboratory Improvement Amendments of 1988 ("CLIA");
- Food and Drug Administration, or FDA regulation of Laboratory Developed Tests ("LDTs");
- Failure to timely or accurately bill for our services;
- Our ability to expand our operations and increase our market share;
- Our ability to expand our service offerings by adding new testing capabilities and overcome capacity constraints;
- Our ability to develop or acquire licenses for new or improved testing technologies;
- Our ability to meet our future capital requirements;

- Our ability to manage our indebtedness;
- Our ability to manage the quality of our investment portfolio;
- Our expectations regarding the conversion of our outstanding 1.25% Convertible Senior Notes due May 2025 (the "2025 Convertible Notes") or our outstanding 0.25% Convertible Senior Notes due January 2028 (the "2028 Convertible Notes") in the aggregate principal amount of \$201.3 million and \$345.0 million, respectively, and our ability to make debt service payments under the 2025 Convertible Notes or 2028 Convertible Notes if such notes are not converted;
- Our ability to have sufficient cash to pay our obligations under the 2025 Convertible Notes or the 2028 Convertible Notes;
- The dilutive impact of the conversion of the 2025 Convertible Notes or the 2028 Convertible Notes;
- Our ability to protect our intellectual property from infringement;
- Our ability to integrate acquisitions and costs related to such acquisitions;
- Our ability to realize estimated benefits from our cost reduction and restructuring efforts;
- The effects of seasonality on our business;

- Our ability to maintain service levels and compete with other diagnostic laboratories;
- Our ability to hire and retain sufficient managerial, sales, clinical and other personnel to meet our needs;
- Our ability to successfully scale our business, including expanding our facilities, our backup systems and infrastructure;
- Our handling, storage and disposal of biological and hazardous materials;
- The accuracy of our estimates regarding reimbursement, expenses, future revenues and capital requirements; and
- Our ability to manage expenses and risks associated with international operations, including anti-corruption and trade sanction laws and other regulations, and economic, political, legal and other operational risks associated with foreign jurisdictions.

The forward-looking statements included in this Quarterly Report on Form 10-Q speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Glossary

Throughout this Quarterly Report on Form 10-Q, we may use certain abbreviations, acronyms and terms which are described below:

ACA	The Patient Protection and Affordable Care Act
ACLA	American Clinical Laboratory Association
AKS	Anti-Kickback Statute
CAP	College of American Pathologists
CDx	Companion Diagnostic
CLIA	Clinical Laboratory Improvement Amendments of 1988
CMS	Centers for Medicare and Medicaid Services
CRO	Contract research organizations
DHS	Designated health services
FCA	The federal False Claims Act
FDA	U.S. Federal Drug Administration
FISH	Fluorescence In-Situ Hybridization
GAAP	U.S generally accepted accounting principles
GDPR	The European Union's General Data Protection Regulation
HIPAA	The Health Insurance Portability and Accountability Act of 1996
IHC	Immunohistochemistry
LDT	Laboratory developed tests
LIMS	Laboratory Information Management System
MolDx	Molecular Diagnostic Services Program
MRD	Minimal residual disease
NGS	Next-generation sequencing
OIG	The Office of Inspector General of the Department of Health and Human Services
PCR	Polymerase chain reaction
PHI	Protected health information

PART I — FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
NEOGENOMICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	(unaudited)	
	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 331,914	\$ 342,488
Marketable securities, at fair value	52,916	72,715
Accounts receivable, net	140,279	131,227
Inventories	20,320	24,156
Prepaid assets	19,155	17,987
Other current assets	9,312	8,239
Total current assets	<u>573,896</u>	<u>596,812</u>
Property and equipment (net of accumulated depreciation of \$167,584 and \$158,211, respectively)	87,865	92,012
Operating lease right-of-use assets	86,578	91,769
Intangible assets, net	364,764	373,128
Goodwill	522,766	522,766
Other assets	4,470	4,742
Total non-current assets	<u>1,066,443</u>	<u>1,084,417</u>
Total assets	<u><u>\$ 1,640,339</u></u>	<u><u>\$ 1,681,229</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		

Accounts payable	\$ 18,336	\$ 20,334
Accrued compensation	34,609	53,161
Accrued expenses and other liabilities	18,134	15,069
Current portion of operating lease liabilities	4,487	5,610
Contract liabilities	1,144	2,130
Total current liabilities	76,710	96,304
Long-term liabilities		
Convertible senior notes, net	538,923	538,198
Operating lease liabilities	64,773	67,871
Deferred income tax liabilities, net	23,490	24,285
Other long-term liabilities	13,033	13,034
Total long-term liabilities	640,219	643,388
Total liabilities	\$ 716,929	\$ 739,692
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, \$0.001 par value, (250,000,000 shares authorized; 127,434,786 and 127,369,142 shares issued and outstanding, respectively)	\$ 127	\$ 127
Additional paid-in capital	1,198,729	1,190,139
Accumulated other comprehensive loss	(1,330)	(1,674)
Accumulated deficit	(274,116)	(247,055)
Total stockholders' equity	\$ 923,410	\$ 941,537
Total liabilities and stockholders' equity	\$ 1,640,339	\$ 1,681,229

	(unaudited)	
	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 306,239	\$ 263,180
Marketable securities, at fair value	96,025	174,809
Accounts receivable, net	132,640	119,711
Inventories	24,053	24,277
Prepaid assets	18,676	15,237
Other current assets	9,317	8,077
Total current assets	586,950	605,291
Property and equipment (net of accumulated depreciation of \$154,840 and \$131,930, respectively)	94,517	102,499
Operating lease right-of-use assets	87,131	96,109
Intangible assets, net	381,910	408,260
Goodwill	522,766	522,766
Other assets	4,967	5,109
Total non-current assets	1,091,291	1,134,743
Total assets	\$ 1,678,241	\$ 1,740,034
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 16,819	\$ 20,510
Accrued compensation	47,594	40,141
Accrued expenses and other liabilities	18,679	15,070
Current portion of equipment financing obligations	4	70
Current portion of operating lease liabilities	6,213	6,584
Contract liabilities	3,617	7,557
Total current liabilities	92,926	89,932

Long-term liabilities			
Convertible senior notes, net		537,475	535,322
Operating lease liabilities		62,007	68,952
Deferred income tax liabilities, net		25,370	34,750
Other long-term liabilities		13,035	13,055
Total long-term liabilities		637,887	652,079
Total liabilities		\$ 730,813	\$ 742,011
Commitments and contingencies (Note 11)			
Stockholders' equity			
Common stock, \$0.001 par value, (250,000,000 shares authorized; 127,261,476 and 126,913,992 shares issued and outstanding, respectively)		\$ 127	\$ 127
Additional paid-in capital		1,181,876	1,160,882
Accumulated other comprehensive loss		(1,846)	(3,899)
Accumulated deficit		(232,729)	(159,087)
Total stockholders' equity		\$ 947,428	\$ 998,023
Total liabilities and stockholders' equity		\$ 1,678,241	\$ 1,740,034

See the accompanying notes to the unaudited Consolidated Financial Statements.

NEOGENOMICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

NET REVENUE	NET REVENUE	Three Months Ended				Nine Months Ended		NET REVENUE	Three Months Ended March 31,			
		September 30,		September 30,		2024			2024		2023	
		2023	2022	2023	2022							
Clinical Services	Clinical Services	\$127,553	\$106,162	\$365,578	\$310,588							
Advanced Diagnostics	Advanced Diagnostics	24,401	22,620	70,513	60,435							
Total net revenue	Total net revenue	151,954	128,782	436,091	371,023							
COST OF REVENUE	COST OF REVENUE	89,643	79,889	259,075	239,952							
COST OF REVENUE	COST OF REVENUE											
GROSS PROFIT	GROSS PROFIT	62,311	48,893	177,016	131,071							
GROSS PROFIT	GROSS PROFIT											
Operating expenses:	Operating expenses:											
General and administrative	General and administrative											
General and administrative	General and administrative											
General and administrative	General and administrative	61,486	64,282	183,343	188,481							
Research and development	Research and development	5,285	7,312	20,182	23,651							

Sales and marketing	Sales and marketing	17,610	16,809	52,770	50,179
Restructuring charges	Restructuring charges	2,125	—	9,883	—
Total operating expenses	Total operating expenses	86,506	88,403	266,178	262,311
LOSS FROM OPERATIONS	LOSS FROM OPERATIONS	(24,195)	(39,510)	(89,162)	(131,240)
Interest (income) expense, net	Interest (income) expense, net	(2,840)	139	(6,831)	2,366
Interest income					
Interest expense					
Other expense (income), net	Other expense (income), net	96	(25)	(520)	212
Loss before taxes					
Loss before taxes					
Loss before taxes	Loss before taxes	(21,451)	(39,624)	(81,811)	(133,818)
Income tax benefit	Income tax benefit	(2,935)	(2,772)	(8,169)	(12,255)
NET LOSS	NET LOSS	\$ (18,516)	\$ (36,852)	\$ (73,642)	\$ (121,563)
NET LOSS PER SHARE	NET LOSS PER SHARE				
NET LOSS PER SHARE					
Basic	Basic	\$ (0.15)	\$ (0.30)	\$ (0.59)	\$ (0.98)
Diluted	Diluted	\$ (0.15)	\$ (0.30)	\$ (0.59)	\$ (0.98)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic	Basic	125,687	124,425	125,358	124,055
Diluted	Diluted	125,687	124,425	125,358	124,055

See the accompanying notes to the unaudited Consolidated Financial Statements.

NEOGENOMICS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	\$	(18,516)	\$	(36,852)	\$	(73,642)	\$	(121,563)
NET LOSS								
OTHER COMPREHENSIVE INCOME (LOSS):								
Net unrealized gain (loss) on marketable securities, net of tax		726		(1,048)		2,053		(4,466)
Total other comprehensive income (loss), net of tax		726		(1,048)		2,053		(4,466)
COMPREHENSIVE LOSS	\$	(17,790)	\$	(37,900)	\$	(71,589)	\$	(126,029)

	Three Months Ended March 31,			
	2024		2023	
	\$	(27,061)	\$	(30,795)
NET LOSS				
OTHER COMPREHENSIVE GAIN:				
Net unrealized gain on marketable securities, net of tax		344		1,065
Total other comprehensive gain, net of tax		344		1,065
COMPREHENSIVE LOSS	\$	(26,717)	\$	(29,730)

See the accompanying notes to the unaudited Consolidated Financial Statements.

NEOGENOMICS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (unaudited, in thousands, except share data)

	Common Stock			Accumulated Other			Accumulated	Total
	Shares	Amount	Capital	Comprehensive (Loss)	Income	Deficit		
Balance, December 31, 2022	126,913,992	\$ 127	\$ 1,160,882	\$ (3,899)	\$ (159,087)	\$ 998,023		
Issuance of common stock for ESPP	96,733	—	811	—	—	—	811	
Issuance of restricted stock, net of forfeitures	114,738	—	(147)	—	—	—	(147)	
Issuance of common stock for stock options	75,028	—	751	—	—	—	751	
Stock issuance fees and expenses	—	—	(4)	—	—	—	(4)	
Stock-based compensation expense - ESPP	—	—	275	—	—	—	275	
Stock-based compensation expense - options and restricted stock	—	—	4,483	—	—	—	4,483	
Net unrealized gain on marketable securities, net of tax	—	—	—	1,065	—	—	1,065	
Net loss	—	—	—	—	(30,795)	—	(30,795)	
Balance, March 31, 2023	127,200,491	\$ 127	\$ 1,167,051	\$ (2,834)	\$ (189,882)	\$ 974,462		
Issuance for common stock for ESPP	78,302	—	1,029	—	—	—	1,029	
Issuance of restricted stock, net of forfeitures	(194,448)	—	(1,527)	—	—	—	(1,527)	
Issuance of common stock for stock options	60,073	—	610	—	—	—	610	
Stock issuance fees and expenses	—	—	(18)	—	—	—	(18)	
Stock-based compensation expense - ESPP	—	—	255	—	—	—	255	
Stock-based compensation expense - options and restricted stock	—	—	5,450	—	—	—	5,450	
Net unrealized gain on marketable securities, net of tax	—	—	—	262	—	—	262	
Net loss	—	—	—	—	(24,331)	—	(24,331)	
Balance, June 30, 2023	127,144,418	\$ 127	\$ 1,172,850	\$ (2,572)	\$ (214,213)	\$ 956,192		
Issuance for common stock for ESPP	64,785	—	863	—	—	—	863	
Issuance of restricted stock, net of forfeitures	(35,670)	—	(41)	—	—	—	(41)	
Issuance of common stock for stock options	87,943	—	1,026	—	—	—	1,026	

Stock issuance fees and expenses	—	—	(1)	—	—	—	(1)
Stock-based compensation expense - ESPP	—	—	279	—	—	—	279
Stock-based compensation expense - options and restricted stock	—	—	6,900	—	—	—	6,900
Net unrealized gain on marketable securities, net of tax	—	—	—	726	—	—	726
Net loss	—	—	—	—	(18,516)	—	(18,516)
Balance, September 30, 2023	127,261,476	\$ 127	\$ 1,181,876	\$ (1,846)	\$ (232,729)	\$ 947,428	

NEOGENOMICS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited, in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2021	124,107,500	\$ 124	\$ 1,123,628	\$ (638)	\$ (14,837)	\$ 1,108,277
Issuance of common stock for ESPP	47,853	—	971	—	—	971
Issuance of restricted stock, net of forfeitures	100,253	—	(1,049)	—	—	(1,049)
Issuance of common stock for stock options	466,609	1	6,479	—	—	6,480
Stock-based compensation expense - ESPP	—	—	249	—	—	249
Stock-based compensation expense - options and restricted stock	—	—	11,855	—	—	11,855
Net unrealized loss on marketable securities, net of tax	—	—	—	(2,371)	—	(2,371)
Net loss	—	—	—	—	(49,408)	(49,408)
Balance, March 31, 2022	124,722,215	\$ 125	\$ 1,142,133	\$ (3,009)	\$ (64,245)	\$ 1,075,004
Issuance of common stock for ESPP	89,374	—	807	—	—	807
Issuance of restricted stock, net of forfeitures	773,010	1	(311)	—	—	(310)
Issuance of common stock for stock options	94,974	—	743	—	—	743
Stock-based compensation expense - ESPP	—	—	293	—	—	293
Stock-based compensation expense - options and restricted stock	—	—	3,332	—	—	3,332
Net unrealized loss on marketable securities, net of tax	—	—	—	(1,047)	—	(1,047)
Net loss	—	—	—	—	(35,303)	(35,303)
Balance, June 30, 2022	125,679,573	\$ 126	\$ 1,146,997	\$ (4,056)	\$ (99,548)	\$ 1,043,519
Issuance for common stock for ESPP	150,585	—	1,133	—	—	1,133
Issuance of restricted stock, net of forfeitures	493,907	1	(6)	—	—	(5)
Issuance of common stock for stock options	237,972	—	1,961	—	—	1,961
Stock-based compensation expense - ESPP	—	—	257	—	—	257
Stock-based compensation expense - options and restricted stock	—	—	4,023	—	—	4,023
Net unrealized loss on marketable securities, net of tax	—	—	—	(1,048)	—	(1,048)
Net loss	—	—	—	—	(36,852)	(36,852)
Balance, September 30, 2022	126,562,037	\$ 127	\$ 1,154,365	\$ (5,104)	\$ (136,400)	\$ 1,012,988

(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2023	127,369,142	\$ 127	\$ 1,190,139	\$ (1,674)	\$ (247,055)	\$ 941,537
Issuance of common stock for ESPP	70,278	—	917	—	—	917
Issuance of restricted stock, net of forfeitures	(17,398)	—	(199)	—	—	(199)
Issuance of common stock for stock options	12,764	—	102	—	—	102
Stock issuance fees and expenses	—	—	(4)	—	—	(4)
Stock-based compensation expense	—	—	7,774	—	—	7,774
Net unrealized gain on marketable securities, net of tax	—	—	—	344	—	344

Net loss	—	—	—	—	(27,061)	(27,061)
Balance, March 31, 2024	127,434,786	\$ 127	\$ 1,198,729	\$ (1,330)	\$ (274,116)	\$ 923,410

	Common Stock	Additional Paid-In	Accumulated Other			
	Shares	Amount	Capital	Comprehensive Loss	Accumulated Deficit	Total
Balance, December 31, 2022	126,913,992	\$ 127	\$ 1,160,882	\$ (3,899)	\$ (159,087)	\$ 998,023
Issuance of common stock for ESPP	96,733	—	811	—	—	811
Issuance of restricted stock, net of forfeitures	114,738	—	(147)	—	—	(147)
Issuance of common stock for stock options	75,028	—	751	—	—	751
Stock issuance fees and expenses	—	—	(4)	—	—	(4)
Stock-based compensation expense	—	—	4,758	—	—	4,758
Net unrealized gain on marketable securities, net of tax	—	—	—	1,065	—	1,065
Net loss	—	—	—	—	(30,795)	(30,795)
Balance, March 31, 2023	127,200,491	\$ 127	\$ 1,167,051	\$ (2,834)	\$ (189,882)	\$ 974,462

See the accompanying notes to the unaudited Consolidated Financial Statements.

NEOGENOMICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (73,642)	\$ (121,563)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	27,872	25,894
Amortization of intangibles	26,350	25,470
Non-cash stock-based compensation	17,643	20,009
Non-cash operating lease expense	6,860	7,375
Amortization of convertible debt discount	2,015	1,989
Amortization of debt issuance costs	139	136
Loss on disposal of assets, net	334	3,066
Impairment of assets	1,703	—
Gain on sale of assets held for sale	—	(2,048)
Other adjustments	122	1,428
Changes in assets and liabilities, net		
Accounts receivable, net	(12,928)	136
Inventories	(252)	(403)
Prepaid and other assets	(5,165)	(3,605)
Operating lease liabilities	(5,871)	(7,086)
Deferred income tax liabilities, net	(9,380)	(12,781)
Accrued compensation	7,453	(313)
Accounts payable and other liabilities	(2,990)	(12)
Net cash used in operating activities	(19,737)	(62,308)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(6,756)	(73,973)
Proceeds from maturities of marketable securities	87,963	89,812
Purchases of property and equipment	(21,695)	(26,357)
Proceeds from assets held for sale	—	12,098
Net cash provided by investing activities	59,512	1,580

CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of equipment financing obligations		(66)	(706)
Issuance of common stock, net		3,350	10,733
Net cash provided by financing activities		3,284	10,027
Net change in cash and cash equivalents		43,059	(50,701)
Cash and cash equivalents, beginning of period		263,180	316,827
Cash and cash equivalents, end of period	\$	306,239	\$ 266,126
Three Months Ended March 31,			
2024		2023	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$	(27,061)	\$ (30,795)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation		9,905	9,048
Amortization of intangibles		8,362	8,783
Non-cash stock-based compensation		7,774	4,758
Non-cash operating lease expense		2,401	2,330
Amortization of convertible debt discount		678	669
Amortization of debt issue costs		47	46
Impairment of assets		145	923
Other adjustments		(57)	(31)
Changes in assets and liabilities, net			
Accounts receivable, net		(9,052)	870
Inventories		3,836	(200)
Prepaid and other assets		(1,976)	(1,187)
Operating lease liabilities		(1,432)	(1,722)
Deferred income tax liabilities, net		(795)	(3,035)
Accrued compensation		(18,552)	(7,250)
Accounts payable and other liabilities		(138)	4,101
Net cash used in operating activities		(25,915)	(12,692)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of marketable securities		—	(6,756)
Proceeds from maturities of marketable securities		20,110	40,425
Purchases of property and equipment		(5,585)	(9,927)
Net cash provided by investing activities		14,525	23,742
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of equipment financing obligations		—	(32)
Issuance of common stock, net		816	1,411
Net cash provided by financing activities		816	1,379
Net change in cash and cash equivalents		(10,574)	12,429
Cash and cash equivalents, beginning of period		342,488	263,180
Cash and cash equivalents, end of period	\$	331,914	\$ 275,609

Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:
Interest paid	
Interest paid	
Interest paid	Interest paid \$ 2,121 \$ 2,145
Income taxes paid, net	Income taxes paid, net \$ 175 \$ 155

Supplemental disclosure of non-cash investing and financing information:	Supplemental disclosure of non-cash investing and financing information:
Purchases of property and equipment included in accounts payable	
Purchases of property and equipment included in accounts payable	Purchases of property and equipment included in accounts payable
	\$ 636 \$ 1,144
Purchases of property and equipment included in accounts payable	

See the accompanying notes to the unaudited Consolidated Financial Statements.

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Note 1. Nature of the Business

Neogenomics, Inc., a Nevada corporation (the "Parent," "Company," or "Neogenomics"), and its subsidiaries operate as provide a certified, high complexity clinical wide range of oncology diagnostic testing and consultative services which includes technical laboratory services and professional interpretation of laboratory test results by licensed physicians who specialize in accordance with pathology and oncology. The Company operates a network of cancer-focused testing laboratories in the federal government's Clinical Laboratory Improvement Act, as amended, United States and is dedicated to the delivery of clinical diagnostic services to pathologists, oncologists, urologists, hospitals, and other laboratories as well as providing clinical trial services to pharmaceutical firms United Kingdom.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim Consolidated Financial Statements are unaudited and have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information. All intercompany transactions and balances have been eliminated in the accompanying Consolidated Financial Statements.

The accounting policies of the Company are the same as those set forth in Note 2. Summary of Significant Accounting Policies, to the audited Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, except for Stock-based Compensation and new accounting standards discussed under Recent Accounting Pronouncements as referenced below. Pronouncements.

Unaudited Interim Financial Information

Certain information and footnote disclosures normally included in the Company's annual audited Consolidated Financial Statements and accompanying notes have been condensed or omitted in these accompanying interim Consolidated Financial Statements and footnotes. Accordingly, the accompanying interim unaudited Consolidated Financial Statements included herein should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

The results of operations presented in this Quarterly Report on Form 10-Q are not necessarily indicative of the results of operations that may be expected for any future periods. In the opinion of management, these unaudited Consolidated Financial Statements include all adjustments and accruals, consisting only of normal, recurring adjustments that are necessary for a fair statement of the results of all interim periods reported herein.

Use of Estimates

The Company prepares its Consolidated Financial Statements in conformity with GAAP. These principles require management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the Consolidated Financial Statements. Actual results and outcomes may differ from management's estimates, judgments and assumptions. Significant estimates, judgments and assumptions used in these Consolidated Financial Statements include, but are not limited, to those related to revenues, accounts receivable and related allowances, contingencies, useful lives and recovery of long-term assets and intangible assets, income taxes and valuation allowances, stock-based compensation, impairment analysis of goodwill, and restructuring reserves. These estimates, judgments, and assumptions are reviewed periodically and the effects of material revisions in estimates are reflected on the Consolidated Financial Statements prospectively from the date of the change in estimate.

Segment Reporting

The Company has historically reported its activities in two reportable segments; (1) the Clinical Services segment and (2) the Pharma Services segment. In the second quarter of 2023, the Pharma Services segment was rebranded as the Advanced Diagnostics segment. Functions within the Clinical Services segment include oncology diagnostics, community-based oncology and pathology sales, patient engagement, and clinical decision support. Functions within the Advanced Diagnostics segment include pharma services, informatics, R&D, minimal residual disease, liquid biopsy and therapy selection business development. For further financial information regarding reportable segments, please refer to Note 13. Segment Information.

Sales and Marketing Expenses

Sales and marketing expenses are primarily attributable to employee-related costs including sales management, sales representatives, sales and marketing consultants, and marketing and customer service personnel in the Clinical Services segment. Advertising costs are expensed at the time they are incurred and were immaterial for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

Stock-based Compensation Restructuring charges

Restructuring charges relate to a restructuring program to improve execution and drive efficiency across the organization. Restructuring charges consist of severance and other employee costs, costs for optimizing the Company's geographic presence, and consulting and other costs. For further details on the Company's restructuring activities, please refer to Note 8. Restructuring.

Accounting Pronouncements Pending Adoption

In the second quarter of December 2023, the Company began granting performance stock units ("PSUs") subject to FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to a market condition Income Tax Disclosures. This update requires entities to consistently categorize and provide greater disaggregation of its executives as part of its executive compensation program. The number of shares awarded will be subject to information in the rate reconciliation and to adjustment based on the achievement of an absolute total shareholder return ("TSR") performance target. If the TSR further disaggregate income taxes paid by jurisdiction. ASU 2023-09 is effective for fiscal years beginning

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performance target is achieved, the awards will vest at the end of the three-year requisite service period so long as the employee remains employed after December 15, 2024, with the Company through the applicable vesting date.

early adoption permitted. ASU 2023-07 may be applied retrospectively or prospectively. The Company measures compensation expense for stock-based awards to employees, non-employee contracted physicians, and directors based upon its currently evaluating the awards' initial grant-date fair values. Stock-based compensation expense for stock options, restricted stock awards, restricted stock units and performance awards is recorded over the requisite service period in general and administrative expenses on the Consolidated Statements of Operations. For awards with only a service condition, the Company expenses stock-based compensation using the straight-line method over the requisite service period for the entire award. For awards with a market condition, the Company expenses the grant planned adoption date fair value at the target over the vesting period regardless of the value that the award recipients ultimately receive. The fair values of stock option grants are estimated as of the date of grant by applying the Black-Scholes option valuation model ("Black-Scholes"). The fair value of restricted stock with a market condition is estimated at the date of grant using the Monte Carlo simulation model ("Monte Carlo"). The Black-Scholes and Monte Carlo models incorporate assumptions as to stock price volatility, the expected life of options or restricted stock, a risk-free interest rate and dividend yield. The fair value of restricted stock without a market condition is estimated using the current market price of the Company's common stock on the date of grant.

Black-Scholes is affected by the stock price on the date of the grant as well as assumptions regarding a number of highly complex and subjective variables. These variables include the expected term of the option, expected risk-free interest rate, the expected volatility of common stock, and expected dividend yield; each of which is described below. The assumptions for expected term and expected volatility are the two assumptions that significantly affect the grant date fair value.

Expected Term: The expected term of an option is determined using the simplified method under SAB 107 which represents the average between the vesting term and the contractual term. The Company utilizes the simplified method to determine the expected life impact of the options due to insufficient exercise activity during recent years.

Risk-free Interest Rate: The risk-free interest rate used in the Black-Scholes model is based on the implied yield at the grant date of the U.S. Treasury zero-coupon issue with an equivalent term to the stock-based award being valued. Where the expected term of a stock-based award does not correspond with the term for which a zero-coupon interest rate is quoted, the Company uses the nearest interest rate from available maturities.

Expected Stock Price Volatility: The Company uses its own historical weekly volatility because that is more reflective of market conditions.

Dividend Yield: Because the Company has never paid a dividend and does not expect to begin doing so in the foreseeable future, the Company assumed no dividend yield in valuing the stock-based awards.

The fair value of the PSUs granted during the nine months ended September 30, 2023 was estimated as of the grant date using the Monte Carlo, which requires management to make assumptions regarding risk-free interest rates and volatility of the Company's stock price. The Monte Carlo incorporates the same assumptions as Black-Scholes as to stock price volatility, the risk-free interest rate and dividend yield. The Company utilized the expected life of the PSUs for the expected term of the award, as the vesting term and contractual term of the awards are identical.

Recent Accounting Pronouncements annual disclosures.

In October 2021, November 2023, the FASB issued ASU No. 2021-08, Business Combinations 2023-07, Segment Reporting (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers ("ASU 2021-08"), 280: Improvements to Reportable Segment Disclosures. This update amends guidance requires entities to require that an entity (acquirer) recognize disclose significant segment expenses by reportable segment if they are regularly provided to the Chief Operating Decision Maker (CODM) and included in each reported measure contract assets of segment profit or loss and contract liabilities acquired in requires disclosure of other segment items by reportable segment and a business combination in accordance with Revenue from Contracts with Customers (Topic 606). At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. description of its composition. ASU 2021-08 2023-07 is effective for fiscal years beginning after December 15, 2022, including December 15, 2023 and interim periods within those fiscal years. Early years beginning after December 15, 2024, with early adoption of the amendments is permitted including adoption in an interim period. If the Company early adopts in an interim period, the Company is required to apply the amendments (1) permitted. ASU 2023-07 should be applied retrospectively to all business combinations for which prior periods presented in the acquisition date occurs on or after the beginning of the fiscal year that includes the interim period of early application and (2) prospectively to all business combinations that occur on or after the date of initial application. The amendments in ASU 2021-08 should be applied prospectively to business combinations occurring on or after the effective date of the amendments. financial statements. The Company adopted is currently evaluating the planned adoption date and the impact of this standard as of January 1, 2023 and there was no impact on its Consolidated Financial Statements. annual disclosures.

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Note 3. Fair Value Measurements

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. A fair value hierarchy has been established based on three levels of inputs, of which the first two are considered observable and the last unobservable.

Level 1: Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. These are typically obtained from **readily-available** **readily available** pricing sources for comparable instruments.

Level 3: Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions of the data that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The Company measures certain financial assets at fair value on a recurring basis, including its marketable securities and certain cash equivalents. The Company considers all securities available-for-sale, including those with maturity dates beyond 12 months, and therefore these securities are classified within current assets on the Consolidated Balance Sheets as they are available to support current operational liquidity needs. The money market accounts are valued based on quoted market prices in active markets and are included in cash and cash equivalents on the Consolidated Balance Sheets. The marketable securities are generally valued based on other observable inputs for those securities (including market corroborated pricing or other models that utilize observable inputs such as interest rates and yield curves) based on information provided by independent third-party pricing entities, except for U.S. Treasury securities which are valued based on quoted market prices in active markets.

The following tables set forth the amortized cost, gross unrealized gains, gross unrealized losses and fair values of the Company's marketable securities accounted for as available-for-sale securities as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

		September 30, 2023				March 31, 2024			
		Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Financial Assets:	Financial Assets:								
Short-term marketable securities:	Short-term marketable securities:								
Short-term marketable securities:									
Short-term marketable securities:									
U.S. Treasury securities	U.S. Treasury securities	\$ 25,850	\$ —	\$ (175)	\$ 25,675				
Yankee bonds		2,605	—	(37)	2,568				
Agency bonds									
Agency bonds									
Agency bonds	Agency bonds	6,041	—	(98)	5,943				
Municipal bonds	Municipal bonds	12,731	—	(828)	11,903				
Commercial paper		2,973	—	—	2,973				
Asset-backed securities									
Asset-backed securities									

Asset-backed securities	Asset-backed securities	9,235	—	(90)	9,145
Corporate bonds	Corporate bonds	38,977	—	(1,159)	37,818
Total	Total	\$ 98,412	\$ —	\$ (2,387)	\$ 96,025

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		December 31, 2022				December 31, 2023			
(in thousands)	(in thousands)	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Financial Assets:	Financial Assets:								
Short-term marketable securities:	Short-term marketable securities:								
Short-term marketable securities:	Short-term marketable securities:								
U.S. Treasury securities	U.S. Treasury securities								
U.S. Treasury securities	U.S. Treasury securities	\$ 56,426	\$ —	\$ (651)	\$ 55,775				
Yankee bonds	Yankee bonds	5,358	—	(92)	5,266				
Agency bonds	Agency bonds	12,485	—	(116)	12,369				
Municipal bonds	Municipal bonds	12,841	—	(1,030)	11,811				
Commercial paper	Commercial paper	2,846	8	—	2,854				
Asset-backed securities	Asset-backed securities								
Asset-backed securities	Asset-backed securities	25,544	2	(427)	25,119				
Corporate bonds	Corporate bonds	63,748	3	(2,136)	61,615				
Total	Total	\$ 179,248	\$ 13	\$ (4,452)	\$ 174,809				

The Company had \$1.6 million and \$0.9 million \$1.7 million of accrued interest receivable at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, included in other current assets on its Consolidated Balance Sheets related to its marketable securities. There were no realized gains or losses on marketable securities for the three and nine months ended September 30, 2023. Realized gains or losses for the three March 31, 2024 and nine months ended September 30, 2022 were immaterial. 2023.

The following tables set forth the fair value of available-for-sale marketable securities by contractual maturity at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

		September 30, 2023				March 31, 2024				March 31, 2024		
(in thousands)	(in thousands)	Over One Year One Year Through Five Years Five Years Total				(in thousands)	One Year or Less		Over One Year Through Five Years		Over Five Years	Total
		Year or Less	Five Years	Five Years	Total		One Year or Less	Over One Year Through Five Years	One Year or Less	Over One Year Through Five Years		
Financial Assets:	Financial Assets:											
Marketable Securities:	Marketable Securities:											
Marketable Securities:	Marketable Securities:											
U.S. Treasury securities	U.S. Treasury securities	\$25,675	\$ —	\$ —	\$25,675							
Yankee bonds	Yankee bonds	2,568	—	—	2,568							
Agency bonds	Agency bonds											
Agency bonds	Agency bonds											
Agency bonds	Agency bonds	3,572	2,371	—	5,943							
Municipal bonds	Municipal bonds	2,962	8,941	—	11,903							
Commercial paper	Commercial paper	2,973	—	—	2,973							
Asset-backed securities	Asset-backed securities											
Asset-backed securities	Asset-backed securities	9,145	—	—	9,145							
Corporate bonds	Corporate bonds	25,210	12,608	—	37,818							
Total	Total	\$72,105	\$23,920	\$ —	\$96,025							

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		December 31, 2022				December 31, 2023				December 31, 2023		
(in thousands)	(in thousands)	Over One Year One Year Through Five Years Five Years Total				(in thousands)	One Year or Less		Over One Year Through Five Years		Over Five Years	Total
		One Year or Less	Five Years	Five Years	Total		One Year or Less	Over One Year Through Five Years	One Year or Less	Over One Year Through Five Years		

Financial Assets:	Financial Assets:
Marketable Securities:	Marketable Securities:
U.S. Treasury securities	U.S. Treasury securities
U.S. Treasury securities	U.S. Treasury securities
Yankee bonds	Yankee bonds
Agency bonds	Agency bonds
Municipal bonds	Municipal bonds
Commercial paper	Commercial paper
Asset-backed securities	Asset-backed securities
Asset-backed securities	Asset-backed securities
Corporate bonds	Corporate bonds
Total	Total

The following tables set forth the Company's cash equivalents and marketable securities accounted for as available-for-sale securities that were measured at fair value on a recurring basis based on the fair value hierarchy as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

September 30, 2023						
(in thousands)	Level 1	Level 2	Level 3	Total		
Financial Assets:						
Cash equivalents:						
Money market funds	\$ 299,539	\$ —	\$ —	\$ 299,539		
Marketable securities:						
U.S. Treasury securities	25,675	—	—	25,675		
Yankee bonds	2,568	—	—	2,568		
Agency bonds	5,943	—	—	5,943		
Municipal bonds	11,903	—	—	11,903		
Commercial paper	—	2,973	—	2,973		
Asset-backed securities	—	9,145	—	9,145		
Corporate bonds	—	37,818	—	37,818		
Total	\$ 345,628	\$ 49,936	\$ —	\$ 395,564		

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December 31, 2022

March 31, 2024					March 31, 2024				
(in thousands)	(in thousands)	Level 1	Level 2	Level 3	Total (in thousands)	Level 1	Level 2	Level 3	Total
Financial Assets:	Financial Assets:								
Cash equivalents:	Cash equivalents:								
Money market funds:	Money market funds:								
Money market funds:	Money market funds:								
Commercial paper:	Commercial paper:	\$196,749	\$ —	\$ —	\$196,749	—	36,965	—	36,965
Marketable securities:	Marketable securities:								
Marketable securities:	Marketable securities:								
U.S. Treasury securities:	U.S. Treasury securities:	55,775	—	—	55,775	—	—	—	—
Yankee bonds:	Yankee bonds:	5,266	—	—	5,266	—	—	—	—
U.S. Treasury securities:	U.S. Treasury securities:								
Agency bonds:	Agency bonds:								
Agency bonds:	Agency bonds:	12,369	—	—	12,369	—	—	—	—
Municipal bonds:	Municipal bonds:	11,811	—	—	11,811	—	—	—	—
Commercial paper:	Commercial paper:	—	2,854	—	2,854	—	—	—	—
Asset-backed securities:	Asset-backed securities:								
Asset-backed securities:	Asset-backed securities:								
Asset-backed securities:	Asset-backed securities:	—	25,119	—	25,119	—	—	—	—
Corporate bonds:	Corporate bonds:	—	61,615	—	61,615	—	—	—	—
Total:	Total:	\$281,970	\$126,553	\$ —	\$408,523	—	—	—	—

December 31, 2023				
(in thousands)	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds:	\$ 334,762	\$ —	\$ —	\$ 334,762
Marketable securities:				
U.S. Treasury securities:	15,373	—	—	15,373
Yankee bonds:	2,588	—	—	2,588
Agency bonds:	6,000	—	—	6,000
Municipal bonds:	12,097	—	—	12,097

Asset-backed securities	—	4,934	—	4,934
Corporate bonds	—	31,723	—	31,723
Total	\$ 370,820	\$ 36,657	\$ —	\$ 407,477

There were no transfers of financial assets or liabilities into or out of Level 1, Level 2, or Level 3 for the three and nine months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **2023**.

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

The carrying value of cash and cash equivalents, accounts receivable, net, accounts payable, accrued expenses and other liabilities, and other current assets and liabilities, are considered reasonable estimates of their respective fair values at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** due to their short-term nature.

The Company also measures certain non-financial assets at fair value on a nonrecurring basis, primarily intangible assets, goodwill, and long-lived assets in connection with periodic evaluations for potential impairment. The Company estimates the fair value of these assets using primarily unobservable inputs and, as such, these are considered Level 3 fair value measurements.

Note 4. Goodwill and Intangible Assets

The following table summarizes the carrying amounts of goodwill by segment at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** (in thousands):

	September 30, 2023	December 31, 2022
Clinical Services	\$ 458,782	\$ 458,782
Advanced Diagnostics	63,984	63,984
Total	\$ 522,766	\$ 522,766

Intangible assets consisted of the following (in thousands):

	Amortization Period (years)	September 30, 2023		
		Cost	Accumulated Amortization	Net
Customer Relationships	7 - 15	\$ 143,101	\$ 63,062	\$ 80,039
Developed Technology	10 - 15	310,226	49,108	261,118
Marketing Assets	4	549	342	207
Trademarks	15	31,473	4,797	26,676
Trade Name	2.5	2,584	2,161	423
Trademark - Indefinite lived	—	13,447	—	13,447
Total		\$ 501,380	\$ 119,470	\$ 381,910

	March 31, 2024	December 31, 2023
Clinical Services	\$ 458,782	\$ 458,782
Advanced Diagnostics	63,984	63,984
Total	\$ 522,766	\$ 522,766

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Intangible assets consisted of the following (in thousands):

	December 31, 2022	March 31, 2024		
	Amortization Period (years)	Cost	Accumulated Amortization	Net
Customer Relationships				
Customer Relationships				

		Amortization			
		Period (years)	Cost	Accumulated Amortization	Net
Customer Relationships	Customer Relationships	7 - 15	\$143,101	\$ 55,645	\$ 87,456
Developed Technology	Developed Technology	10 - 15	310,226	33,117	277,109
Marketing Assets	Marketing Assets	4	549	238	311
Trademarks	Trademarks	15	31,473	3,223	28,250
Trade Name	Trade Name	2.5	2,584	897	1,687
Trademark - Indefinite lived	Trademark - Indefinite lived	—	13,447	—	13,447
Total	Total		\$501,380	\$ 93,120	\$408,260

December 31, 2023					
		Amortization Period (years)	Cost	Accumulated Amortization	Net
Customer Relationships		7 - 15	\$ 143,101	\$ 65,534	\$ 77,567
Developed Technology		10 - 15	310,226	54,438	255,798
Marketing Assets		4	549	376	173
Trademarks		15	31,473	5,321	26,152
Trade Name		2.5	2,584	2,583	1
Trademark - Indefinite lived		—	13,447	—	13,447
Total			\$ 501,380	\$ 128,252	\$ 373,128

The Company records amortization expense within cost of revenue and general and administrative expense on the Consolidated Statement of Operations. The following table summarizes the amortization expense for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (in thousands):

		Three Months			
		Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Three Months					
Ended March					
31, 2024		2024			
Three Months Ended March 31,					
Amortization of intangibles included in cost of revenue	Amortization of intangibles included in cost of revenue	\$ 4,853	\$ 4,853	\$ 14,560	\$ 14,559
Amortization of intangibles included in general and administrative expenses	Amortization of intangibles included in general and administrative expenses	3,931	3,637	11,790	10,911
Total amortization of intangibles	Total amortization of intangibles	\$ 8,784	\$ 8,490	\$ 26,350	\$ 25,470

The estimated amortization expense related to amortizable intangible assets for each of the following periods as of **September 30, 2023** **March 31, 2024** is as follows (in thousands):

Remainder of 2023	\$	8,783
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2024		33,447
Remainder of 2024		
2025	2025	33,343
2026	2026	33,308
2027	2027	32,758
2028		
Thereafter	Thereafter	226,824
Thereafter		
Thereafter		
Total	Total	\$ 368,463

Note 5. Debt

2028 Convertible Senior Notes

On January 11, 2021, the Company completed the sale of \$345.0 million of Convertible Senior Notes with a stated interest rate of 0.25% and a maturity date of January 15, 2028 (the "2028 Convertible Notes"), unless earlier converted, redeemed, or repurchased.

The last reported sales price of the Company's common stock was not greater than or equal to 130.0% of the conversion price of the 2028 Convertible Notes on at least 20 of the last 30 consecutive trading days of the quarter ended **June 30, 2023** December 31, 2023. Based on the terms of the 2028 Convertible Notes, the holders could not have converted all or a portion of their 2028 Convertible Notes in the **third** quarter of **2023**, 2024. The last reported sales price of the Company's common stock was not greater

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than or equal to 130.0% of the conversion price of the 2028 Convertible Notes on at least 20 of the last 30 consecutive trading days of the quarter ended **September 30, 2023** **March 31, 2024**. Based on the terms of the 2028 Convertible Notes, the holders cannot convert all or a portion of their 2028 Convertible Notes in the **fourth** **second** quarter of **2023, 2024**. The value of the 2028 Convertible Notes, if-converted, does not exceed the principal amount based on a closing stock price of **\$12.30** **\$15.72** on **September 29, 2023** **March 28, 2024**.

The interest expense recognized on the 2028 Convertible Notes includes \$0.2 million, \$0.4 million and \$8,500 for the contractual coupon interest, the amortization of the debt discount and the amortization of the debt issuance costs, respectively, for the three months ended **September 30, 2023** **March 31, 2024**. The interest expense recognized on the 2028 Convertible Notes includes \$0.6 million, \$1.1 million and \$26,000 for the contractual coupon interest, the amortization of the debt discount and the amortization of the debt issuance costs, respectively, for the nine months ended September 30, 2023. The interest expense

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recognized on the 2028 Convertible Notes includes \$0.2 million, \$0.4 million and \$8,500 for the contractual coupon interest, the amortization of the debt discount and the amortization of the debt issuance costs, respectively, for the three months ended September 30, 2022. The interest expense recognized on the 2028 Convertible Notes includes \$0.7 million, \$1.1 million and \$25,300 for the contractual coupon interest, the amortization of the debt discount and the amortization of the debt issuance costs, respectively, for the nine months ended September 30, 2022 March 31, 2023. The effective interest rate on the 2028 Convertible Notes is 0.70%, which includes the interest on the 2028 Convertible Notes and amortization of the debt discount and debt issuance costs. The 2028 Convertible Notes bear interest at a rate of 0.25% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2021.

At September 30, 2023, the estimated fair values (Level 2) of the 0.25% Convertible Senior Notes due 2028 was \$245.8 million. At December 31, 2022 March 31, 2024, the estimated fair value (Level 2) of the 0.25% Convertible Senior Notes due 2028 was \$218.2 \$275.1 million. At December 31, 2023, the estimated fair value (Level 2) of the 0.25% Convertible Senior Notes due 2028 was \$262.4 million.

2025 Convertible Senior Notes

On May 4, 2020, the Company completed the sale of \$201.3 million of Convertible Senior Notes with a stated interest rate of 1.25% and a maturity date of May 1, 2025 (the “2025 Convertible Notes”), unless earlier converted, redeemed, or repurchased.

The last reported sales price of the Company's common stock was not greater than or equal to 130.0% of the conversion price of the 2025 Convertible Notes on at least 20 of the last 30 consecutive trading days of the quarter ended **June 30, 2023** December 31, 2023. Based on the terms of the 2025 Convertible Notes, the holders could not have converted all or a portion of their 2025 Convertible Notes in the **third** first quarter of **2023** 2024. The last reported sales price of the Company's common stock was not greater than or equal to 130.0% of the conversion price of the 2025 Convertible Notes on at least 20 of the last 30 consecutive trading days of the quarter ended **September 30, 2023** March 31, 2024. Based on the terms of the 2025 Convertible Notes, the holders cannot convert all or a portion of their 2025 Convertible Notes in the **fourth** second quarter of **2023** 2024. The value of the 2025 Convertible Notes, if-converted, does not exceed the principal amount based on a closing stock price of **\$12.30** \$15.72 on September 29, 2023 March 28, 2024.

The interest expense recognized on the 2025 Convertible Notes includes \$0.6 million, \$0.3 million and \$37,900 for the contractual coupon interest, the amortization of the debt discount and the amortization of the debt issuance costs, respectively, for the three months ended September 30, 2023. The interest expense recognized on the 2025 Convertible Notes includes \$1.9 million, \$0.9 million and \$0.1 million for the contractual coupon interest, the amortization of the debt discount and the amortization of the debt issuance costs, respectively, for the nine months ended September 30, 2023 March 31, 2024. The interest expense recognized on the 2025 Convertible Notes includes

\$0.6 million, \$0.3 million and \$37,200 \$37,600 for the contractual coupon interest, the amortization of the debt discount and the amortization of the debt issuance costs, respectively, for the three months ended September 30, 2022. The interest expense recognized on the 2025 Convertible Notes includes \$1.9 million, \$0.9 million and \$0.1 million for the contractual coupon interest, the amortization of the debt discount and the amortization of the debt issuance costs, respectively, for the nine months ended September 30, 2022 March 31, 2023. The effective interest rate on the 2025 Convertible Notes is 1.96%, which includes the interest on the 2025 Convertible Notes and amortization of the debt discount and debt issuance costs. The 2025 Convertible Notes bear interest at a rate of 1.25% per annum, payable semi-annually in arrears on May 1 and November 1 of each year, which began on November 1, 2020.

At September 30, 2023, the estimated fair values (Level 2) of the 1.25% Convertible Senior Notes due 2025 was \$187.3 million. At December 31, 2022 March 31, 2024, the estimated fair value (Level 2) of the 1.25% Convertible Senior Notes due 2025 was \$169.6 \$195.5 million. At December 31, 2023, the estimated fair value (Level 2) of the 1.25% Convertible Senior Notes due 2025 was \$197.3 million.

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Note 6. Stock-Based Compensation

Equity Incentive Plan

Effective May 25, 2023, the Company adopted the NeoGenomics, Inc. 2023 Equity Incentive Plan (the "2023 Plan") as approved by the Board of Directors on March 28, 2023 and the Company's stockholders on May 25, 2023. The 2023 Plan replaced the NeoGenomics, Inc. Amended and Restated Equity Incentive Plan, as most recently amended and subsequently approved by the stockholders on May 25, 2017 (the "Prior Plan"). The 2023 Plan allows for the award of equity incentives including stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance shares, performance units, and other stock-based awards to certain employees, directors, or officers of, or key non-employee advisers or consultants, including contracted physicians to the Company or its subsidiaries. The 2023 Plan provides that the maximum aggregate number of shares of the Company's common stock reserved and available for issuance under the 2023 Plan is 3,975,000. Additionally, effective May 25, 2023, any remaining unissued shares from the Prior Plan are available for the grant of new awards under the 2023 Plan.

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The Company recorded approximately \$7.2 million and \$4.3 million for stock-based compensation in general and administrative expenses on the Consolidated Statements Statement of Operations for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and approximately \$17.6 million and \$20.0 million for the nine months ended September 30, 2023 and 2022, respectively.2023 as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Cost of revenue	\$ 395	—
General and administrative	6,663	4,758
Research and development	171	—
Sales and marketing	545	—
Total stock-based compensation	\$ 7,774	4,758

Stock Options

The Company recorded approximately \$3.0 million and \$1.6 million for stock-based compensation related to stock options in general and administrative expenses on the Consolidated Statements of Operations for the three months ended September 30, 2023 and 2022, respectively, and approximately \$7.0 million and \$6.4 million for the nine months ended September 30, 2023 and 2022, respectively.

A summary of the stock option activity under the Company's plans for the nine three months ended September 30, 2023 March 31, 2024 is as follows:

	Weighted Average	Exercise Price	
	Number of Shares		
Outstanding at December 31, 2022	4,214,617	\$ 16.48	
	Number of Shares	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2023			

Granted	Granted	1,644,070	\$17.17
Exercised	Exercised	(223,044)	\$10.70
Forfeited	Forfeited	(1,142,470)	\$21.11
Outstanding at			
September 30, 2023		<u>4,493,173</u>	\$15.84
Exercisable at			
September 30, 2023		<u>1,126,578</u>	\$21.05
Outstanding			
at March			
31, 2024			
Exercisable			
at March			
31, 2024			

The fair value of each stock option award granted during the **nine three** months ended **September 30, 2023** **March 31, 2024** was estimated as of the grant date using a Black-Scholes model with the following assumptions:

	Nine Three Months Ended	September 30, 2023	March 31, 2024
Expected term (in years)	4.0	5.5 - 6.5	
Risk-free interest rate (%)	3.3%	3.8% - 4.4%	4.2%
Expected volatility (%)	53.3%	55.6% - 67.9%	62.8%
Dividend yield (%)			—
Weighted average grant date fair value per share		\$9.04	9.77

As of **September 30, 2023** **March 31, 2024**, there was approximately \$15.8 million of unrecognized stock-based compensation expense related to stock options that will be recognized over a weighted-average period of approximately **1.9** **1.7** years.

Restricted Stock Awards

The Company recorded approximately \$3.4 million and \$2.4 million for stock-based compensation related to restricted stock in general and administrative expenses on the Consolidated Statements of Operations for the three months ended September 30, 2023 and 2022, respectively, and approximately \$8.9 million and \$12.8 million for the nine months ended September 30, 2023 and 2022, respectively.

A summary of the restricted stock activity under the Company's plans for the **nine three** months ended **September 30, 2023** **March 31, 2024** is as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2022	1,994,861	\$ 12.71
Granted	986,142	\$ 16.90
Vested	(548,543)	\$ 14.00
Forfeited	(385,489)	\$ 15.72
Nonvested at September 30, 2023	<u>2,046,971</u>	<u>\$ 13.79</u>

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2023	1,961,919	\$ 13.83
Granted	378,996	\$ 16.40
Vested	(47,338)	\$ 11.89
Forfeited	(9,008)	\$ 13.85
Nonvested at March 31, 2024	<u>2,284,569</u>	<u>\$ 14.29</u>

As of **September 30, 2023** **March 31, 2024**, there was approximately **\$18.8** **\$17.9** million of unrecognized stock-based compensation expense related to restricted stock that will be recognized over a weighted-average period of approximately **1.9** **1.8** years.

Performance-Based Restricted Stock Units

In the first quarter of 2024, the Company granted 179,333 PSUs subject to a performance condition and 179,333 PSUs subject to a market condition with an aggregate grant date fair value of approximately \$3.0 million and \$3.4 million, respectively. The

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Performance-Based Restricted Stock Units

In the second quarter of 2023, the Company granted 305,105 PSUs subject to a market condition to certain of its executives with an aggregated grant date fair value of approximately \$6.7 million. The number of shares awarded will be subject to adjustment based on the achievement of a TSR the applicable performance target targets. If the TSR performance target is achieved, the awards will vest at the end of the three-year requisite service period so long as the employee remains employed with the Company through the applicable vesting date. Compensation dates. For PSUs subject to a performance condition, compensation cost is recognized straight-line over the requisite service period if the achievement of the performance condition is probable. As of March 31, 2024, the Company has determined it is probable that the performance condition will be met. For PSUs subject to a market condition, compensation cost is recognized straight-line over the requisite service period, regardless of when, if ever, the market condition is satisfied.

The Company recognized approximately \$0.6 million and \$0.9 million of stock-based compensation related to the PSUs in general and administrative expenses on the Consolidated Statements of Operations for the three and nine months ended September 30, 2023, respectively. There were no such amounts for the three and nine months ended September 30, 2022.

A summary of the PSU activity under the Company's plans for the **nine** three months ended **September 30, 2023** **March 31, 2024** is as follows:

		Weighted Average	
		Number of Stock Units	Grant Date Fair Value
Nonvested at			
December 31, 2022		—	\$ —
Nonvested at			
December 31, 2023			
Granted	Granted	305,105	\$ 21.83
Vested	Vested	—	\$ —
Forfeited	Forfeited	—	\$ —
Nonvested at			
September 30, 2023		<u>305,105</u>	<u>\$ 21.83</u>
Nonvested at March 31, 2024			

The fair value of each PSU granted subject to a market condition during the **nine** three months ended **September 30, 2023** **March 31, 2024** was estimated as of the grant date using a Monte Carlo simulation with the following assumptions:

	Nine Three Months Ended	September 30, 2023	March 31, 2024
Expected term (in years)		3.0	
Risk-free interest rate (%)	3.6%	4.0%	4.5%
Expected volatility (%)	68.4%	69.9%	72.2%
Dividend yield (%)		—	
Weighted average grant date fair value per share		\$21.83	\$18.82

As of **September 30, 2023** **March 31, 2024**, there was approximately **\$5.8** **\$10.8** million of unrecognized stock-based compensation expense related to **nonvested** PSUs that will be recognized over a weighted-average period of approximately 2.6 years.

Modification of Stock Option and Restricted Stock Awards

In the second quarter of 2023, upon the departure of certain executives from the Company and in accordance with the terms of each of their respective employment agreements, 101,937 previously granted time-based vesting stock option awards and 61,746 previously granted time-based vesting restricted stock awards accelerated vesting. The Company accounted for the effects of the accelerated vesting of these stock awards as modifications, and recognized \$0.9 million of incremental stock-based compensation which consisted of \$0.3 million and \$0.6 million for the acceleration of stock option awards and restricted stock awards, respectively, within general and administrative expenses on the Consolidated Statements of Operations for the nine months ended September 30, 2023. There were no such amounts for the three months ended September 30, 2023 and for the three and nine months ended September 30, 2022.

In the second quarter of 2022, upon the prior Chief Legal Officer's departure from the Company and in accordance with the terms of the prior Chief Legal Officer's employment agreement, 41,487 previously granted time-based vesting stock option awards and 76,138 previously granted time-based vesting restricted stock awards accelerated vesting. The Company accounted for the effects of the accelerated vesting of these stock awards as a modification, and recognized \$2.2 million of incremental stock-based compensation which consisted of \$0.3 million and \$1.9 million for the acceleration of stock option awards and restricted stock awards, respectively, within general and administrative expenses on the Consolidated Statements of Operations for the nine months ended September 30, 2022. There were no such amounts for the three and nine months ended September 30, 2023.

In the first quarter of 2022, upon the prior Chief Executive Officer's departure from the Company and in accordance with the terms of the prior Chief Executive Officer's separation agreement, 237,960 previously granted time-based vesting stock option awards and 142,302 previously granted time-based vesting restricted stock awards accelerated vesting. The Company accounted for the effects of the accelerated vesting of these stock awards as a modification, and recognized \$5.9 million of incremental

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stock-based compensation which consisted of \$2.3 million and \$3.6 million for the acceleration of stock option awards and restricted stock awards, respectively, within general and administrative expenses on the Consolidated Statements of Operations for the nine months ended September 30, 2022. There were no such amounts for the three and nine months ended September 30, 2023.

Note 7. Revenue Recognition

The Company's two reportable segments for which it recognizes revenue are (1) Clinical Services and (2) Advanced Diagnostics. The Clinical Services segment provides various clinical-testing services related to community-based pathology practices, oncology diagnostics, community-based oncology practices, hospital pathology labs, reference labs, and pathology sales, patient engagement, academic centers with reimbursement from various payers including client direct billing, commercial insurance, Medicare and clinical decision support. Functions within the other government payers, and patients. The Advanced Diagnostics segment include pharma supports pharmaceutical firms in their drug development programs by providing testing services informatics, R&D, and minimal residual disease, liquid biopsy data analytics for clinical trials and therapy selection business development research.

Clinical Services Revenue

The Company's specialized diagnostic services are performed based on a written test requisition form or an electronic equivalent. The performance obligation is satisfied and revenues are recognized once the diagnostic services have been performed and the results have been delivered to the ordering physician. These diagnostic services are billed to various payers, including client direct billing, commercial insurance, Medicare and other government payers, and patients. Revenue is recorded for all payers based on the amount expected to be collected, which considers implicit price concessions. Implicit price concessions represent differences between amounts billed and the estimated consideration the Company expects to receive based on negotiated discounts, historical collection experience, and other anticipated adjustments, including anticipated payer denials.

Advanced Diagnostics Revenue

The Company's Advanced Diagnostics segment generally enters into contracts with pharmaceutical and biotech customers as well as other contract research organizations ("CROs") CROs to provide research and clinical trial services. Such services also include validation studies and assay development. The Company records revenue on a unit-of-service basis based on the number of units completed towards the satisfaction of a performance obligation. In addition, certain contracts include upfront fees and the revenue for those contracts is recognized over time as services are performed.

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Additional offerings within the Advanced Diagnostics portfolio includes Informatics, which involves the licensing of de-identified data to pharmaceutical and biotech customers in the form of either retrospective records or prospective deliveries of data. Informatics revenue is recognized at a point in time upon delivery of retrospective data or over time for prospective data feeds. The Company negotiates billing schedules and payment terms on a contract-by-contract basis, and contract terms generally provide for payments based on a unit-of-service arrangement.

Amounts collected in advance of services being provided are deferred as contract liabilities on the Consolidated Balance Sheets. The associated revenue is recognized and the contract liability is reduced as the contracted services are subsequently performed. Contract assets are established for revenue recognized but not yet billed. These contract assets are reduced once the customer is invoiced and a corresponding receivable is recorded. Additionally, Advanced Diagnostics incurs sales commissions in the process of obtaining contracts with customers. Sales commissions that are payable upon contract award are recognized as assets and amortized over the expected contract term. The amortization of commission expense is based on the weighted average contract duration for all commissionable awards in the respective business in which the commission expense is paid, which approximates the period over which goods and services are transferred to the customer. For offerings with primarily short-term contracts, such as Informatics, the Company applies the practical expedient which allows costs to obtain a contract to be expensed when incurred, if the amortization period of the

assets that would otherwise have been recognized is one year or less. Contract assets and capitalized commissions are included in other current assets and other assets on the Consolidated Balance Sheets.

Most contracts are terminable by the customers, either immediately or according to advance notice terms specified within the contracts. All contracts require payment of fees to the Company for services rendered through the date of termination and may require payment for subsequent services necessary to conclude the study or close out the contract.

The following table summarizes the values of contract assets, capitalized commissions and contract liabilities (in thousands):

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	March 31, 2024	March 31, 2024	December 31, 2023
Current contract assets ⁽¹⁾			
Long-term contract assets ⁽²⁾			
Total contract assets			
	September December	30, 2023 31, 2022	
Current contract assets ⁽¹⁾	\$ 424	\$ 1,898	
Long-term contract assets ⁽²⁾	—	31	
Total assets	\$ 424	\$ 1,929	
Current capitalized commissions ⁽¹⁾			
Current capitalized commissions ⁽¹⁾			
Current capitalized commissions ⁽¹⁾			
Current capitalized commissions ⁽¹⁾	\$ 937	\$ 800	
Long-term capitalized commissions			
Long-term capitalized commissions			
Long-term capitalized commissions	257	715	
Total capitalized commissions	\$ 1,194	\$ 1,515	
Current contract liabilities			
Current contract liabilities			
Current contract liabilities			
Long-term contract liabilities ⁽³⁾	—	19	
Total contract liabilities	\$ 3,617	\$ 7,576	

(1) Recorded within other current assets on the Consolidated Balance Sheets.

(2) Recorded within other assets on the Consolidated Balance Sheets.

(3) Recorded within other long-term liabilities on the Consolidated Balance Sheets.

Revenue recognized for the three and nine months ended September 30, 2023 related to contract liability balances outstanding at the beginning of the period was \$1.4 million and \$4.9 million respectively. Revenue recognized for the three and nine months ended September 30, 2022 related to contract liability balances outstanding at the beginning of the period was \$0.7 million March 31, 2024 and \$4.8 million, 2023, respectively. Amortization of capitalized commissions for the three and nine months ended September 30, 2023 was \$0.2 million and \$0.7 million, respectively. Amortization of capitalized commissions for the three and nine months ended September 30, 2022 was \$0.3 million and \$0.6 million, \$0.2 million for the three months ended March 31, 2024 and 2023, respectively.

Disaggregation of Revenue

The Company considered various factors for both its Clinical Services and Advanced Diagnostics segments in determining appropriate levels of homogeneous data for its disaggregation of revenue; including the nature, amount, timing, and uncertainty of revenue and cash flows. Clinical Services categories align with the types of customers due to similarities of billing method, level of reimbursement, and timing of cash receipts. Unbilled amounts are accrued and allocated to payer categories based on historical experience. In future periods actual billings by payer category may differ from accrued amounts. Advanced Diagnostics relate to contracts with large pharmaceutical and biotech customers as well as other CROs. Because the nature, timing, and uncertainty of revenue and cash flows are similar and primarily driven by individual contract terms, Advanced Diagnostics revenue is not further disaggregated.

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The following table details the disaggregation of revenue for both the Clinical Services and Advanced Diagnostics Segments segments (in thousands):

	Three Months Ended		Nine Months Ended			
	September 30,		September 30,			
	2023	2022	2023	2022		
Clinical Services						
	Three Months				Three Months Ended March 31,	
	Ended March 31,				2023	
	2024				2024	
Clinical Services:						
Client direct billing						
Client direct billing						
Client direct billing	\$ 86,160	\$ 73,234	\$ 246,159	\$ 208,123		
Commercial Insurance	21,722	17,105	64,772	53,904		
Medicare and Medicaid	19,624	15,795	54,407	48,427		
Self-Pay	Self-Pay	47	28	240	134	
Total Clinical Services	\$ 127,553	\$ 106,162	\$ 365,578	\$ 310,588		
Advanced Diagnostics	24,401	22,620	70,513	60,435		
Total Revenue	\$ 151,954	\$ 128,782	\$ 436,091	\$ 371,023		

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Note 8. Restructuring

In 2022, the Company embarked on a restructuring program to improve execution and drive efficiency across the organization. This program is a framework for identifying, prioritizing and executing operational improvements. Restructuring charges incurred consist of severance and other employee costs, costs for optimizing the Company's geographic presence ("Facility Footprint Optimization"), and consulting and other costs. There were no such charges for the three and nine months ended September 30, 2022.

The following table summarizes the changes in the Company's accrued restructuring balance (in thousands):

	Severance and Other Employee Costs	Facility Footprint Optimization	Consulting and Implementation Costs	Total
Balance as of December 31, 2022				
	\$ 559	\$ —	\$ 960	\$ 1,519
Balance as of December 31, 2023				
Restructuring charges incurred	Restructuring charges incurred	3,105	913	106 4,124
Impairment of facility related assets	Impairment of facility related assets	—	560	— 560
Cash payments and other adjustments ⁽¹⁾	Cash payments and other adjustments ⁽¹⁾	(1,285)	(564)	(346) (2,195)
Balance as of March 31, 2023	\$ 2,379	\$ 909	\$ 720	\$ 4,008
Restructuring charges incurred		1,893	271	581 2,745
Impairment of facility related assets		—	329	— 329
Cash payments and other adjustments ⁽¹⁾	Cash payments and other adjustments ⁽¹⁾	(1,634)	(306)	(1,007) (2,947)
Balance as of June 30, 2023	\$ 2,638	\$ 1,203	\$ 294	\$ 4,135
Restructuring charges incurred		362	641	896 1,899
Impairment of facility related assets		—	226	— 226
Cash payments and other adjustments ⁽¹⁾	Cash payments and other adjustments ⁽¹⁾	(1,613)	(234)	(642) (2,489)
Balance as of September 30, 2023	\$ 1,387	\$ 1,836	\$ 548	\$ 3,771
Balance as of March 31, 2024				
Current liabilities	Current liabilities			\$ 3,771
Long-term liabilities	Long-term liabilities			—
				\$ 3,771
		\$		

⁽¹⁾ Other adjustments include non-cash asset charges related to Facility Footprint Optimization costs.

Restructuring activities are ongoing. The Company continued this restructuring program in 2024 and the Company expects to incur additional restructuring charges of approximately \$5.9 million. The Company estimates these additional restructuring charges to be comprised of approximately \$0.7 million in severance and other

employee costs, \$4.5 million of Facility Footprint Optimization costs, and \$0.7 million of consulting and other costs.

In the third quarter of 2023, in response to new incremental information including ongoing negotiations with counterparties, the Company revised its original restructuring plan cost and timing of approved projects. As a result, the Company anticipates incurring further restructuring charges extending into 2024. The Company expects these charges will ultimately result in enhanced operational efficiencies as it continues to optimize its geographic presence.

Note 9. Income Taxes

At the end of each interim period, management estimates the annual effective tax rate based on forecasted pre-tax results of the Company's global operations and applies such rate to its ordinary quarterly earnings to calculate income tax expense related to ordinary income. The tax effects of items significant, unusual and infrequent in nature are discretely calculated and recognized in the period during which they occur. These discrete items often relate to changes in tax laws, excess tax benefits/deficiencies related to share-based compensation or adjustments to previously reported tax expense/benefits.

Management assesses the recoverability of its deferred tax assets as of the end of each quarter, weighing available positive and negative evidence, and is required to establish and maintain a valuation allowance for these assets if it is more likely than not that some or all of the deferred income tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which the evidence can be objectively verified. If negative evidence exists, positive evidence is necessary to

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support a conclusion that a valuation allowance is not needed.

A cumulative loss in recent years, commonly defined as a three-year cumulative loss position, is a significant piece of negative evidence that is difficult to overcome. Cumulative loss in recent years is commonly defined as a three-year cumulative loss position.

As of September 30, 2023 March 31, 2024, all of the Company's ongoing U.S. operations were are in a three-year cumulative loss position. Management determined that sufficient objectively verifiable positive evidence did does not exist to overcome the negative evidence of the Company's U.S. cumulative loss position. Accordingly, the Company's estimated annual effective tax rate applied to the Company's pre-tax loss for the three and nine months ended

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September 30, 2023, March 31, 2024, includes the unfavorable impact of a partial valuation allowance against the majority of the Company's deferred income tax assets expected to be created in 2023 for additional forecasted U.S. net operating loss and tax credit carryforwards as well as Switzerland, China and Singapore deferred tax assets carryforwards.

As of March 31, 2024, the Company's U.K. operations are in a three-year cumulative loss position. The reversal of U.K. deferred tax liabilities will provide a source of realization to support a portion of the U.K. deferred tax assets, and therefore a partial valuation has been established for those deferred tax assets. Accordingly, the Company's estimated annual effective tax rate applied to the Company's pre-tax loss for the nine three months ended September 30, 2023, March 31, 2024 includes the favorable impact of recognizing the realizable portion a component of the U.K. benefit benefit.

In August 2023,

Full valuation allowances have been established for loss jurisdictions (Switzerland, Singapore, and China), which are thus not included in the Company received notification from the Internal Revenue Service that their review computation of the examination of the Company's U.S. federal estimated annual effective tax return rate for the tax year ended December 31, 2017 was complete. There were no changes to the reported tax and the notice had no impact to the Consolidated Financial Statements. 2024.

Note 10. Net Loss Per Share

The Company presents both basic earnings per share ("EPS") and diluted EPS. Basic EPS excludes potential dilution and is computed by dividing net loss by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock options were exercised, stock awards vested and if the 2028 Convertible Notes and 2025 Convertible Notes were converted. The potential dilution from stock awards is accounted for using the treasury stock method based on the average market value of the Company's common stock. The potential dilution from conversion of the 2028 Convertible Notes and 2025 Convertible Notes is accounted for using the if-converted method, which requires that all of the shares of the Company's common stock issuable upon conversion of the 2028 Convertible Notes and the 2025 Convertible Notes will be included in the calculation of diluted EPS assuming conversion of the 2028 Convertible Notes and the 2025 Convertible Notes at the beginning of the reporting period (or at time of issuance, if later).

The following table shows the calculations (in thousands, except net loss per share amounts):

	Three Months Ended March 31, 2024	2024	Three Months Ended March 31, 2023
NET LOSS			
NET LOSS			
NET LOSS			

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
NET LOSS	\$ (18,516)	\$ (36,852)	\$ (73,642)	\$ (121,563)
Basic weighted average shares outstanding				
Basic weighted average shares outstanding				
Basic weighted average shares outstanding	125,687	124,425	125,358	124,055
Diluted weighted average shares outstanding	125,687	124,425	125,358	124,055
Diluted weighted average shares outstanding				
Diluted weighted average shares outstanding				
Basic net loss per share				
Basic net loss per share				
Basic net loss per share	\$ (0.15)	\$ (0.30)	\$ (0.59)	\$ (0.98)
Diluted net loss per share	\$ (0.15)	\$ (0.30)	\$ (0.59)	\$ (0.98)
Diluted net loss per share				

The following potential potentially dilutive shares were excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	Three Months Ended			
	March 31,			
	2024			
Stock options	Stock options	451	45	444
Restricted stock awards	Restricted stock awards	769	295	877
2025 Convertible Notes	2025 Convertible Notes	5,538	5,538	5,538

2028	2028
Convertible	Convertible
Notes	Notes

In addition, 408,362 and 214,169 663,771 shares of PSU awards are excluded from the computation of diluted EPS for the three and nine months ended September 30, 2023, respectively, March 31, 2024 as the contingency had not been satisfied.

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In connection with the 2028 Convertible Notes offering, on January 11, 2021, the Company entered into separate, privately negotiated convertible note hedge transactions (collectively, the "Capped Call Transactions") with option counterparties pursuant to capped call confirmations at a cost of approximately \$29.3 million. The potential effect of the Capped Call Transactions ~~were~~ was excluded from the calculation of diluted net loss per share in the three and nine months ended September 30, 2023 March 31, 2024 as the Company's closing stock price of \$12.30 \$15.72 on September 29, 2023 March 28, 2024 did not exceed the conversion price of \$85.75 per share. The Capped Call Transactions are not reflected in diluted net loss per share as they are anti-dilutive.

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Note 11. Commitments and Contingencies

Legal Proceedings

On January 20, 2021, Natera, Inc. filed a patent infringement complaint against the Company's ~~newly-acquired~~ subsidiary Invata Limited and its subsidiary Invata, Inc. in U.S. District Court for the district of Delaware, alleging Invata's ~~InVisionFirst~~ InVisionFirst®-Lung cancer diagnostic test of infringing two patents. Natera then filed a second patent infringement complaint on December 20, 2022 against Invata Limited and Invata, Inc. alleging that the RaDaR® minimal residual disease test infringes one patent. The case is in discovery and the jury trial has been scheduled for October 6, 2025. On March 6, 2024, the parties stipulated to stay both Delaware cases until the North Carolina litigation is resolved. On March 7, 2024, the district court judge in Delaware ordered the discovery stage cases stayed.

On July 31, 2023 July 28, 2023, Natera Inc. filed a patent infringement complaint against the Company's subsidiary, NeoGenomics Laboratories, Inc., in the U.S. District Court for the Middle District of North Carolina alleging that the NeoGenomics' RaDaR® minimal residual test infringes on two patents. On July 31, 2023, Natera moved for a preliminary injunction. On December 27, 2023, the district court issued a preliminary injunction against RaDaR®. Natera posted a \$10 million bond with the court on January 12, 2024. The complaint seeks damages court's initial determination was that Natera, Inc. demonstrated a likelihood that products using RaDaR® technology infringe one Natera, Inc. patent. The order specifically allows patients already using RaDaR® to continue their use. In addition, the order explicitly allows research projects and injunctive relief studies that are in progress, as well as clinical trials that are in progress or have been approved, to continue. On December 28, 2023, NeoGenomics appealed the preliminary injunction to the Federal Circuit. The appeal was docketed at the Federal Circuit on January 4, 2024. On February 5, 2024, NeoGenomics filed an Emergency Motion to Stay the Preliminary Injunction pending Appeal and a Motion to Expedite the appeal. The Federal Circuit granted expedited briefing of the appeal and heard oral arguments on March 29, 2024. A decision on the appeal has not yet been issued. The Company intends to vigorously pursue its appeal of the preliminary injunction. The infringement case is in discovery and the jury trial has been scheduled for March 10, 2025. The Company has filed two *inter partes* review petitions before the Patent Trial and Appeal Board ("PTAB") in the United States Patent and Trademark Office seeking a determination that the two patents asserted against in the North Carolina action are unpatentable in view of prior art. The PTAB has not yet determined whether to institute trial in either of the *inter partes* review cases. The Company believes that it has good and substantial defenses to the claims alleged in these suits, but there is no guarantee that the Company will prevail. At the time of filing the outcome of these matters are is not estimable or probable.

On December 16, 2022, a purported shareholder class action captioned Daniel Goldenberg v. NeoGenomics, Inc., Douglas VanOort, Mark Mallon, Kathryn McKenzie, and William Bonello was filed in the United States District Court for the Southern District of New York, naming the Company and certain of the Company's current and former officers as defendants. This lawsuit was filed by a stockholder who claims to be suing on behalf of anyone who purchased or otherwise acquired the Company's securities between February 27, 2020 and April 26, 2022. The lawsuit alleges that material misrepresentations and/or omissions of material fact were made in the Company's public disclosures in violation of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The alleged improper disclosures relate to statements regarding the Company's menu of tests, business operations and compliance with health care laws and regulations. The plaintiff seeks unspecified monetary damages on behalf of the putative class and an award of costs and expenses, including attorney's fees and expert fees. On April 27, 2023, a shareholder of the Company filed a shareholder derivative action on behalf of the Company captioned Puskarich v. VanOort, et al. in Clark County Nevada, naming certain of the Company's current and former officers and directors as defendants. The allegations are substantially similar to the allegations asserted in the Goldenberg action. Substantially similar shareholder derivative actions were subsequently filed in Lee County, Florida and in the United States District Court for the Southern District of New York, captioned Wong v. VanOort, et al. and Mellema v. VanOort, et al., respectively. The Company believes that it has valid defenses to the claims alleged in the lawsuits, but there is no guarantee that the Company will prevail. At the time of filing the outcome of these matters are not estimable or probable.

Regulatory Matter

With the assistance of outside counsel, the Company voluntarily conducted an internal investigation that focused on the compliance of certain consulting and service agreements with federal healthcare laws and regulations, including those relating to fraud, waste and abuse. Based on this internal investigation, the Company voluntarily

notified the Office of Inspector General of the U.S. Department of Health and Human Services ("OIG") of the Company's internal investigation in November 2021. The Company's interactions with regulatory authorities and the Company's related review of this matter are ongoing. The

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Company has a reserve of \$11.2 million in other long-term liabilities as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** on the Consolidated Balance Sheets for potential damages and liabilities primarily associated with the federal healthcare program revenue received by the Company in connection with the agreements at issue that were identified during the course of this internal investigation. This reserve reflects management's best estimate of the minimum probable loss associated with this matter. As a result of the internal investigation and ongoing interactions with regulatory authorities, the Company may accrue additional reserves for any related potential damages and liabilities arising out of this matter. The Company was notified on June 30, 2022, that the Department of Justice ("DOJ") will be **leading participating** in the investigation of this matter. At this time, the Company is unable to predict the duration, scope, result or related costs associated with any further investigation, including by the OIG, DOJ, or any other governmental authority, or what penalties or remedial actions they may seek. Accordingly, at this time, the Company is unable to estimate a range of possible loss in excess of the amount reserved. Any determination that the Company's operations or activities are not in compliance with existing laws or regulations, however, could result in the imposition of civil or criminal fines, penalties, disgorgement, restitution, equitable relief, **exclusion from participation in federal healthcare programs** or other losses or conduct restrictions, which could be material to the Company's financial results or business operations.

Note 12. Related Party Transactions

The Company has Advanced Diagnostics contracts with HOOKIPA Pharma, Inc., an entity with whom a director of the Company, Michael A. Kelly, was a director of until **April 7, 2023** **April 2023**. In connection with these contracts, the Company recognized **\$0.1 million** and **\$0.3 million** of revenue in the Consolidated Statements of Operations for the three and nine months ended **September 30, 2023**, respectively. Revenue recognized in the Consolidated Statements of Operations in connection with these contracts was **\$0.3 million** for both the three and nine months ended **September 30, 2022** **March 31, 2023**.

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Note 13. Segment Information

The Company has historically reported its activities in recognizes revenue under two reportable segments; segments, (1) the Clinical Services and (2) Advanced Diagnostics. The Clinical Services segment provides various clinical testing services to community-based pathology and (2) the Pharma Services segment. In the second quarter of 2023, the Pharma Services segment was rebranded as the oncology practices, hospital pathology labs, and academic centers with reimbursement from various payers including client direct billing, commercial insurance, Medicare and other government payers, and self-pay patients. The Advanced Diagnostics segment supports pharmaceutical firms' drug development programs by assisting with various clinical trials and research as well as providing informatics related services often supporting pharmaceutical commercialization efforts.

The financial information reviewed by the **CODM** Chief Operating Decision Maker ("CODM") includes revenues, cost of revenue, and gross profit for both reportable segments. Assets operating expenses, loss from operations, and net loss are not presented at the segment level as that information is not used by the CODM. For further details regarding segment reporting, please refer to Note 2. Summary of Significant Accounting Policies.

The following table summarizes the segment information for the three months ended March 31, 2024, and 2023 (in thousands):

Net revenues:	Net revenues:	Three Months Ended		Nine Months Ended		Three Months Ended March 31,		
		September 30,		September 30,				
		2023	2022	2023	2022			
Three Months Ended March 31,								
31,								
2024		2024		2023				
Net	Net							
Clinical Services	Clinical Services	\$ 127,553	\$ 106,162	\$ 365,578	\$ 310,588			
Advanced Diagnostics	Advanced Diagnostics	24,401	22,620	70,513	60,435			
Total revenue	Total revenue	151,954	128,782	436,091	371,023			
Cost of revenue:	Cost of revenue:							

Cost of revenue:					
Cost of revenue:					
Clinical Services ⁽¹⁾					
Clinical Services⁽¹⁾					
Clinical Services ⁽¹⁾	Clinical Services ⁽¹⁾	73,994	65,261	213,032	197,563
Advanced Diagnostics ⁽²⁾	Advanced Diagnostics ⁽²⁾	15,649	14,628	46,043	42,389
Total cost of revenue	Total cost of revenue	89,643	79,889	259,075	239,952
Gross Profit:	Gross Profit:				
Clinical Services					
Clinical Services					
Clinical Services	Clinical Services	53,559	40,901	152,546	113,025
Advanced Diagnostics	Advanced Diagnostics	8,752	7,992	24,470	18,046
Total gross profit	Total gross profit	\$ 62,311	\$ 48,893	\$ 177,016	\$ 131,071

(1) Clinical Services cost of revenue for both the three months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **2023** includes \$4.3 million of amortization of acquired **Invata developed technology** intangible assets. Clinical Services cost of revenue for both the **nine** **three** months ended **September 30, 2023** and **September 30, 2022** **March 31, 2024** also

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includes **\$12.8** **\$0.3** million of amortization of acquired **Invata developed technology** intangible assets, non-cash stock-based compensation. There were no such amounts recorded for the three months ended March 31, 2023.

(2) Advanced Diagnostics cost of revenue for both the three months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **2023** includes \$0.6 million of amortization of acquired **Invata developed technology** intangible assets. Advanced Diagnostics cost of revenue for both the **nine** **three** months ended **September 30, 2023** and **September 30, 2022** **March 31, 2024** also includes **\$1.8** **\$0.1** million of amortization of acquired **Invata developed technology** intangible assets, non-cash stock-based compensation. There were no such amounts recorded for the three months ended March 31, 2023.

NEOGENOMICS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NeoGenomics, Inc., a Nevada corporation (referred to individually as the "Parent Company" "Company" or collectively with its subsidiaries as "NeoGenomics," "we," "us," or "our," or the "Company" in this Quarterly Report) is the registrant for SEC reporting purposes. Our common stock is listed on The Nasdaq Stock Market LLC ("Nasdaq") under the symbol "NEO".

Introduction

The following discussion and analysis should be read in conjunction with the unaudited Consolidated Financial Statements and the notes thereto included herein. The information contained below includes statements of the Company's or management's beliefs, expectations, hopes, goals and plans that, if not historical, are forward-looking statements subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. For a discussion on forward-looking statements, see the information set forth in the introductory note to this Quarterly Report on Form 10-Q under the caption "Forward-Looking Statements," which information is incorporated herein by reference.

Overview

We operate a network of cancer-focused testing laboratories in the United States and **Europe**, **the United Kingdom**. Our mission is to **improve** **save** **lives** by improving patient care through exceptional cancer-focused testing services, **care**. Our vision is to **be** **become** the world's **leading** **leader** in cancer testing, **information**, and **information** **company** **decision support** by delivering **providing** uncompromising quality, exceptional service, and innovative solutions.

As of **September 30, 2023** **March 31, 2024**, we operated College of American Pathologists ("CAP") accredited and Clinical Laboratory Improvement Amendments of 1988 ("CLIA") certified laboratories in Fort Myers, Florida; Aliso Viejo and San Diego, California; Research Triangle Park, North Carolina; and Houston, Texas; and a CAP accredited full-service, sample-processing laboratory in Cambridge, United Kingdom. We also have several, small, non-processing laboratory locations across the United States for providing analysis services. We currently offer the following types of testing services:

- Cytogenetics ("karyotype analysis") – the study of normal and abnormal chromosomes and their relationship to disease. Cytogenetics involves analyzing the chromosome structure to identify changes from patterns seen in normal chromosomes. Cytogenetic studies are often performed to provide diagnostic, prognostic and occasionally predictive information for patients with hematological malignancies.
- Fluorescence In-Situ Hybridization ("FISH") – a molecular cytogenetic technique that focuses on detecting and localizing the presence or absence of specific DNA sequences and genes on chromosomes. The technique uses fluorescent probes that bind to only those parts of the chromosome with which they show a high degree of sequence similarity. Fluorescence microscopy is used to visualize the fluorescent probes bound to the chromosomes. FISH can be used to help identify numerous types of gene alterations, including amplifications, deletions, and translocations.
- Flow cytometry – a technique utilized to measure the characteristics of cell populations. Typically performed on liquid samples such as peripheral blood and bone marrow aspirate, it may also be performed on solid tissue samples such as lymph nodes following additional processing steps. Cells are labeled with selective fluorescent antibodies and analyzed as they flow in a fluid stream through a beam of light. The properties measured in these antibodies include the relative size, relative granularity or internal complexity, and relative fluorescence intensity. These fluorescent antibodies bind to specific cellular antigens and are used to identify abnormal and/or malignant cell populations. Flow cytometry is typically utilized in diagnosing a wide variety of hematopoietic and lymphoid neoplasms. Flow cytometry is also used to monitor patients during the course of therapy to identify extremely low levels of residual malignant cells, known as minimal residual disease ("MRD") monitoring.
- Immunohistochemistry ("IHC") and Digital Imaging – the process of localizing cellular proteins in tissue sections and relies on the principle of antigen-antibody binding. IHC is widely used in the diagnosis of abnormal cells such as those found in cancer. Specific surface membrane, cytoplasmic, or nuclear markers may be identified. IHC is also widely used to understand the distribution and localization of differentially expressed proteins. Digital imaging allows clients to visualize scanned slides and also perform quantitative analysis for certain stains. Scanned slides are received online in real time and can be previewed often a full day before the glass slides can be shipped back to clients.
- Molecular testing – a rapidly growing field which includes a broad range of laboratory techniques utilized in cancer testing. Most molecular techniques rely on the analysis of DNA and/or RNA, as well as the structure and function of genes at the molecular level. Molecular Common molecular testing technologies include: liquid biopsy tests for advanced non-small cell lung cancer, all solid tumor types (pan-cancer), and certain breast cancer cases; DNA fragment length analysis; polymerase chain reaction ("PCR") analysis; reverse transcriptase polymerase chain reaction ("RT-PCR") analysis, real-time (or quantitative) polymerase chain reaction ("qPCR") analysis; bi-directional Sanger sequencing analysis; and next-generation sequencing ("NGS") analysis.

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- Morphologic analysis – the process of analyzing cells under the microscope by a pathologist, usually for the purpose of diagnosis. Morphologic analysis may be performed on a wide variety of samples, such as peripheral blood, bone marrow, lymph node, nodes, and from other sites such as lung, breast, etc. The services provided at NeoGenomics may include primary diagnosis, in which a sample is received for processing and our pathologists provide the initial diagnosis; or may include secondary consultations, in which slides and/or tissue blocks are received from an outside institution for second opinion. In the latter setting, the expert pathologists at NeoGenomics assist our client pathologists on their most difficult and complex cases.

Clinical Services Segment

The clinical cancer testing services we offer to community-based pathologists and oncologists are designed to be a natural extension of, and complementary to, the services that they perform within their own practices. We believe our relationship as a non-competitive partner to community-based pathology practices, hospital pathology labs, reference labs, and academic centers can empower them to expand their breadth of testing to provide a menu of services that could match or exceed the level of service found in any center of excellence around the world. Community-based pathology practices and hospital pathology labs may order certain testing services on a technical component only ("TC" or "tech-only") basis, which allows them to participate in the diagnostic process by performing the professional component ("PC") interpretation services without having to hire laboratory technologists or purchase the sophisticated equipment needed to perform the technical component of the tests. We also support our pathology clients with interpretation and consultative services using our own specialized team of pathologists for difficult or complex cases and we provide overflow interpretation services when requested by clients.

We believe we are a leading provider of Heme Molecular and NGS testing and one of the key providers of solid tumor NGS testing solutions. These tests are interpreted by NeoGenomics' team of Molecular molecular experts and are often ordered in conjunction with other testing modalities. NGS panels are one of our fastest growing testing areas, and clients can often receive a significant amount of biomarker information from very limited samples. These comprehensive panels can allow for faster treatment decisions for patients as compared to a series of single-gene molecular tests being ordered sequentially. We have a broad Molecular molecular testing menu, and our targeted NeoTYPE panels include genes relevant to a particular cancer type, as well as other complementary type. These tests such as are complemented by IHC and FISH. FISH tests, as necessary. In addition, we offer molecular-only NGS targeted NGS-targeted and comprehensive panels which combine DNA and RNA into a single work stream in order to report a full spectrum of genomic alterations, including mutations, fusions, copy number variations, and gene expression, splicing mutations, as well as tumor mutation burden (TMB) and microsatellite instability (MSI) for solid tumor cases. This comprehensive molecular test menu means that allows our clients can get to obtain most of their molecular oncology testing needs satisfied by our laboratory. This is attractive to our clients as patient samples do not need to be split and then managed across several laboratories. The acquisition of Invata in June of 2021 provided us with oncology Liquid Biopsy liquid biopsy technology capabilities. InVisionFirst® InVisionFirst®-Lung is a highly sensitive, targeted plasma-based assay for patients with non-small cell lung cancer, and RaDaR® is an industry-leading liquid

biopsy assay designed to detect residual disease and recurrence in plasma samples from patients with solid tumor malignancies. We expect our **Molecular** molecular laboratory and NGS capabilities to be a key growth driver in the coming years.

In addition, we directly serve oncology, dermatology and other clinician practices that prefer to have a direct relationship with a laboratory for cancer-related genetic testing services. We typically serve these types of clients with a comprehensive service offering where we perform both the technical and professional components of the tests ordered. In certain instances, larger clinician practices have begun to internalize pathology interpretation services, and our tech-only service offering allows these larger clinician practices to also participate in the diagnostic process by performing the PC interpretation services on TC testing performed by us. In these instances we will typically provide all of the more complex, molecular testing services. The Clinical Services segment also offers Trapelo™, a decision-making Informatics tool, to help health care professionals navigate the rapidly evolving field of precision medicine. Trapelo™ is an end-to-end, clinical decision-support platform designed to resolve the complexities of precision oncology – from test ordering to therapy selection to navigating prior authorization.

Advanced Diagnostics Segment

Our Advanced Diagnostics revenue consists of three revenue streams:

- Clinical trials and research;
- Validation laboratory services; and
- Informatics.

Our Advanced Diagnostics segment supports pharmaceutical firms in their drug development programs by supporting various clinical trials and research. This portion of our business often involves working with the pharmaceutical firms ("sponsors") on study design as well as performing the required testing. Our medical team often advises the sponsor and works closely with them as specimens are received from the enrolled sites. We also work on developing tests that can potentially will be used as part of a companion diagnostic to determine patients' response responses to a particular drug. As studies unfold, our clinical trials team reports the data and often provides key analysis and insights back to the sponsors.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Advanced Diagnostics segment provides comprehensive testing services in support of our pharmaceutical clients' oncology programs from discovery to commercialization. In biomarker discovery, our aim is to help our customers discover the right

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content. We help our customers develop a biomarker hypothesis by recommending an optimal platform for molecular screening and backing our discovery tools with the informatics to capture meaningful data. In other pre-clinical and non-clinical work, we can use our platforms to characterize markers of interest. Moving from discovery to development, we seek to help our customers refine their biomarker strategy and, if applicable, develop a companion diagnostic pathway using the optimal technology for large-scale clinical trial testing.

Whether serving as the single contract research organization or partnering with one, our Advanced Diagnostics team provides significant technical expertise, working closely with our customers to support each stage of clinical trial development. Each trial we support comes with rapid turnaround time, dedicated project management and quality assurance oversight. We have experience in supporting submissions to the Federal Drug Administration ("FDA") for companion diagnostics. Our Advanced Diagnostics strategy is focused on helping to bring more effective oncology treatments to market through providing world-class laboratory services in oncology to key pharmaceutical companies in the industry.

We believe that we are well positioned to service pharmaceutical sponsors across the full continuum of the drug development process. Our Advanced Diagnostics team can work with these sponsors during the basic research and development phase as compounds come out of translational research departments, as well as work with clients from Phase I, Phase II and Phase III clinical trials as the sponsors work to demonstrate the efficacy of their drugs. The laboratory biomarker tests that are developed during this process may become companion diagnostic ("CDx") tests that will be used on patients to determine if they could respond to a certain therapy. We are able to offer these CDx tests to the market immediately after FDA approval as part of our Day 1 readiness program. This ability helps to speed the commercialization of a drug and can enable pharmaceutical sponsors to reach patients through our broad distribution channel in the Clinical Services segment.

We are committed to connecting patients with life-altering therapies and trials. In carrying out these commitments, we aim to provide transparency and choice to patients regarding the handling and use of their data through our Notice of Privacy Practices, and have invested in leading technologies to secure the data we maintain. We are continuing to develop and broaden our informatics and data-related tools to leverage our unique market position and oncology expertise to help our stakeholders solve real-world problems such as identifying patients for clinical trials or providing clinical decision support tools for physicians and providers.

2023 2024 Focus Areas:

We are committed to sustainable growth while transforming cancer care for patients and providers. Our focus for 2023 2024 is to sustain a purpose driven culture that maintains excellence in service and performance while growing through innovation. We expect the following initiatives to allow us to continue on our path to become one of the world's leading cancer testing and information companies:

Profitably Grow Core Business

- Grow volume and NGS mix;
- Improve turnaround time; Drive market penetration;
- Win on service;

- Expand and optimize commercial optimization; oncology; and
- Improve product offering, revenue cycle management.

Accelerate Advanced Diagnostics

- Execute clinical RaDaR® (MRD) Neo Comprehensive 2.0 launch;
- Launch Neo Execute liquid biopsy Comprehensive new NGS offering;
- Continue to improve Advanced Diagnostics growth and profitability; Genetic Profiling ("CGP") launch; and
- Focus on enterprise data strategy. Improve gross margin.

Improve Profitability Drive Value Creation

- Increase productivity and efficiency;
- Manage general and administrative spend; Improve gross margin;
- Focused investments; Implement Laboratory Information Management System ("LIMS") Phase 1; and
- Prioritize revenue cycle management, quality system enhancements.

Enhance Our People and Culture

- Enhance teammate development and engagement; and
- Grow a customer-oriented and growth mindset.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Competitive Strengths

We in addition to the competitive strengths discussed below, we believe the following areas are competitive differentiators that our superior testing technologies and instrumentation, laboratory information system, client education programs and domestic and international presence also differentiate NeoGenomics from its competitors.

Turnaround Times

We consistently focus on improving turnaround times for test results to our clients nationwide in the Clinical Services segment. By providing information to our clients in a timely manner, physicians can begin treating their patients as soon as possible. Timeliness of results by our Clinical Services segment is a driver of additional testing requests by referring physicians. Turnaround times allow for the performance of other adjunctive tests within an acceptable diagnosis window in order to augment or confirm results and more fully inform treatment options. Additionally, we believe that our rapid turnaround time on testing and our project milestones are a key factor factors in our Advanced Diagnostics segment.

Innovative Service Offerings

We believe we currently have one of the most extensive menu menus of tech-only FISH services in the country United States as well as extensive and advanced tech-only flow cytometry and IHC testing services. These types of testing services allow the professional interpretation component of a test to be performed and billed separately by our physician clients. Our tech-only services are designed to give pathologists the option to choose, on a case by case basis, whether they want to order only the technical component of testing so they can perform the professional interpretation, or order "global" services and receive a comprehensive test report which includes a NeoGenomics pathologist's interpretation of the test results. Our clients appreciate the flexibility to access NeoGenomics' medical staff for difficult or complex cases or when they are otherwise unavailable to perform professional interpretations.

We offer a comprehensive suite of technical and professional interpretation services to meet the needs of clients who are not credentialed and/or trained in interpreting various testing modalities and who require our NeoGenomics' pathology specialists to interpret their testing results. In our global service offerings, our lab performs the technical component of testing and our MDs and PhDs provide the professional component of testing by interpreting the results of those tests. Our professional staff is also available for post-test consultative services. Clients using our global service offering rely on the expertise of our medical team to give them the answers they need in a timely manner to help inform their diagnoses and treatment decisions.

Our Molecular and NGS Clinical Services segment test menus provide clients with the ability to order single gene molecular tests, targeted NeoTYPE panels that include the relevant actionable genes for a particular cancer type, as well as large comprehensive NGS panels. Our Advanced Diagnostics segment offers a full range of sequencing testing including whole exome and whole genome sequencing.

National Direct Sales Force

Our direct sales force has been trained extensively in cancer genomic genetic testing and consultative selling skills to service the needs of clients. Our sales team for the clinical cancer testing services Clinical Services segment is organized into nine regions in the United States – Northeast, Northwest, Mid-Atlantic, South, Southeast, Southwest, North Central, West, Great Lakes, and South Central. Our sales team will be focused on value-based care solutions and end-to-end client experience as a growth driver. Our Advanced Diagnostics segment has a dedicated team of business development specialists who are experienced in working with pharmaceutical sponsors and helping them with the testing needs of their research and development projects as well as Phase I, II and III studies. These sales representatives utilize our custom Customer Relationship Management System ("CRM") to manage their territories, and we have integrated the key customer care functionality within our Laboratory Information Management System ("LIMS") LIMS into the CRM so that our sales representatives can stay informed of emerging issues and opportunities within their regions. Our in-house customer care team is aligned with our field sales team to serve the needs of our clients by utilizing the same LIMS and CRM. Our field teams can see in real time real time when a client calls the laboratory, the reason for the call and the resolution, and determine if face-to-face interaction is needed for follow-up. Our sales force educates clients on new test offerings and their proper utilization, and our representatives are often seen as trusted advisors by our clients.

Seasonality

The majority of our clinical testing volume is dependent on patients being treated by hematology/oncology professionals and other healthcare providers. The volume of our testing services generally declines modestly during the summer vacation season, year-end holiday periods and other major holidays, particularly when those holidays fall during the middle of the week. In addition, the volume of our testing tends to decline due to extreme adverse weather conditions, such as excessively hot or cold spells, heavy snow, hurricanes or tornadoes in certain regions, consequently reducing revenues and cash flows in any affected period.

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In our Advanced Diagnostics segment, we enter into both short-term and long-term contracts, ranging from one month to several years. While the volume of this testing is not as directly affected by seasonality as described above, the testing volume does vary based on the terms of the contract. Our volumes are often based on how quickly sponsors can get patient enrollees for their trials and seasonality can impact how quickly patients are enrolled. Many of our long-term contracts contain specific

NEOGENOMICS, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

performance obligations where the testing is performed on a specific schedule. In addition, this results in backlog that can be significant and highly dependent on pharmaceutical clinical trial enrollment, enrollment.

Laboratory Developed Tests

On April 29, 2024, the FDA announced a final rule on the regulation of Laboratory Developed Tests ("LDTs") which continues amends the FDA's regulations to recover from make explicit that LDTs are devices under the slowdown experienced due Federal Food, Drug, and Cosmetic Act ("FD&C Act"). The FDA issued a policy to phase out, over the COVID-19 pandemic, course of four years, its general enforcement discretion approach to LDTs and also issued targeted enforcement discretion policies for certain categories of LDTs. The FDA is allowing currently marketed tests offered as LDTs (that were first marketed before May 6, 2024) to stay on the market without requiring pre-market review and approval by the FDA. Similarly, the FDA will not require pre-market review and approval by the FDA for tests approved by the New York State Department of Health Clinical Laboratory Evaluation Program. The Company is currently assessing how these regulatory changes may affect our operations.

Results of Operations for the Three and Nine Months Ended September 30, 2023 March 31, 2024 as Compared to the Three and Nine Months Ended September 30, 2022 March 31, 2023

Revenue Consolidated Statements of Operations as a percentage of net revenue for the periods presented are as follows:

	Three Months Ended March 31,	
	2024	2023
Net revenue	100.0 %	100.0 %
Cost of revenue ⁽¹⁾	58.1 %	60.1 %
Gross profit	41.9 %	39.9 %
Operating expenses:		
General and administrative	42.1 %	44.9 %
Research and development	4.9 %	5.4 %
Sales and marketing	12.9 %	11.8 %
Restructuring charges	1.5 %	3.4 %
Total operating expenses	61.4 %	65.5 %
Loss from operations	(19.5)%	(25.6)%
Interest income	(3.1)%	(2.3)%
Interest expense	1.1 %	1.2 %
Other expense (income), net	0.2 %	0.1 %
Loss before taxes	(17.7)%	(24.6)%
Income tax benefit	(0.4)%	(2.2)%
Net loss	(17.3)%	(22.4)%

⁽¹⁾Cost of revenue for both the three months ended March 31, 2024 and 2023 includes \$4.9 million of amortization of acquired intangible assets. Cost of revenue for the three months ended March 31, 2024 also includes \$0.4 million of non-cash stock-based compensation. There were no such amounts recorded for the three months ended March 31, 2023.

Clinical Services and Advanced Diagnostics net revenues for the periods presented are as follows (\$ in thousands): follows:

(\$ in thousands)	Three Months Ended March 31,		
	2024	2023	\$ Change
Net revenue:			% Change

Clinical Services	\$ 134,535	\$ 114,869	\$ 19,666	17.1 %
Advanced Diagnostics	\$ 21,705	\$ 22,351	\$ (646)	(2.9)%
Total revenue	\$ 156,240	\$ 137,220	\$ 19,020	13.9 %

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Net revenue:								
Clinical Services	\$ 127,553	\$ 106,162	\$ 21,391	20.1 %	\$ 365,578	\$ 310,588	\$ 54,990	17.7 %
Advanced Diagnostics	\$ 24,401	\$ 22,620	\$ 1,781	7.9 %	\$ 70,513	\$ 60,435	\$ 10,078	16.7 %
Total net revenue	\$ 151,954	\$ 128,782	\$ 23,172	18.0 %	\$ 436,091	\$ 371,023	\$ 65,068	17.5 %

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Revenue

Consolidated revenues increased \$23.2 million, or 18.0%, year-over-year.

Clinical Services revenue for the three and nine months ended September 30, 2023 increased \$21.4 million and \$55.0 million, respectively, \$19.7 million when compared to the same period in 2022. The increase in Clinical Services revenue reflects an increase in clinical testing test volume, a more favorable test mix, and an increase in average unit price due to strategic reimbursement and pricing initiatives.

Advanced Diagnostics revenue for the three and nine months ended September 30, 2023 increased \$1.8 million and \$10.1 million, respectively, March 31, 2024 decreased \$0.6 million compared to the same period in 2022 primarily due to macro clinical trial trends in the timing pharmaceutical industry and the prioritization of project activity, projects that will have a long-term profitable impact on the business.

Cost of Revenue and Gross Profit

Cost of revenue includes compensation and benefit costs, including stock-based compensation, for performing tests, maintenance and/or depreciation of laboratory equipment, rent for laboratory facilities, laboratory reagents, probes and supplies, delivery and courier costs relating to the transportation of specimens to be tested, and amortization for acquired Inivata developed technology intangible assets.

The consolidated cost of revenue and gross profit metrics for the periods presented are as follows:

(\$ in thousands)	Three Months Ended September 30,			Nine Months Ended September 30,			Three Months Ended March 31,		
	(\$ in thousands)			%	(\$ in thousands)			%	(\$ in thousands)
		2023	2022			2023	2022		
Cost of revenue:	Cost of revenue:								
Clinical Services ⁽¹⁾	\$73,994	\$65,261	13.4 %	\$213,032	\$197,563	7.8 %			
Advanced Diagnostics ⁽²⁾	15,649	14,628	7.0 %	46,043	42,389	8.6 %			
Clinical Services ⁽²⁾									
Clinical Services ⁽²⁾							\$76,844	\$67,292	14.2 %
Advanced Diagnostics ⁽³⁾							13,927	15,114	(7.9) %
Total cost of revenue	Total cost of revenue	\$89,643	\$79,889	12.2 %	\$259,075	\$239,952	8.0 %		
Cost of revenue as a % of revenue	Cost of revenue as a % of revenue	59.0%	62.0%		59.4%	64.7%			
Gross profit:	Gross profit:								
Clinical Services									

Clinical Services										
Clinical Services	Clinical Services	\$53,559	\$40,901	30.9 %	\$152,546	\$113,025	35.0 %	\$57,691	\$	\$47,577
Advanced Diagnostics	Advanced Diagnostics	8,752	7,992	9.5 %	24,470	18,046	35.6 %	Advanced Diagnostics	7,778	7,237
Total gross profit	gross profit	\$62,311	\$48,893	27.4 %	\$177,016	\$131,071	35.1 %	Total gross profit	\$65,469	\$
Gross profit margin	Gross profit margin	41.0%	38.0%		40.6%	35.3%			\$54,814	19.4

(1) (2) Clinical Services cost of revenue for both the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 2023 includes \$4.3 million \$4.3 million of amortization of acquired Invata developed technology intangible assets. Clinical Services cost of revenue for the nine three months ended September 30, 2023 and September 30, 2022 March 31, 2024 also includes \$12.8 million \$0.3 million of amortization of acquired Invata developed technology intangible assets, non-cash stock-based compensation. There were no such amounts recorded for the three months ended March 31, 2023.

(2) (3) Advanced Diagnostics cost of revenue for both the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 2023 includes \$0.6 million \$0.6 million of amortization of acquired Invata developed technology intangible assets. Advanced Diagnostics cost of revenue for the nine three months ended September 30, 2023 and September 30, 2022 March 31, 2024 also includes \$1.8 million \$0.1 million of amortization of acquired Invata developed technology intangible assets, non-cash stock-based compensation. There were no such amounts recorded for the three months ended March 31, 2023.

NEOGENOMICS, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Consolidated cost of revenue increased 12.2% and 8.0% 10.2% for the three and nine months ended September 30, 2023, respectively, March 31, 2024 when compared to the same periods period in 2022. The increases for both the three and nine months ended September 30, 2023 were 2023 primarily due to higher compensation and benefits benefit costs, an increase in supplies expense, an increase in technology fees, and an increase in supplies expense depreciation expense. These increases were partially offset by a decrease in professional fees and shipping costs fees.

Gross profit margin for the three and nine months ended September 30, 2023 March 31, 2024 was 41.0% and 40.6%, respectively, 41.9% compared to 38.0% and 35.3%, respectively, 39.9% in the same periods period in 2023. The increase of 2022. The increases of 3.0% and 5.3% 2.0% for the three and nine months ended September 30, 2023, respectively, were March 31, 2024 was primarily related to increases the increase in revenue offset by higher compensation and benefits benefit costs and an increase in supplies expense.

General and Administrative Expenses

General and administrative expenses consist of compensation and benefits benefit costs for our executive, billing, finance, human resources, information technology, and other administrative personnel, as well as stock-based compensation. We also allocate professional services, facilities expense, expenses, IT infrastructure costs, depreciation, amortization and other administrative-related costs to general and administrative expenses.

Consolidated general and administrative expenses for the periods presented are as follows:

(\$ in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
General and administrative	\$ 61,486	\$ 64,282	\$ (2,796)	(4.3)%	\$ 183,343	\$ 188,481	\$ (5,138)	(2.7)%
As a % of revenue	40.5 %	49.9 %			42.0 %	50.8 %		

NEOGENOMICS, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(\$ in thousands)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
General and administrative	\$ 65,797	\$ 61,549	\$ 4,248	6.9 %
As a % of revenue	42.1 %	44.9 %		

General and administrative expenses decreased \$2.8 million increased \$4.2 million for the three months ended September 30, 2023 March 31, 2024, when compared to the same period in 2022, 2023. This decrease increase was partially due to a \$2.8 million decrease \$4.2 million increase in net loss on disposal of assets, a \$1.6 million decrease in legal and professional fees, a \$1.4 million decrease in relocation costs, and a \$0.9 million decrease \$1.8 million increase in recruiting expenses, compensation and benefit costs. These decreases increases were partially offset by a \$2.9 million increase decrease of \$1.1 million in non-cash stock-based compensation expense, a \$0.7 million net increase in cash-based compensation technology and benefits expenses, a \$0.3 million increase in amortization expense, equipment costs, and a \$0.3 million increase in travel expenses.

General and administrative expenses decreased \$5.1 million for the nine months ended September 30, 2023, when compared to the same period in 2022. This decrease was partially due to a \$5.0 million decrease in professional fees, a \$2.7 million decrease in recruiting expenses, a \$2.4 million decrease in non-cash stock-based compensation expense, a \$1.3 million decrease in relocation expenses, and a \$1.2 million net decrease in loss on disposal of assets. These decreases were partially offset by a \$3.2 million net increase in cash-based compensation and benefits expenses, a \$1.3 million increase in depreciation expense, a \$1.1 million increase in travel expenses, a \$0.9 million increase in amortization expense, and a \$0.8 million increase in technology expense, credit card fees.

Research and Development Expenses

Research and development expenses relate to costs of developing new proprietary and non-proprietary genetic tests, including compensation and benefits costs, depreciation and including stock-based compensation, maintenance of laboratory equipment, laboratory supplies (reagents), and outside consultants and experts assisting our research and development team.

Consolidated research and development expenses for the periods presented are as follows:

(\$ in thousands)	(\$ in thousands)	Three Months Ended September 30,			Nine Months Ended September 30,			(\$ in thousands)	Three Months Ended March 31,		
		2023	2022	% Change	2023	2022	% Change		2024	2023	\$ Change
Research and development	Research and development	\$5,285	\$7,312	\$(2,027) (27.7)%	\$20,182	\$23,651	\$(3,469) (14.7)%	Research and development	\$7,620	\$7,395	\$ 225 3.0 %
As a % of revenue	As a % of revenue	3.5 %	5.7 %		4.6 %	6.4 %					

Research and development expenses decreased \$2.0 million and \$3.5 million increased \$0.2 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 when compared to the same periods period in 2022. These decreases for the three and nine months ended September 30, 2023 when compared to the same periods in 2022, are 2023 primarily due to decreases a \$0.3 million increase in compensation and benefits costs, and professional fees and a \$0.3 million increase in research technology and development tax credits. equipment costs partially offset by a \$0.4 million decrease in professional fees.

We anticipate research and development expenditures will increase in the future quarters as we continue to invest in development activities for innovation projects and bringing new tests to market.

Sales and Marketing Expenses

Sales and marketing expenses are primarily attributable to employee-related costs including sales management, sales representatives, sales and marketing consultants, and marketing and customer service personnel.

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Consolidated sales and marketing expenses for the periods presented are as follows:

(\$ in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Sales and marketing	\$ 17,610	\$ 16,809	\$ 801	4.8 %	\$ 52,770	\$ 50,179	\$ 2,591	5.2 %
As a % of revenue	11.6 %	13.1 %			12.1 %	13.5 %		
Three Months Ended March 31,								
(\$ in thousands)	2024		2023		\$ Change		% Change	
	\$ 20,221		\$ 16,259		\$ 3,962		24.4 %	
As a % of revenue			12.9 %		11.8 %			

Sales and marketing expenses increased \$0.8 million and \$2.6 million \$4.0 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, when compared to the same periods period in 2022. For the three months ended September 30, 2023, this 2023 primarily due to a \$3.7 million increase primarily reflects increases in compensation and benefits costs and travel expenses partially offset by decreases in salaries, sales commissions, and professional fees. For the nine months ended September 30, 2023, this increase primarily reflects increases in sales commissions, other compensation and benefits costs and travel expenses partially offset by a decrease in professional fees. benefit costs.

We expect higher commissions expense in future the coming quarters as our sales representatives generate new business in our business segments. We expect our sales and marketing expenses over the long term to align with changes in revenue and we continue to evaluate the effectiveness of our incentive compensation plans.

Restructuring charges

Consolidated restructuring charges for the periods presented are as follows:

Three Months Ended September 30,	Nine Months Ended September 30,
----------------------------------	---------------------------------

Three Months Ended March 31,										Three Months Ended March 31,				
(\$ in thousands)	(\$ in thousands)	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change	(\$ in thousands)	2024	2023	\$ Change	% Change
Restructuring charges	Restructuring charges	\$2,125	\$—	\$2,125	100.0 %	\$9,883	\$—	\$9,883	100.0 %	Restructuring charges	\$2,398	\$4,684	\$(2,286)	(48.8) %
As a % of revenue	As a % of revenue	1.4 %	— %			2.3 %	— %							

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Restructuring charges relate to a restructuring program to improve execution and drive efficiency across the organization. Restructuring charges consist of severance and other employee costs, costs for optimizing our geographic presence, and consulting and other costs.

For the three and nine months ended September 30, 2023, we recorded \$2.1 million and \$9.9 million of restructuring charges respectively. For decreased \$2.3 million for the three months ended **September 30, 2023** March 31, 2024, these when compared to the same period in 2023. The charges were comprised of \$0.4 million \$0.7 million in severance and other employee costs, \$0.8 million \$1.0 million in Facility Footprint Optimization costs, and \$0.9 million \$0.7 million of consulting and other costs. For We are continuing the nine months ended September 30, 2023, these charges were comprised of \$5.4 million restructuring program in severance 2024 and other employee costs, \$2.9 million in Facility Footprint Optimization costs, and \$1.6 million of consulting and other costs. There were no such amounts recorded for the three and nine ended September 30, 2022.

In the third quarter of 2023, in response to new incremental information including ongoing negotiations with counterparties, we revised our original restructuring plan cost and timing of approved projects. As a result, we anticipate incurring further restructuring charges extending into 2024. Restructuring activities are on-going and we expect to incur additional restructuring charges of approximately \$5.9 million. We expect these charges will ultimately result in enhanced operational efficiencies as we continue Our restructuring activities are expected to optimize our geographic presence. be complete by December 31, 2024.

Interest (Income) Expense, Net Income

Interest (income) expense, net, for the periods presented is as follows:

(\$ in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Interest (income) expense, net	\$ (2,840)	\$ 139	\$ (2,979)	(2,143.2)%	\$ (6,831)	\$ 2,366	\$ (9,197)	(388.7)%
As a % of revenue	(1.9)%	0.1 %			(1.6)%	0.6 %		

Interest (income) expense, net, was income of \$2.8 million and \$6.8 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and 2023 is as follows (dollars in thousands):

(\$ in thousands)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Interest income	\$ (4,834)	\$ (3,224)	\$ (1,610)	49.9 %

Interest income was \$4.8 million for the three months ended March 31, 2024 compared to expense of \$0.1 million and \$2.4 million \$3.2 million for the same periods period in 2022, 2023. Interest income includes interest earned on funds held in our cash equivalent and marketable securities accounts. The increase in interest income for the three months ended March 31, 2024 was due to the higher interest rate environment experienced when compared to the same period in 2023.

For further details regarding our investments in marketable securities, please refer to Note 3. Fair Value Measurements in the accompanying notes to the unaudited Consolidated Financial Statements.

Interest Expense

Interest expense for the three months ended March 31, 2024 and 2023 is as follows (dollars in thousands):

(\$ in thousands)	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Interest expense	\$ 1,685	\$ 1,757	\$ (72)	(4.1)%

Interest expense was \$1.7 million for the three months ended March 31, 2024 compared to expense of \$1.8 million for the same period in 2023. Interest expense for the three months ended March 31, 2024 and 2023 primarily reflects the effective interest rate on the 2028 Convertible Notes and the 2025 Convertible Notes which is 0.70% and 1.96%, respectively. Interest expense on the 2028 Convertible Notes and 2025 Convertible Notes began accruing upon issuance and is payable semi-annually. Interest expense also includes amortization related to our fixed income investments. The increase in interest (income) expense, net, for the three and nine months ended September 30, 2023 was due to the higher interest rate environment experienced when compared to the same periods in 2022.

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For further details regarding our investments in marketable securities and the convertible notes please refer to Note 3. Fair Value Measurements and Note 5. Debt respectively, in the accompanying notes to the unaudited Consolidated Financial Statements.

Net Loss Per Share

The following table provides consolidated net loss for each period along with the computation of basic and diluted net loss per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands, except net loss per share data):

		Three Months Ended March 31,				
		2024		2024		2023
NET LOSS		Three Months Ended		Nine Months Ended		
		September 30,		September 30,		
		2023	2022	2023	2022	
NET LOSS		\$ (18,516)	\$ (36,852)	\$ (73,642)	\$ (121,563)	
Basic weighted average shares outstanding						
Basic weighted average shares outstanding						
Basic weighted average shares outstanding	Basic weighted average shares outstanding	125,687	124,425	125,358	124,055	
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding	125,687	124,425	125,358	124,055	
Basic net loss per share	Basic net loss per share	\$ (0.15)	\$ (0.30)	\$ (0.59)	\$ (0.98)	
Basic net loss per share						
Diluted net loss per share	Diluted net loss per share	\$ (0.15)	\$ (0.30)	\$ (0.59)	\$ (0.98)	

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Non-GAAP Measures

Use of Non-GAAP Financial Measures

In order to provide greater transparency regarding our operating performance, the financial results and financial guidance include the use of certain non-GAAP financial measures that involve adjustments to GAAP results. Non-GAAP financial measures exclude certain income and/or expense items that management believes are not directly attributable to our core operating results and/or certain items that are inconsistent in amounts and frequency, making it difficult to perform a meaningful evaluation of our current or past operating performance. Management believes that the presentation of operating results using non-GAAP financial measures provides useful supplemental information to investors by facilitating the analysis of our core test-level operating results across reporting periods and when comparing those same results to those published by our peers. These non-GAAP financial measures may also assist investors in evaluating future prospects. Management also uses non-GAAP financial measures for financial and operational decision making, planning and forecasting purposes and to manage the business. These non-GAAP financial measures do not replace the presentation of financial information in accordance with U.S. GAAP financial results, should not be considered measures of liquidity, and are unlikely to be comparable to non-GAAP financial measures used by other companies.

Definitions of Non-GAAP Measures

Non-GAAP "Adjusted EBITDA"

We define "Adjusted EBITDA" as defined by NeoGenomics as net (loss) income from continuing operations before: (i) interest (income) income, (ii) interest expense, net, (iii) tax (benefit) or expense, (iv) depreciation and amortization expense, (v) non-cash stock-based compensation expense, and, if applicable in a reporting period, (vi) acquisition (vi) restructuring charges, and integration related expenses, (vii) CEO transition costs, (viii) restructuring costs, and (ix) other significant or non-operating (income) or expenses, net.

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The following is a reconciliation of GAAP net loss to Non-GAAP EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2023 March 31, 2024:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss (GAAP)	\$ (18,516)	\$ (36,852)	\$ (73,642)	\$ (121,563)
<i>Adjustments to net loss:</i>				
Interest (income) expense, net	(2,840)	139	(6,831)	2,366
Income tax benefit	(2,935)	(2,772)	(8,169)	(12,255)
Depreciation	9,349	8,973	27,872	25,894
Amortization of intangibles	8,784	8,490	26,350	25,470
EBITDA (non-GAAP)	<u>\$ (6,158)</u>	<u>\$ (22,022)</u>	<u>\$ (34,420)</u>	<u>\$ (80,088)</u>
<i>Further adjustments to EBITDA:</i>				
Acquisition and integration related expenses	—	197	—	2,479
CEO transition costs	—	2,792	500	4,518
Non-cash stock-based compensation expense	7,180	4,280	17,643	20,009
Restructuring charges	2,125	—	9,883	—
Other significant expenses, net ⁽¹⁾	158	3,195	532	6,240
Adjusted EBITDA (non-GAAP)	<u>\$ 3,305</u>	<u>\$ (11,558)</u>	<u>\$ (5,862)</u>	<u>\$ (46,842)</u>
Three Months Ended March 31,				
(in thousands)	2024		2023	
	\$ (27,061)	\$ (30,795)		
Net loss (GAAP)	\$ (27,061)	\$ (30,795)		
<i>Adjustments to net loss:</i>				
Interest income	(4,834)	(3,224)		
Interest expense	1,685	1,757		
Income tax benefit	(620)	(2,925)		
Depreciation	9,905	9,048		
Amortization of intangibles	8,362	8,783		
EBITDA (non-GAAP)	<u>\$ (12,563)</u>	<u>\$ (17,356)</u>		
<i>Further adjustments to EBITDA:</i>				
Non-cash stock-based compensation expense	7,774	4,758		
Restructuring charges	2,398	4,684		
Other significant (income) expenses, net ⁽⁴⁾	5,883	798		
Adjusted EBITDA (non-GAAP)	<u>\$ 3,492</u>	<u>\$ (7,116)</u>		

^{(1) (4)} For the three months ended September 30, 2023 March 31, 2024, other significant (income) expenses, net, includes site closure costs, fees related to non-recurring legal matters, and other non-recurring items. For the three months ended March 31, 2023, other significant (income) expenses, net, includes CEO transition costs, fees related to a regulatory matter, and other non-recurring items. For the three months ended September 30, 2022, other significant expenses, net, includes consulting fees related to Project Catalyst (our value capture program), fees related to a regulatory matter and other non-recurring items. For the nine months ended September 30, 2023, other significant expenses, net, includes fees related to a regulatory matter and other non-recurring items. For the nine months ended September 30, 2022, other significant expenses, net, includes fees related to a regulatory matter, consulting fees related to Project Catalyst (our value capture program), moving costs, a gain on the sale of a building and other non-recurring items.

Liquidity and Capital Resources

To date, we have financed our operations primarily through cash generated from operations, public and private sales of debt and equity securities, and bank debt borrowings.

The following table presents a summary of our consolidated cash flows for operating, investing and financing activities for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** as well balances of cash and cash equivalents and working capital:

(in thousands)	Nine Months Ended September 30,	
	2023	2022
Net cash (used in) provided by:		
Operating activities	\$ (19,737)	\$ (62,308)
Investing activities	59,512	\$ 1,580
Financing activities	3,284	\$ 10,027
Net change in cash and cash equivalents	43,059	(50,701)
Cash and cash equivalents, beginning of period	\$ 263,180	\$ 316,827
Cash and cash equivalents, end of period	\$ 306,239	\$ 266,126
Working Capital ⁽¹⁾ , end of period	\$ 494,024	\$ 518,357

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(in thousands)	Three Months Ended March 31,	
	2024	2023
Net cash (used in) provided by:		
Operating activities	\$ (25,915)	\$ (12,692)
Investing activities	14,525	\$ 23,742
Financing activities	816	\$ 1,379
Net change in cash and cash equivalents	(10,574)	12,429
Cash and cash equivalents, beginning of period	\$ 342,488	\$ 263,180
Cash and cash equivalents, end of period	\$ 331,914	\$ 275,609
Working Capital ⁽⁵⁾ , end of period	\$ 497,186	\$ 498,390

⁽¹⁾⁽⁵⁾ Defined as current assets less current liabilities.

Cash Flows from Operating Activities

Cash used in operating activities during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, was **\$19.7 million** **\$25.9 million** compared to **\$62.3 million** **\$12.7 million** in the same period in **2022** **2023**. This **\$42.6 million** decrease **\$13.2 million** increase was primarily driven by our operating results (net loss adjusted for depreciation, amortization of intangibles, and other non-cash charges) which resulted in **\$47.6 million** **\$6.5 million** of lower cash used by operating activities year-over-year, offset by a **\$5.1 million** **\$19.7 million** increase in cash used resulting from net changes in operating assets and liabilities. The **decrease** **increase** in cash used related to our operating activities was primarily driven by an improvement in gross

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profit of **\$45.9 million** **\$10.7 million**. In addition, timing of cash receipts and cash payments in the ordinary course of business caused operating cash flow to fluctuate from period to period.

Cash Flows from Investing Activities

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, cash provided by investing activities was **\$59.5 million** **\$14.5 million** compared to **\$1.6 million** **\$23.7 million** of cash provided by investing activities in the same period in **2022** **2023**. This change was primarily due to a **\$67.2 million** decrease in purchases of marketable securities, partially offset by a **\$1.8 million** decrease in proceeds from sales and maturities of marketable securities. In addition the nine months ended September 30, 2022 included **\$12.1 million** securities of net proceeds from the sale **\$20.3 million**, as well as a **\$6.8 million** decrease in purchases of a building and associated land, marketable securities.

Cash Flows from Financing Activities

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, cash provided by financing activities was **\$3.3 million** **\$0.8 million** compared to **\$10.0 million** **\$1.4 million** in the same period in **2022** **2023**. The cash provided by financing activities during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** consisted of **\$3.4 million** **\$0.8 million** for the net issuance of common stock offset by **\$0.1 million** used for the repayment of equipment financing obligations, stock. The primary reason for the decrease in cash provided by financing activities year-over-year was the timing of cash payments for stock option exercises which can fluctuate from period to period.

Liquidity Outlook

We had **\$306.2 million** **\$331.9 million** in unrestricted cash and cash equivalents as of **September 30, 2023** **March 31, 2024** in addition to **\$96.0** **\$52.9 million** of marketable securities available to support current operational liquidity needs. We anticipate that the cash on hand, marketable securities and cash collections are sufficient to fund our near-term capital and operating needs for at least the next 12 months. Operating needs include, but are not limited to, the planned costs to operate our business, including amounts required to fund working capital and capital expenditures, continued research and development efforts, and potential strategic acquisitions and investments.

Capital Expenditures

We forecast capital expenditures in order to execute on our business plan and maintain growth; however, the actual amount and timing of such capital expenditures will ultimately be determined by the volume of business. We currently anticipate that our capital expenditures for the year ending **December 31, 2023** **December 31, 2024** will be in the range of **\$25.0 million** **\$35.0 million** to **\$35.0 million** **\$40.0 million**. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, we purchased, with cash, approximately **\$21.7 million** **\$5.6 million** of capital equipment, software and leasehold improvements. We have funded and plan to continue funding these capital expenditures with cash and financing.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain. Please refer to our critical accounting policies as disclosed in

NEOGENOMICS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** and Note 2. Summary of Significant Accounting Policies, in the accompanying notes to the unaudited Consolidated Financial Statements for a complete description of our significant accounting policies.

NEOGENOMICS, INC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, including changes in interest rates and foreign currency exchange rates.

Interest Rate Risk

In May 2020, we issued \$201.3 million aggregate principal amount of the 2025 Convertible Notes. The 2025 Convertible Notes have a fixed annual interest rate of 1.25%; therefore, we do not have economic interest rate exposure with respect to the 2025 Convertible Notes. In January 2021, we issued \$345.0 million aggregate principal amount of the 2028 Convertible Notes. The 2028 Convertible Notes have a fixed annual interest rate of 0.25%; therefore, we do not have economic interest rate exposure with respect to the 2028 Convertible Notes. However, the fair value of the 2025 Convertible Notes and 2028 Convertible Notes is exposed to interest rate risk. Generally, the fair market value will increase as interest rates fall and decrease as interest rates rise. In addition, the fair value is affected by our common stock price. The fair value will generally increase as our common stock price increases and will generally decrease as our common stock price declines. We carry the 2025 Convertible Notes and 2028 Convertible Notes at face value less unamortized debt discount and debt issuance costs on our balance sheet, and we present the fair value for required disclosure purposes only.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we invest in highly liquid and high-quality U.S. government and other highly credit rated debt securities. Our investments are exposed to market risk due to fluctuations in interest rates, which may affect our interest income and the fair market value of our investments. To minimize our exposure due to adverse shifts in interest rates, we invest in short-term securities with short maturities. If a 1% change in interest rates were to have occurred on **September 30, 2023** **March 31, 2024**, this change would not have had a material effect on the fair value of our investment portfolio as of that date. Due to the short holding period of our investments, we do not believe that we have a material financial market risk exposure and do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates. While we believe our marketable securities do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value.

Foreign Currency Exchange Risk

We have operations in Cambridge, United Kingdom. Our international revenues and expenses denominated in foreign currencies (primarily British Pounds, Swiss Francs, Chinese Renminbi and Singapore Dollars) Pounds, expose us to the risk of fluctuations in foreign currency exchange rates against the U.S. dollar. We do not hedge foreign currency exchange risks and do not currently believe that these risks are significant.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As required by SEC Rule 15d-15, our management carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

NEOGENOMICS, INC.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time the Company is engaged in legal proceedings in the ordinary course of business. For further information on legal proceedings, please refer to Note 11. Commitments and Contingencies, in the notes to the unaudited Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

You should carefully consider each of the risk factors described in Part I, Item 1A, "Risk Factors" contained in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, as filed with the SEC on **February 24, 2023** **February 20, 2024**, as well as the other information set forth in this Quarterly Report on Form 10-Q.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None for the quarterly period ended **September 30, 2023** **March 31, 2024** that have not previously been included in a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

The following table sets forth information concerning our purchases of common stock for the periods indicated:

Period of Repurchase	Total Number of Shares		Total Number of Shares		Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
	Purchased ⁽¹⁾	Average Price Paid per Share	Purchased as Part of Publicly Announced Plans or Programs	Purchased Under the Plans or Programs	
July 1, 2023 - July 31, 2023	471	\$ 16.10	—	—	—
August 1, 2023 - August 31, 2023	141	\$ 17.15	—	—	—
September 1, 2023 - September 30, 2023	2,035	\$ 14.85	—	—	—
Total	2,647		—	—	—

Period of Repurchase	Total Number of Shares		Total Number of Shares		Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
	Purchased ⁽¹⁾	Average Price Paid per Share	Purchased as Part of Publicly Announced Plans or Programs	Purchased Under the Plans or Programs	
January 1, 2024 - January 31, 2024	7,460	\$ 16.16	—	—	—
February 1, 2024 - February 29, 2024	3,930	\$ 14.62	—	—	—
March 1, 2024 - March 31, 2024	1,355	\$ 15.63	—	—	—
Total	12,745		—	—	—

⁽¹⁾ Effective May 25, 2023, the Company adopted the NeoGenomics, Inc. 2023 Equity Incentive Plan (the "2023 Plan") as approved by the Board of Directors on March 28, 2023 and a majority of the Company's stockholders on May 25, 2023. The 2023 Plan replaced the NeoGenomics, Inc. Amended and Restated Equity Incentive Plan, as most recently amended and subsequently approved by a majority of stockholders on May 25, 2017 (the "Prior Plan"). Both the 2023 Plan and the Prior Plan allow participants to surrender already-owned shares having a fair market value equal to the required withholding tax related to the vesting of restricted stock. Pursuant to a share withholding election made by participants in connection with the vesting of such awards, all of which were outside of a publicly-announced publicly announced repurchase plan, we acquired from such participants the shares noted in the table above to satisfy tax

withholding obligations related to the vesting of their restricted stock. The average prices listed in the above table are averages of the fair market prices at which we valued shares withheld for purposes of calculating the number of shares to be withheld.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Securities Insider Trading Plans of Directors and Executive Officers

During our last fiscal quarter the following officers, ended March 31, 2024, no director or Section 16 officer adopted, modified, or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (in each case, as defined in Rule 16a-1(f)), adopted a Rule 10b5-1 trading arrangement as defined in Item 408(a) of Regulation S-K Item 408, as follows: S-K).

On August 15, 2023

Disclosure Pursuant to Item 5.02 of Form 8-K - Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

As previously reported on the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 18, 2024, Christopher Smith, our Director Melody Harris, formerly the Company's President, Enterprise Operations now serves as the Company's Chief Operations Officer and President, Informatics. In addition, Warren Stone, formerly the Company's President, Clinical Services now serves as the Company's Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement providing for Commercial Officer. In connection with her new role, effective April 29, 2024, Ms. Harris' new base salary will be \$575,000 per year, with annual review and adjustment at the sale from time to time of an aggregate of up to 140,000 shares of our common stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration discretion of the trading arrangement is estimated to be from November 14, 2023 until December 31, 2024, Board or earlier if all transactions under the trading arrangement are completed.

On August 18, 2023, Alicia Olivo, our General Counsel Culture and Corporate Secretary, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate number shares of our common stock. The planned sale of aggregated shares is to be equal to 40 restricted shares plus a designated percentage Compensation Committee of the net number Board (the "Compensation Committee"), an annual incentive cash bonus of such restricted shares vesting 60% of annual salary and an annual equity-based target award of \$1,750,000, each based on certain applicable dates. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration achievement of the trading arrangement is estimated to Company's corporate objectives and Ms. Harris' individual objectives, in each case, as established by the Board or the Compensation Committee. As part of this increased target for 2024 specifically, on May 2, 2024, Ms. Harris will receive an incremental equity grant of \$500,000 comprised of stock options, restricted stock units, and performance share units. In connection with his new role, effective April 29, 2024, Mr. Stone's new base salary will be from November 17, 2023 until December 31, 2024 \$580,000 per year, with annual review and adjustment at the discretion of the Board or the Compensation Committee, an annual incentive cash bonus of 65% of annual salary and an annual equity-based target award of \$2,000,000, each based on the achievement of the Company's corporate objectives and Mr. Stone's individual objectives, in each case, as established by the Board or the Compensation Committee. As part of this increased target for 2024 specifically, on May 2, 2024, or earlier if all transactions under Mr. Stone will receive an incremental equity grant of \$750,000 comprised of stock options, restricted stock units and performance share units.

In addition, as previously announced, the trading arrangement are completed. position of President, Advanced Diagnostics, formerly held by Vishal Sikri, was eliminated effective April 29, 2024.

No other officers or directors, as defined in Rule 16a-1(f), adopted and/or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement, as defined in Regulation S-K Item 408, during the last fiscal quarter.

NEOGENOMICS, INC.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit	Location
10.1*	Form of PSU Agreement under the NeoGenomics, Inc. 2023 Equity Incentive Plan	Incorporated by reference to the Company's Current Report on Form 8-K as filed with the SEC on February 23, 2024.
10.2*	Amendment to Employment Agreement, effective April 29, 2024, by and between NeoGenomics, Inc. and Warren Stone	Provided herewith.
10.3*	Amendment to Employment Agreement, effective April 29, 2024, by and between NeoGenomics, Inc. and Melody Harris	Provided herewith.
31.1	Certification by Principal Executive Officer pursuant to Rule 13a-14(a)/ 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Provided herewith.
31.2	Certification by Principal Financial Officer pursuant to Rule 13a-14(a)/ 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Provided herewith.
32.1	Certification by Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Provided herewith.
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	Provided herewith.
101.SCH	XBRL Taxonomy Extension Schema Document	Provided herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Provided herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Provided herewith.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document	Provided herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Provided herewith.
104	Cover Page Interactive File (formatted as inline XBRL and contained within Exhibit 101)	Provided herewith.

*

Denotes a management contract or compensatory plan or arrangement.

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.

By:	<i>/s/ Christopher M. Smith</i>
Name:	Christopher M. Smith
Title:	Director and Chief Executive Officer
By:	<i>/s/ Jeffrey S. Sherman</i>
Name:	Jeffrey S. Sherman
Title:	Chief Financial Officer

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Exhibit 10.2

AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") is made and entered into by and between NeoGenomics, Inc. (the "Company") and Warren Stone (the "Executive") and is effective as of April 29, 2024 (the "Effective Date"). Capitalized terms not defined in this Amendment have the respective meanings ascribed to them in the Employment Agreement by and between the Company and the Executive, dated as of November 2, 2022 (the "Employment Agreement").

WHEREAS, the Company and the Executive desire to modify certain terms and conditions of the Executive's employment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound hereby, the parties hereby agree to amend the Employment Agreement on the terms set forth in this Amendment.

1. Section 1(a) of the Employment Agreement is hereby replaced in its entirety with the following language:

"Effective as of the date hereof, the Executive will continue to be employed by the Company and NeoGenomics Laboratories, Inc., its primary operating subsidiary, on a full-time basis as Chief Commercial Officer, or in such position or positions as the Company may determine from time to time. The Executive will report to and be subject to the general supervision and direction of the Company's Chief Executive Officer. In addition, the Executive may be asked from time to time to serve in similar capacities for one or more of the Company's Affiliates or as a director or officer of one or more of the Company's Affiliates, each without further compensation. For purposes of this Agreement, 'Affiliates' means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise."

2. Section 2(a), 2(b), and 2(c) of the Employment Agreement is hereby replaced in its entirety with the following language:

2(a) Base Salary. The Company will pay the Executive a base salary at the rate of \$580,000.00 per year, payable in accordance with the regular payroll practices of the Company and subject to possible raises from time to time by the Board of Directors of the Company (the "Board") or the Culture and Compensation Committee thereof (the "Compensation Committee") in its discretion (as adjusted, from time to time, the "Base Salary").

2(b) Bonus Compensation. For each fiscal year completed during the Executive's employment under this Agreement, the Executive will be eligible to earn an annual bonus. The Executive's target bonus will be 65% of the Base Salary (the "Target Bonus"), subject to

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adjustment from time to time by the Board or the Compensation Committee, with the actual amount of any such bonus to be determined by the Board or the Compensation Committee in its discretion, based on the Executive's performance and/or the Company's performance against goals established by the Board or the Compensation Committee. In order to receive any annual bonus hereunder, the Executive must be employed on the last day of the fiscal year to which the annual bonus relates, except that, if the Executive's employment is terminated by the Company for Cause following the end of the fiscal year to which such annual bonus relates and before such bonus is paid to the Executive, the Executive shall not be entitled to any payment hereunder. Any annual bonus, to the extent earned, shall be paid not later than March 15th of the year following the year to which such bonus relates.

2(d) Annual Equity Awards. Beginning April 29, 2024, the Executive shall be eligible, on an annual basis and subject to approval by the Board or the Compensation Committee, for an additional equity-based award or awards in recognition of the prior year's performance with a target value of \$2,000,000 (each, an "Annual Grant"). The actual value of any Annual Grants (if any) shall be determined based on Company and Executive performance, as approved by the Board or the Compensation Committee, with the terms and conditions of any such Annual Grants also determined by the Board or the Compensation Committee

3. Good Reason Waiver.

The Executive expressly acknowledges and agrees that the change in the Executive's title shall not constitute "Good Reason" for purposes of the Employment Agreement or any other agreement between the Executive and the Company or any of its affiliates.

Except as expressly set forth in this Amendment, the Employment Agreement will continue in full force and effect in accordance with its terms. The Executive acknowledges and agrees that the Employment Agreement, as amended by this Amendment, constitutes the entire agreement between the Executive and the Company with respect to the terms and conditions of her employment and supersedes all other agreements and understandings, whether written or oral.

IN WITNESS WHEREOF, this Amendment has been executed by the Company, by its duly authorized representative, and by the Executive as of the date first above written.

THE EXECUTIVE:

/s/ Warren Stone

Warren Stone

THE COMPANY:

/s/ Chris Smith

Name: Chris Smith

Title: Chief Executive Officer

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Exhibit 10.3

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (this "Second Amendment") is made and entered into by and between NeoGenomics, Inc. (the "Company") and Melody Harris (the "Executive") and is effective as of April 29, 2024 (the "Effective Date"). Capitalized terms not defined in this Amendment have the respective meanings ascribed to them in the Employment Agreement by and between the

Company and the Executive, dated as of November 14, 2022 (the "Employment Agreement"), as amended in the Amendment to Employment Agreement dated as of May 12, 2023, which shall be now referred to as the First Amendment (the "First Amendment").

WHEREAS, the Company and the Executive desire to modify certain terms and conditions of the Executive's employment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound hereby, the parties hereby agree to amend the Employment Agreement on the terms set forth in this Amendment.

1. Section 1(a) of the Employment Agreement is hereby replaced in its entirety with the following language:

"Effective as of the date hereof, the Executive will continue to be employed by the Company and NeoGenomics Laboratories, Inc., its primary operating subsidiary, on a full-time basis as Chief Operations Officer & President, Informatics, or in such position or positions as the Company may determine from time to time. The Executive will report to and be subject to the general supervision and direction of the Company's Chief Executive Officer. In addition, the Executive may be asked from time to time to serve in similar capacities for one or more of the Company's Affiliates or as a director or officer of one or more of the Company's Affiliates, each without further compensation. For purposes of this Agreement, 'Affiliates' means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise."

2. Section 2(a), 2(b), and 2(d) of the Employment Agreement is hereby replaced in its entirety with the following language:

2(a) Base Salary. The Company will pay the Executive a base salary at the rate of \$575,000.00 per year, payable in accordance with the regular payroll practices of the Company and subject to possible raises from time to time by the Board of Directors of the Company (the "Board") or the Culture and Compensation Committee thereof (the "Compensation Committee") in its discretion (as adjusted, from time to time, the "Base Salary").

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2(b) Bonus Compensation. For each fiscal year completed during the Executive's employment under this Agreement, the Executive will be eligible to earn an annual bonus. The Executive's target bonus will be 60% of the Base Salary (the "Target Bonus"), subject to adjustment from time to time by the Board or the Compensation Committee, with the actual amount of any such bonus to be determined by the Board or the Compensation Committee in its discretion, based on the Executive's performance and/or the Company's performance against goals established by the Board or the Compensation Committee. In order to receive any annual bonus hereunder, the Executive must be employed on the last day of the fiscal year to which the annual bonus relates, except that, if the Executive's employment is terminated by the Company for Cause following the end of the fiscal year to which such annual bonus relates and before such bonus is paid to the Executive, the Executive shall not be entitled to any payment hereunder. Any annual bonus, to the extent earned, shall be paid not later than March 15th of the year following the year to which such bonus relates.

2(d) Annual Equity Awards. Beginning April 29, 2024, the Executive shall be eligible, on an annual basis and subject to approval by the Board or the Compensation Committee, for an additional equity-based award or awards in recognition of the prior year's performance with a target value of \$1,750,000 (each, an "Annual Grant"). The actual value of any Annual Grants (if any) shall be determined based on Company and Executive performance, as approved by the Board or the Compensation Committee, with the terms and conditions of any such Annual Grants also determined by the Board or the Compensation Committee.

3. Good Reason Waiver.

The Executive expressly acknowledges and agrees that the change in the Executive's title shall not constitute "Good Reason" for purposes of the Employment Agreement or any other agreement between the Executive and the Company or any of its affiliates.

Except as expressly set forth in this Amendment, the Employment Agreement will continue in full force and effect in accordance with its terms. The Executive acknowledges and agrees that the Employment Agreement, as amended by this Amendment, constitutes the entire agreement between the Executive and the Company with respect to the terms and conditions of her employment and supersedes all other agreements and understandings, whether written or oral.

IN WITNESS WHEREOF, this Amendment has been executed by the Company, by its duly authorized representative, and by the Executive as of the date first above written.

THE EXECUTIVE:

/s/ Melody Harris

Melody Harris

THE COMPANY:

/s/ Chris Smith

Name: Chris Smith

Title: Chief Executive Officer

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EXHIBIT 31.1

CERTIFICATIONS

I, Christopher M. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NeoGenomics, Inc.;
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 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 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 the 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.

November 6, 2023 April 30, 2024

/s/ Christopher M. Smith

Christopher M. Smith

Director and Chief Executive Officer

CERTIFICATIONS

I, Jeffrey S. Sherman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NeoGenomics, Inc.;
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 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 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 the 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.

November 6, 2023 April 30, 2024

/s/ Jeffrey S. Sherman

Jeffrey S. Sherman
Chief Financial Officer

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

In connection with this Quarterly Report of NeoGenomics, Inc. (the "Company") on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: **November 6, 2023 April 30, 2024**

/s/ Christopher M. Smith

Christopher M. Smith
Director and Chief Executive Officer

Date: **November 6, 2023 April 30, 2024**

/s/ Jeffrey S. Sherman

Jeffrey S. Sherman
Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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