

**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, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 1, 2024, the registrant had 128,360,871 shares of common stock, par value \$0.001 per share outstanding.

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

<u>Item 1. Financial Statements (unaudited)</u>	5
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	37
<u>Item 4. Controls and Procedures</u>	37

PART II OTHER INFORMATION

<u>Item 1. Legal Proceedings</u>	38
<u>Item 1A. Risk Factors</u>	38
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	38
<u>Item 3. Defaults Upon Senior Securities</u>	38
<u>Item 4. Mine Safety Disclosures</u>	38
<u>Item 5. Other Information</u>	38
<u>Item 6. Exhibits</u>	40
<u>SIGNATURES</u>	41

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 20, 2024, and in Part II, Item 1A, “Risk Factors” in this Quarterly Report on Form 10-Q.

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) September 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 361,992	\$ 342,488
Marketable securities, at fair value	25,821	72,715
Accounts receivable, net	151,428	131,227
Inventories	24,457	24,156
Prepaid assets	18,235	17,987
Other current assets	8,308	8,239
Total current assets	<u>590,241</u>	<u>596,812</u>
Property and equipment (net of accumulated depreciation of \$181,340 and \$158,211, respectively)	93,038	92,012
Operating lease right-of-use assets	81,442	91,769
Intangible assets, net	348,042	373,128
Goodwill	522,766	522,766
Other assets	5,582	4,742
Total non-current assets	<u>1,050,870</u>	<u>1,084,417</u>
Total assets	<u>\$ 1,641,111</u>	<u>\$ 1,681,229</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 16,514	\$ 20,334
Accrued compensation	52,165	53,161
Accrued expenses and other liabilities	22,998	15,069
Current portion of operating lease liabilities	3,716	5,610
Current portion of convertible senior notes, net	200,424	—
Contract liabilities	589	2,130
Total current liabilities	<u>296,406</u>	<u>96,304</u>
Long-term liabilities		
Operating lease liabilities	62,172	67,871
Convertible senior notes, net	339,956	538,198
Deferred income tax liabilities, net	22,771	24,285
Other long-term liabilities	11,596	13,034
Total long-term liabilities	<u>436,495</u>	<u>643,388</u>
Total liabilities	<u>\$ 732,901</u>	<u>\$ 739,692</u>
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, \$0.001 par value, (250,000,000 shares authorized; 128,061,944 and 127,369,142 shares issued and outstanding, respectively)	\$ 128	\$ 127
Additional paid-in capital	1,219,182	1,190,139
Accumulated other comprehensive loss	(643)	(1,674)
Accumulated deficit	(310,457)	(247,055)
Total stockholders' equity	<u>\$ 908,210</u>	<u>\$ 941,537</u>
Total liabilities and stockholders' equity	<u>\$ 1,641,111</u>	<u>\$ 1,681,229</u>

See the accompanying notes to the unaudited Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
NET REVENUE				
Clinical Services	\$ 145,783	\$ 127,553	\$ 421,706	\$ 365,578
Advanced Diagnostics	22,041	24,401	66,860	70,513
Total net revenue	167,824	151,954	488,566	436,091
COST OF REVENUE	92,944	89,643	275,723	259,075
GROSS PROFIT	74,880	62,311	212,843	177,016
Operating expenses:				
General and administrative	66,969	61,486	196,094	183,343
Research and development	7,684	5,285	23,190	20,182
Sales and marketing	20,415	17,610	62,313	52,770
Restructuring charges	1,009	2,125	4,951	9,883
Total operating expenses	96,077	86,506	286,548	266,178
LOSS FROM OPERATIONS	(21,197)	(24,195)	(73,705)	(89,162)
Interest income	(4,673)	(4,525)	(14,099)	(12,057)
Interest expense	1,642	1,685	4,993	5,226
Other (income) expense, net	(317)	96	(52)	(520)
Loss before taxes	(17,849)	(21,451)	(64,547)	(81,811)
Income tax benefit	(150)	(2,935)	(1,145)	(8,169)
NET LOSS	<u>\$ (17,699)</u>	<u>\$ (18,516)</u>	<u>\$ (63,402)</u>	<u>\$ (73,642)</u>
NET LOSS PER SHARE				
Basic	\$ (0.14)	\$ (0.15)	\$ (0.50)	\$ (0.59)
Diluted	\$ (0.14)	\$ (0.15)	\$ (0.50)	\$ (0.59)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	126,953	125,687	126,491	125,358
Diluted	126,953	125,687	126,491	125,358

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,	
	2024	2023	2024	2023
NET LOSS	\$ (17,699)	\$ (18,516)	\$ (63,402)	\$ (73,642)
OTHER COMPREHENSIVE INCOME:				
Net unrealized gain on marketable securities, net of tax	379	726	1,031	2,053
Total other comprehensive income, net of tax	379	726	1,031	2,053
COMPREHENSIVE LOSS	<u>\$ (17,320)</u>	<u>\$ (17,790)</u>	<u>\$ (62,371)</u>	<u>\$ (71,589)</u>

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		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
Issuance of common stock for ESPP	102,112	—	1,280	—	—	1,280
Issuance of restricted stock, net of forfeitures	32,607	—	(1,631)	—	—	(1,631)
Issuance of common stock for stock options	281,608	1	2,320	—	—	2,321
Stock issuance fees and expenses	—	—	(3)	—	—	(3)
Stock-based compensation expense	—	—	8,841	—	—	8,841
Net unrealized gain on marketable securities, net of tax	—	—	—	308	—	308
Net loss	—	—	—	—	(18,642)	(18,642)
Balance, June 30, 2024	127,851,113	\$ 128	\$ 1,209,536	\$ (1,022)	\$ (292,758)	\$ 915,884
Issuance of common stock for ESPP	75,238	—	897	—	—	897
Issuance of restricted stock, net of forfeitures	56,443	—	(603)	—	—	(603)
Issuance of common stock for stock options	79,150	—	886	—	—	886
Stock issuance fees and expenses	—	—	(4)	—	—	(4)
Stock-based compensation expense	—	—	8,470	—	—	8,470
Net unrealized gain on marketable securities, net of tax	—	—	—	379	—	379
Net loss	—	—	—	—	(17,699)	(17,699)
Balance, September 30, 2024	128,061,944	\$ 128	\$ 1,219,182	\$ (643)	\$ (310,457)	\$ 908,210

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, 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
Issuance of 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	—	—	5,705	—	—	5,705
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 of 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	—	—	7,179	—	—	7,179
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

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,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (63,402)	\$ (73,642)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	29,274	27,872
Amortization of intangibles	25,085	26,350
Stock-based compensation	25,085	17,643
Non-cash operating lease expense	7,022	6,860
Amortization of convertible debt discount	2,041	2,015
Amortization of debt issue costs	141	139
Loss on disposal of assets, net	63	334
Impairment of assets	333	1,703
Other adjustments	141	122
Changes in assets and liabilities, net		
Accounts receivable, net	(20,201)	(12,928)
Inventories	(408)	(252)
Prepaid and other assets	(1,206)	(5,165)
Operating lease liabilities	(4,287)	(5,871)
Deferred income tax liabilities, net	(1,514)	(9,380)
Accrued compensation	(996)	7,453
Accounts payable and other liabilities	52	(2,990)
Net cash used in operating activities	(2,777)	(19,737)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	—	(6,756)
Proceeds from maturities of marketable securities	47,784	87,963
Purchases of property and equipment	(29,462)	(21,695)
Net cash provided by investing activities	18,322	59,512
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of equipment financing obligations	—	(66)
Issuance of common stock, net	3,959	3,350
Net cash provided by financing activities	3,959	3,284
Net change in cash and cash equivalents	19,504	43,059
Cash and cash equivalents, beginning of period	342,488	263,180
Cash and cash equivalents, end of period	\$ 361,992	\$ 306,239
Supplemental disclosure of cash flow information:		
Interest paid	\$ 2,139	\$ 2,121
Income taxes paid, net	\$ 319	\$ 175
Supplemental disclosure of non-cash investing and financing information:		
Purchases of property and equipment included in accounts payable	\$ 1,688	\$ 636

See the accompanying notes to the unaudited Consolidated Financial Statements.

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1. Nature of the Business

NeoGenomics, Inc., a Nevada corporation (the “Company,” or “NeoGenomics”), and its subsidiaries provide a 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 pathology and oncology. The Company operates a network of cancer-focused testing laboratories in the United States and the 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, 2023, except for new accounting standards discussed under Recent Accounting 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 the 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, 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.

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, 2024 and 2023.

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 November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income (Topic 220): Expense Disaggregation Disclosures. This update requires entities to disaggregate operating expenses into specific categories, such as salaries and wages, depreciation, and amortization, to provide enhanced transparency into the nature and function of expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. ASU

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

2024-03 may be applied retrospectively or prospectively. The Company is currently evaluating the impact of this standard on its financial statement presentation and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This update requires entities to consistently categorize and provide greater disaggregation of information in the rate reconciliation and to further disaggregate income taxes paid by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. ASU 2023-09 may be applied retrospectively or prospectively. The Company is currently evaluating the impact of this standard on its annual disclosures.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This update requires entities to 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 of segment profit or loss and requires disclosure of other segment items by reportable segment and a description of its composition. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. ASU 2023-07 should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of this standard on its annual disclosures.

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 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, 2024 and December 31, 2023.

(in thousands)	September 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Financial Assets:				
Short-term marketable securities:				
Agency bonds	\$ 2,491	\$ —	\$ (11)	\$ 2,480
Municipal bonds	9,597	—	(228)	9,369
Corporate bonds	14,190	—	(218)	13,972
Total	\$ 26,278	\$ —	\$ (457)	\$ 25,821

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

		December 31, 2023			
(in thousands)		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Financial Assets:					
Short-term marketable securities:					
U.S. Treasury securities	\$	15,437	\$ —	\$ (64)	\$ 15,373
Yankee bonds		2,601	—	(13)	2,588
Agency bonds		6,056	—	(56)	6,000
Municipal bonds		12,694	—	(597)	12,097
Asset-backed securities		4,971	—	(37)	4,934
Corporate bonds		32,442	—	(719)	31,723
Total	\$	74,201	\$ —	\$ (1,486)	\$ 72,715

The Company had \$1.4 million and \$1.7 million of accrued interest receivable at September 30, 2024 and 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, 2024 and September 30, 2023.

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

		September 30, 2024			
(in thousands)		One Year or Less	Over One Year Through Five Years	Over Five Years	Total
Financial Assets:					
Marketable Securities:					
Agency bonds	\$	2,480	\$ —	\$ —	\$ 2,480
Municipal bonds		9,369	—	—	9,369
Corporate bonds		13,972	—	—	13,972
Total	\$	25,821	\$ —	\$ —	\$ 25,821

		December 31, 2023			
(in thousands)		One Year or Less	Over One Year Through Five Years	Over Five Years	Total
Financial Assets:					
Marketable Securities:					
U.S. Treasury securities	\$	15,373	\$ —	\$ —	\$ 15,373
Yankee bonds		2,588	—	—	2,588
Agency bonds		6,000	—	—	6,000
Municipal bonds		3,528	8,569	—	12,097
Asset-backed securities		4,934	—	—	4,934
Corporate bonds		23,062	8,661	—	31,723
Total	\$	55,485	\$ 17,230	\$ —	\$ 72,715

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, 2024 and December 31, 2023.

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(in thousands)	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds	\$ 351,980	\$ —	\$ —	\$ 351,980
Marketable securities:				
Agency bonds	2,480	—	—	2,480
Municipal bonds	9,369	—	—	9,369
Corporate bonds	—	13,972	—	13,972
Total	\$ 363,829	\$ 13,972	\$ —	\$ 377,801

(in thousands)	December 31, 2023			
	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, 2024 and September 30, 2023.

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, 2024 and December 31, 2023 due to their short-term nature.

Note 4. Goodwill and Intangible Assets

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

	September 30, 2024	December 31, 2023
Clinical Services	\$ 458,782	\$ 458,782
Advanced Diagnostics	63,984	63,984
Total	\$ 522,766	\$ 522,766

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Intangible assets consisted of the following (in thousands):

	Amortization Period (years)	September 30, 2024		
		Cost	Accumulated Amortization	Net
Customer Relationships	7 - 15	\$ 143,101	\$ 72,951	\$ 70,150
Developed Technology	10 - 15	310,226	70,428	239,798
Marketing Assets	4	549	480	69
Trademarks	15	31,473	6,895	24,578
Trade Name	2.5	2,584	2,584	—
Trademark - Indefinite lived	—	13,447	—	13,447
Total		\$ 501,380	\$ 153,338	\$ 348,042

	Amortization Period (years)	December 31, 2023		
		Cost	Accumulated Amortization	Net
Customer Relationships	7 - 15	\$ 143,101	\$ 65,534	\$ 77,567
Developed Technology	10 - 15	310,226	54,438	255,788
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, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Amortization of intangibles included in cost of revenue	\$ 4,910	\$ 4,853	\$ 14,729	\$ 14,560
Amortization of intangibles included in general and administrative expenses	3,452	3,931	10,356	11,790
Total amortization of intangibles	\$ 8,362	\$ 8,784	\$ 25,085	\$ 26,350

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

Remainder of 2024	\$ 8,362
2025	33,343
2026	33,308
2027	32,758
2028	32,758
Thereafter	194,066
Total	\$ 334,595

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, 2024. Based

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

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 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 2028 Convertible Notes on at least 20 of the last 30 consecutive trading days of the quarter ended September 30, 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 quarter of 2024. The value of the 2028 Convertible Notes, if-converted, does not exceed the principal amount based on a closing stock price of \$14.75 on September 30, 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, 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, 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. 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 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, 2024, the estimated fair value (Level 2) of the 0.25% Convertible Senior Notes due 2028 was \$285.9 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. As of June 30, 2024, the 2025 Convertible Notes were classified as current liabilities on the Consolidated Balance Sheets.

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, 2024. 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 quarter of 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, 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 quarter of 2024. The value of the 2025 Convertible Notes, if-converted, does not exceed the principal amount based on a closing stock price of \$14.75 on September 30, 2024.

The interest expense recognized on the 2025 Convertible Notes includes \$0.6 million, \$0.3 million and \$38,700 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, 2024. 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, 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. 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, 2024, the estimated fair value (Level 2) of the 1.25% Convertible Senior Notes due 2025 was \$196.2 million. At December 31, 2023, the estimated fair value (Level 2) of the 1.25% Convertible Senior Notes due 2025 was \$197.3 million.

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 6. Stock-Based Compensation

The Company recorded stock-based compensation on the Consolidated Statement of Operations for the three and nine months ended September 30, 2024 and 2023 as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cost of revenue	\$ 353	\$ —	\$ 1,106	\$ —
General and administrative	7,081	7,180	21,237	17,643
Research and development	233	—	641	—
Sales and marketing	803	—	2,101	—
Total stock-based compensation	\$ 8,470	\$ 7,180	\$ 25,085	\$ 17,643

Stock Options

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

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2023	4,381,099	\$ 15.87
Granted	1,602,783	\$ 14.99
Exercised	(373,522)	\$ 8.86
Forfeited	(392,401)	\$ 16.01
Outstanding at September 30, 2024	5,217,959	\$ 19.29
Exercisable at September 30, 2024	1,797,255	\$ 19.29

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

	Nine Months Ended September 30, 2024
Expected term (in years)	5.5 - 6.5
Risk-free interest rate (%)	3.7% - 4.6%
Expected volatility (%)	54.9% - 64.6%
Dividend yield (%)	—
Weighted average grant date fair value per share	\$8.90

As of September 30, 2024, there was approximately \$14.5 million of unrecognized stock-based compensation expense related to stock options that will be recognized over a weighted-average period of approximately 1.5 years.

Restricted Stock

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

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2023	1,961,919	\$ 13.83
Granted	1,010,690	\$ 15.02
Vested	(592,414)	\$ 14.39
Forfeited	(177,425)	\$ 14.24
Nonvested at September 30, 2024	2,202,770	\$ 14.19

As of September 30, 2024, there was approximately \$16.5 million of unrecognized stock-based compensation expense related to restricted stock that will be recognized over a weighted-average period of approximately 1.6 years.

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Performance-Based Restricted Stock Units

In the nine months ended September 30, 2024, the Company granted 194,257 PSUs subject to a performance condition and 194,256 PSUs subject to a market condition with an aggregated grant date fair value of approximately \$3.1 million and \$3.6 million, respectively. If the performance targets are 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. 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 September 30, 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.

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

	Number of Stock Units	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2023	305,105	\$ 21.83
Granted	388,513	\$ 17.43
Vested	—	\$ —
Forfeited	(46,534)	\$ 19.56
Nonvested at September 30, 2024	<u>647,084</u>	<u>\$ 19.35</u>

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

	Nine Months Ended September 30, 2024
Expected term (in years)	3.0
Risk-free interest rate (%)	4.5% - 4.7%
Expected volatility (%)	71.3% - 72.2%
Dividend yield (%)	—
Weighted average grant date fair value per share	\$17.43

As of September 30, 2024, there was approximately \$8.4 million of unrecognized stock-based compensation expense related to nonvested PSUs that will be recognized over a weighted-average period of approximately 2.1 years.

Modification of Stock Option and Restricted Stock

In the three months ended June 30, 2024, upon the departure of an executive and in accordance with the terms of their employment agreement, in addition to the retirement of a director of the Company and with approval from the Culture and Compensation Committee of the Company's Board of Directors, the vesting of 69,049 shares of previously granted time-based vesting stock options and 41,693 shares of previously granted time-based vesting restricted stock was accelerated. The Company accounted for the effects of the accelerated vesting of these stock awards as modifications and recognized \$0.6 million of stock-based compensation which consisted of \$0.3 million and \$0.3 million for the acceleration of stock options and restricted stock, respectively, within general and administrative expenses on the Consolidated Statements of Operations for the nine months ended September 30, 2024. There were no such amounts for the three months ended September 30, 2024.

In the three months ended June 30, 2023, upon the departure of certain executives from the Company and in accordance with the terms of each of their respective employment agreements, the vesting of 101,937 shares of previously granted time-based vesting stock options and 61,746 shares of previously granted time-based vesting restricted stock accelerated. The Company accounted for the effects of the accelerated vesting of these stock awards as modifications and recognized \$0.9 million of stock-based compensation which consisted of \$0.3 million and \$0.6 million for the acceleration of stock options and restricted stock, 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.

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 to community-based pathology practices, oncology practices, hospital pathology labs, reference labs, and academic centers with reimbursement from various payers including client direct billing, commercial insurance, Medicare and other government payers, and patients. The Advanced Diagnostics segment supports pharmaceutical firms in their drug development programs by providing testing services and data analytics for clinical trials and 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 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.

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):

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

	September 30, 2024	December 31, 2023
Current contract assets ⁽¹⁾	\$ —	\$ 37
Total contract assets	\$ —	\$ 37
Current capitalized commissions ⁽¹⁾	\$ 413	\$ 935
Long-term capitalized commissions ⁽²⁾	34	53
Total capitalized commissions	\$ 447	\$ 988
Current contract liabilities	\$ 589	\$ 2,130
Long-term contract liabilities ⁽³⁾	396	—
Total contract liabilities	\$ 985	\$ 2,130

⁽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, 2024 related to contract liability balances outstanding at the beginning of the period was \$0.1 million and \$1.5 million, respectively. 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. Amortization of capitalized commissions for the three and nine months ended September 30, 2024 was \$0.3 million and \$0.8 million, respectively. Amortization of capitalized commissions for the three and nine months ended September 30, 2023 was \$0.2 million and \$0.7 million, 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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Clinical Services				
Client direct billing	\$ 99,607	\$ 86,160	\$ 285,281	\$ 246,159
Commercial insurance	24,667	21,722	73,114	64,772
Medicare and Medicaid	21,291	19,624	62,857	54,407
Self-Pay	218	47	454	240
Total Clinical Services	\$ 145,783	\$ 127,553	\$ 421,706	\$ 365,578
Advanced Diagnostics	22,041	24,401	66,860	70,513
Total Revenue	\$ 167,824	\$ 151,954	\$ 488,566	\$ 436,091

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.

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

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 Other Costs	Total
Balance as of December 31, 2023	\$ 687	\$ 1,389	\$ 537	\$ 2,613
Restructuring charges incurred	697	964	747	2,408
Impairment/(gain on sale) of facility related assets	—	(10)	—	(10)
Cash payments and other adjustments ⁽¹⁾	\$ (771)	\$ (1,796)	\$ (1,125)	\$ (3,692)
Balance as of March 31, 2024	\$ 613	\$ 547	\$ 159	\$ 1,319
Restructuring charges incurred	703	650	111	1,464
Impairment/(gain on sale) of facility related assets	—	80	—	80
Cash payments and other adjustments ⁽¹⁾	\$ (575)	\$ (957)	\$ (116)	\$ (1,648)
Balance as of June 30, 2024	\$ 741	\$ 320	\$ 154	\$ 1,215
Restructuring charges incurred	85	953	(20)	1,018
Impairment/(gain on sale) of facility related assets	—	(9)	—	(9)
Cash payments and other adjustments ⁽¹⁾	(729)	(762)	(63)	(1,554)
Balance as of September 30, 2024	\$ 97	\$ 502	\$ 71	\$ 670
Current liabilities				\$ 670
Long-term liabilities				—
				\$ 670

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

The Company continued this restructuring program in 2024 and expects to incur additional restructuring charges of approximately \$0.6 million. The Company estimates these additional restructuring charges to be comprised of approximately \$0.5 million of Facility Footprint Optimization costs, and \$0.1 million of consulting and other costs. The estimated additional restructuring charges for severance and other employee costs are immaterial. Our restructuring activities are expected to be complete by December 31, 2024.

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 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.

As of September 30, 2024, the Company's U.S. operations are in a three-year cumulative loss position. Management determined that sufficient objectively verifiable positive evidence 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 September 30, 2024, includes the unfavorable impact of a partial valuation allowance against the majority of the Company's forecasted U.S. net operating loss and tax credit carryforwards.

As of September 30, 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 three and nine months ended September 30, 2024, includes the favorable impact of recognizing a component of the U.K. benefit.

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Full valuation allowances have been established for loss jurisdictions (Switzerland, Singapore, and China), which are not included in the computation of the estimated annual effective tax rate for 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 shares of common stock 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
NET LOSS	\$ (17,699)	\$ (18,516)	\$ (63,402)	\$ (73,642)
Basic weighted average shares outstanding	126,953	125,687	126,491	125,358
Diluted weighted average shares outstanding	126,953	125,687	126,491	125,358
Basic net loss per share	\$ (0.14)	\$ (0.15)	\$ (0.50)	\$ (0.59)
Diluted net loss per share	\$ (0.14)	\$ (0.15)	\$ (0.50)	\$ (0.59)

The following potential 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	514	451	487	444
Restricted stock awards	1,121	769	1,028	877
2025 Convertible Notes	5,538	5,538	5,538	5,538
2028 Convertible Notes	5,215	5,215	5,215	5,215

In addition, 647,084 shares of PSU awards are excluded from the computation of diluted EPS for the three and nine months ended September 30, 2024 as the contingency had not been satisfied.

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 was excluded from the calculation of diluted net loss per share in the three and nine months ended September 30, 2024 as the Company’s common stock closing price of \$14.75 on September 30, 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.

Note 11. Commitments and Contingencies

Legal Proceedings

On January 20, 2021, Natera, Inc. filed a patent infringement complaint against the Company’s subsidiary Inivata Limited and its subsidiary Inivata, Inc. in U.S. District Court for the district of Delaware, alleging Inivata’s InVisionFirst®-Lung cancer diagnostic test of infringing two patents. Natera then filed a second patent infringement complaint on December 20, 2022 against Inivata Limited and Inivata, Inc. alleging that 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 cases stayed.

On July 29, 2023, Natera filed a complaint in the Middle District of North Carolina alleging NeoGenomics' RaDaR[®] test infringes on two patents, U.S. Patent No. 11,530,454 (“the ‘454 Patent”), and U.S. Patent No. 11,519,035 (“the ‘035 Patent”). On July 31, 2023, Natera moved for a preliminary injunction. On December 27, 2023, the district court issued a preliminary injunction prohibiting the Company from making, using, selling or offering the RaDaR[®] 1.0 assay on the basis of a likelihood of infringement of the ‘035 Patent. Natera posted a \$10 million bond with the court on January 12, 2024 and the preliminary injunction went into effect. The injunction specifically allows patients already using RaDaR[®] 1.0 to continue their use. In addition, the order explicitly allows research projects and 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. On July 12, 2024, the Federal Circuit affirmed the injunction. On September 23, 2024, the Federal Circuit issued a Stipulated Permanent Injunction, consented to by both the Company and Natera and based on the partial settlement agreement entered into by the Company and Natera, on the same terms as the preliminary injunction. The litigation related to the ‘454 Patent is in discovery and the trial is expected for October 2025. The Company recorded the settlement entered into by the Company and Natera within general and administrative expense on the Consolidated Statement of Operations, the impact of which was immaterial. 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 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 (“the Goldenberg Matter”). 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 Company filed a motion to dismiss the Goldenberg Matter on February 5, 2024 and the plaintiff filed its opposition to the motion on March 21, 2024. The parties are awaiting the court's ruling on the motion to dismiss. 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 Matter. 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 court in each of these cases stayed the proceedings pending the outcome of the Goldenberg Matter. 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 is 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 Company has a reserve of \$11.2 million in other long-term liabilities as of September 30, 2024 and 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 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.

NEOGENOMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

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 until 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.

Note 13. Segment Information

The Company recognizes revenue under two reportable segments, (1) Clinical Services and (2) Advanced Diagnostics. The Clinical Services segment provides various clinical testing services to community-based pathology and 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 Chief Operating Decision Maker ("CODM") includes revenues, cost of revenue, and gross profit for both reportable segments. Assets are not presented at the segment level as that information is not used by the CODM.

The following table summarizes segment information for the three and nine months ended September 30, 2024, and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues:				
Clinical Services	\$ 145,783	\$ 127,553	\$ 421,706	\$ 365,578
Advanced Diagnostics	22,041	24,401	66,860	70,513
Total revenue	167,824	151,954	488,566	436,091
Cost of revenue:				
Clinical Services ⁽¹⁾	80,058	73,994	234,996	213,032
Advanced Diagnostics ⁽²⁾	12,886	15,649	40,727	46,043
Total cost of revenue	92,944	89,643	275,723	259,075
Gross Profit:				
Clinical Services	65,725	53,559	186,710	152,546
Advanced Diagnostics	9,155	8,752	26,133	24,470
Total gross profit	\$ 74,880	\$ 62,311	\$ 212,843	\$ 177,016

⁽¹⁾ Clinical Services cost of revenue adjustments for the three months ended September 30, 2024 includes \$4.3 million of amortization of acquired intangible assets and \$0.2 million of stock-based compensation. Clinical Services cost of revenue adjustments for the three months ended September 30, 2023 includes \$4.3 million of amortization of acquired intangible assets. Clinical Services cost of revenue adjustments for the nine months ended September 30, 2024 includes \$13.0 million of amortization of acquired intangible assets and \$0.7 million of stock-based compensation. Clinical Services cost of revenue adjustments for the nine months ended September 30, 2023 includes \$12.8 million of amortization of acquired intangible assets. There were no stock-based compensation amounts recorded for the three and nine months ended September 30, 2023.

⁽²⁾ Advanced Diagnostics cost of revenue adjustments for the three months ended September 30, 2024 includes \$0.6 million of amortization of acquired intangible assets and \$0.1 million of stock-based compensation. Advanced Diagnostics cost of revenue adjustments for the three months ended September 30, 2023 includes \$0.6 million of amortization of acquired intangible assets. Advanced Diagnostics cost of revenue adjustments for the nine months ended September 30, 2024 includes \$1.8 million of amortization of acquired intangible assets and \$0.3 million of stock-based compensation. Advanced Diagnostics cost of revenue adjustments for the nine months ended September 30, 2023 includes \$1.8 million of amortization of acquired intangible assets. There were no stock-based compensation amounts recorded for the three and nine months ended September 30, 2023.

NeoGenomics, Inc., a Nevada corporation (referred to individually as the "Company" or collectively with its subsidiaries as "NeoGenomics," "we," "us," or "our," 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, 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 the United Kingdom. Our mission is to save lives by improving patient care. Our vision is to become the world's leader in cancer testing, information, and decision support by providing uncompromising quality, exceptional service, and innovative solutions.

As of September 30, 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 Carlsbad, 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. Common molecular testing technologies include 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.

- 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 nodes, and 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 are a leading provider of Heme oncology Dx testing, which includes 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 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 testing menu, and our targeted NeoTYPE panels include genes relevant to a particular cancer type. These tests are complemented by IHC and FISH tests, as necessary. In addition, we offer molecular-only 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 splicing mutations, as well as tumor mutation burden (TMB) and microsatellite instability (MSI) for solid tumor cases. This comprehensive molecular test menu allows our clients 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 Inivata in June of 2021 provided us with oncology liquid biopsy technology capabilities. InVisionFirst®-Lung is a highly sensitive, targeted plasma-based assay for patients with non-small cell lung cancer, and RaDaR® is a liquid biopsy assay designed to detect residual disease and recurrence in plasma samples from patients with solid tumor malignancies. We expect our 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.

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 will be used as part of a companion diagnostic to determine patients’ 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.

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 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 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 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.

2024 Focus Areas:

We are committed to sustainable growth while transforming cancer care for patients and providers. Our focus for 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;
- Drive market penetration;
- Win on oncology; and
- Improve revenue cycle management.

Accelerate Advanced Diagnostics

- Execute towards Neo Comprehensive 2.0 launch;
- Execute towards liquid biopsy Comprehensive Genetic Profiling ("CGP") launch; and
- Improve gross margin.

Drive Value Creation

- Increase productivity and efficiency;
- Improve gross margin;
- Implement Laboratory Information Management System ("LIMS") Phase 1; and
- Prioritize quality system enhancements.

Enhance Our People and Culture

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

Competitive Strengths

In addition to the competitive strengths discussed below, we believe 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 key factors in our Advanced Diagnostics segment.

Innovative Service Offerings

We believe we currently have one of the most extensive menus of tech-only FISH services in the 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 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 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 genetic testing and consultative selling skills to service the needs of clients. Our sales team for the Clinical Services segment is organized into nine regions in the United States – Northeast, Northwest, Mid-Atlantic, South, Southeast, North Central, West, Great Lakes, and South Central. Our sales team is 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 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 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 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.

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

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

Laboratory Developed Tests

On April 29, 2024, the FDA announced a final rule on the regulation of Laboratory Developed Tests (“LDTs”) which amends the FDA's regulations to make explicit that LDT's are devices under the Federal Food, Drug, and Cosmetic Act (“FD&C Act”). The FDA issued a policy to phase out, over the 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.

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

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Net revenue:								
Clinical Services	\$ 145,783	\$ 127,553	\$ 18,230	14.3 %	\$ 421,706	\$ 365,578	\$ 56,128	15.4 %
Advanced Diagnostics	22,041	24,401	(2,360)	(9.7)%	66,860	70,513	(3,653)	(5.2)%
Total revenue	\$ 167,824	\$ 151,954	\$ 15,870	10.4 %	\$ 488,566	\$ 436,091	\$ 52,475	12.0 %

Revenue

Consolidated revenues increased \$15.9 million, or 10.4%, year-over-year.

Clinical Services revenue for the three and nine months ended September 30, 2024 increased \$18.2 million and \$56.1 million, respectively, when compared to the same periods in 2023. The increase in Clinical Services revenue reflects an increase in clinical testing volume and an increase in average unit price due to more higher value tests and strategic reimbursement initiatives.

Advanced Diagnostics revenue for the three months ended September 30, 2024 decreased \$2.4 million compared to the same period in 2023. Advanced Diagnostics revenue for the nine months ended September 30, 2024 decreased \$3.7 million compared to the same period in 2023. These decreases were primarily driven by international site closures, restructuring activities and lower RaDaR[®] revenue.

Cost of Revenue and Gross Profit

Cost of revenue includes compensation and benefit costs 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.

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

The consolidated cost of revenue and gross profit metrics are as follows:

(\$ in thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Cost of revenue:						
Clinical Services ⁽¹⁾	\$ 80,058	\$ 73,994	8.2 %	\$ 234,996	\$ 213,032	10.3 %
Advanced Diagnostics ⁽²⁾	12,886	15,649	(17.7)%	40,727	46,043	(11.5)%
Total cost of revenue	\$ 92,944	\$ 89,643	3.7 %	\$ 275,723	\$ 259,075	6.4 %
Cost of revenue as a % of revenue	55.4%	59.0%		56.4%	59.4%	
Gross profit:						
Clinical Services	\$ 65,725	\$ 53,559	22.7 %	\$ 186,710	\$ 152,546	22.4 %
Advanced Diagnostics	9,155	8,752	4.6 %	26,133	24,470	6.8 %
Total gross profit	\$ 74,880	\$ 62,311	20.2 %	\$ 212,843	\$ 177,016	20.2 %
Gross profit margin	44.6%	41.0%		43.6%	40.6%	

⁽¹⁾ Clinical Services cost of revenue adjustments for the three months ended September 30, 2024 includes \$4.3 million of amortization of acquired intangible assets and \$0.2 million of stock-based compensation. Clinical Services cost of revenue adjustments for the three months ended September 30, 2023 includes \$4.3 million of amortization of acquired intangible assets. Clinical Services cost of revenue adjustments for the nine months ended September 30, 2024 includes \$13.0 million of amortization of acquired intangible assets and \$0.7 million of stock-based compensation. Clinical Services cost of revenue adjustments for the nine months ended September 30, 2023 includes \$12.8 million of amortization of acquired intangible assets. There were no stock-based compensation amounts recorded for the three and nine months ended September 30, 2023.

⁽²⁾ Advanced Diagnostics cost of revenue adjustments for the three months ended September 30, 2024 includes \$0.6 million of amortization of acquired intangible assets and \$0.1 million of stock-based compensation. Advanced Diagnostics cost of revenue adjustments for the three months ended September 30, 2023 includes \$0.6 million of amortization of acquired intangible assets. Advanced Diagnostics cost of revenue adjustments for the nine months ended September 30, 2024 includes \$1.8 million of amortization of acquired intangible assets and \$0.3 million of stock-based compensation. Advanced Diagnostics cost of revenue adjustments for the nine months ended September 30, 2023 includes \$1.8 million of amortization of acquired intangible assets. There were no stock-based compensation amounts recorded for the three and nine months ended September 30, 2023.

Consolidated cost of revenue increased 3.7% and 6.4% for the three and nine months ended September 30, 2024, respectively, when compared to the same periods in 2023. The increases were primarily due to higher compensation and benefit costs, an increase in supplies expense, and an increase in depreciation expense.

Gross profit margin for the three and nine months ended September 30, 2024 was 44.6% and 43.6%, respectively, compared to 41.0% and 40.6%, respectively, in the same periods of 2023. The increases of 3.6% and 3.0% for the three and nine months ended September 30, 2024, respectively, were primarily related to the increase in revenue offset by higher compensation and benefit costs and an increase in supplies expense.

General and Administrative Expenses

General and administrative expenses consist of compensation and 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 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,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
General and administrative	\$ 66,969	\$ 61,486	\$ 5,483	8.9 %	\$ 196,094	\$ 183,343	\$ 12,751	7.0 %
As a % of revenue	39.9 %	40.5 %			40.1 %	42.0 %		

General and administrative expenses increased \$5.5 million for the three months ended September 30, 2024, when compared to the same period in 2023. This increase was partially due to a \$4.8 million increase in legal and professional fees including a settlement payment for IP litigation, a \$1.1 million increase in technology and equipment costs, and a \$0.5 million increase in compensation and benefit costs. These increases were partially offset by a decrease of \$0.5 million in amortization expense.

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

General and administrative expenses increased \$12.8 million for the nine months ended September 30, 2024, when compared to the same period in 2023. This increase was partially due to a \$9.7 million increase in legal and professional fees including a settlement payment for IP litigation, and a \$5.4 million increase in compensation and benefit costs. These increases were partially offset by a \$1.4 million decrease in amortization expense, and a \$0.6 million decrease in technology and equipment costs.

Research and Development Expenses

Research and development expenses relate to costs of developing new proprietary and non-proprietary genetic tests, compensation and benefit costs 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)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Research and development	\$ 7,684	\$ 5,285	\$ 2,399	45.4 %	\$ 23,190	\$ 20,182	\$ 3,008	14.9 %
As a % of revenue	4.6 %	3.5 %			4.7 %	4.6 %		

Research and development expenses increased \$2.4 million for the three months ended September 30, 2024 when compared to the same period in 2023. This increase was primarily due to a \$1.9 million decrease in research and development tax credits, a \$0.3 million increase in technology and equipment costs, and a \$0.1 million increase in compensation and benefits costs.

Research and development expenses increased \$3.0 million for the nine months ended September 30, 2024 when compared to the same period in 2023. This increase was primarily due to a \$1.5 million decrease in research and development tax credits, a \$0.9 million increase in technology and equipment costs, and a \$0.7 million increase in compensation and benefits costs.

We anticipate research and development expenditures will increase in the future 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.

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

(\$ in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Sales and marketing	\$ 20,415	\$ 17,610	\$ 2,805	15.9 %	\$ 62,313	\$ 52,770	\$ 9,543	18.1 %
As a % of revenue	12.2 %	11.6 %			12.8 %	12.1 %		

Sales and marketing expenses increased \$2.8 million for the three months ended September 30, 2024 when compared to the same period in 2023. This increase was primarily due to a \$2.6 million increase in compensation and benefit costs due to the expansion of our sales force as well as higher commissions due to increases in sales volume.

Sales and marketing expenses increased \$9.5 million for the nine months ended September 30, 2024 when compared to the same period in 2023. This increase was primarily due to a \$9.0 million increase in compensation and benefit costs and travel expenses due to the expansion of our sales force as well as higher commissions due to increases in sales volume.

We expect higher commissions expense in 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:

(\$ in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Restructuring charges	\$ 1,009	\$ 2,125	\$ (1,116)	(52.5)%	\$ 4,951	\$ 9,883	\$ (4,932)	(49.9)%
As a % of revenue	0.6 %	1.4 %			1.0 %	2.3 %		

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

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.

Restructuring charges decreased \$1.1 million and \$4.9 million for the three and nine months ended September 30, 2024, respectively, when compared to the same period in 2023. For the three months ended September 30, 2024, the charges were primarily comprised of \$0.1 million in severance and other employee costs and \$0.9 million in Facility Footprint Optimization costs. Consulting and other costs were immaterial for the three months ended September 30, 2024. For the nine months ended September 30, 2024, the charges were comprised of \$1.5 million in severance and other employee costs, \$2.6 million in Facility Footprint Optimization costs, and \$0.8 million of consulting and other costs. We are continuing the restructuring program in 2024 and expect to incur additional restructuring charges of approximately \$0.6 million. Our restructuring activities are expected to be complete by December 31, 2024.

Interest Income

Interest income for the three and nine months ended September 30, 2024 and 2023 is as follows (dollars in thousands):

(\$ in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Interest income	\$ (4,673)	\$ (4,525)	\$ (148)	3.3 %	\$ (14,099)	\$ (12,057)	\$ (2,042)	16.9 %

Interest income was \$4.7 million and \$14.1 million for the three and nine months ended September 30, 2024, respectively, compared to income of \$4.5 million and \$12.1 million for the same periods in 2023, respectively. Interest income includes interest earned on funds held in our cash equivalent and marketable securities accounts. The increase in interest income for the three and nine months ended September 30, 2024 was due to the higher interest rate environment experienced when compared to the same periods 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 and nine months ended September 30, 2024 and 2023 is as follows (dollars in thousands):

(\$ in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Interest expense	\$ 1,642	\$ 1,685	\$ (43)	(2.6)%	\$ 4,993	\$ 5,226	\$ (233)	(4.5)%

Interest expense was \$1.6 million and \$5.0 million for the three and nine months ended September 30, 2024, respectively, compared to expense of \$1.7 million and \$5.2 million for the same periods in 2023, respectively. Interest expense for the three and nine months ended September 30, 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 on the 2028 Convertible Notes and 2025 Convertible Notes began accruing upon issuance and is payable semi-annually.

For further details regarding the convertible notes please refer to Note 5. Debt in the accompanying notes to the Consolidated Financial Statements.

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

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, 2024 and 2023 (in thousands, except net loss per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
NET LOSS	\$ (17,699)	\$ (18,516)	\$ (63,402)	\$ (73,642)
Basic weighted average shares outstanding	126,953	125,687	126,491	125,358
Diluted weighted average shares outstanding	126,953	125,687	126,491	125,358
Basic net loss per share	\$ (0.14)	\$ (0.15)	\$ (0.50)	\$ (0.59)
Diluted net loss per share	\$ (0.14)	\$ (0.15)	\$ (0.50)	\$ (0.59)

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

“Adjusted EBITDA” is defined by NeoGenomics as net (loss) income from continuing operations before: (i) interest income, (ii) interest expense, (iii) tax (benefit) or expense, (iv) depreciation and amortization expense, (v) stock-based compensation expense, and, if applicable in a reporting period, (vi) restructuring charges, (vii) intellectual property (“IP”) litigation costs, (viii) CEO transition costs, and (ix) other significant or non-operating (income) or expenses, net.

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

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, 2024:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss (GAAP)	\$ (17,699)	\$ (18,516)	\$ (63,402)	\$ (73,642)
<i>Adjustments to net loss:</i>				
Interest income	(4,673)	(4,525)	(14,099)	(12,057)
Interest expense	1,642	1,685	4,993	5,226
Income tax benefit	(150)	(2,935)	(1,145)	(8,169)
Depreciation	9,623	9,349	29,274	27,872
Amortization of intangibles	8,362	8,784	25,085	26,350
EBITDA (non-GAAP)	<u>\$ (2,895)</u>	<u>\$ (6,158)</u>	<u>\$ (19,294)</u>	<u>\$ (34,420)</u>
<i>Further adjustments to EBITDA:</i>				
CEO transition costs	—	—	—	500
Stock-based compensation expense	8,470	7,180	25,085	17,643
Restructuring charges	1,009	2,125	4,951	9,883
IP litigation costs ⁽¹⁾	6,113	—	12,356	—
Other significant expenses, net ⁽²⁾	677	158	4,637	532
Adjusted EBITDA (non-GAAP)	<u>\$ 13,374</u>	<u>\$ 3,305</u>	<u>\$ 27,735</u>	<u>\$ (5,862)</u>

⁽¹⁾ For the three and nine months ended September 30, 2024, IP litigation costs include legal fees and a settlement payment. There were no such amounts for the three and nine months ended September 30, 2023.

⁽²⁾ For the three months ended September 30, 2024, other significant (income) expenses, net, includes site closure costs, severance costs, and fees related to non-recurring legal matters. For the three months ended September 30, 2023, other significant (income) expenses, net, includes fees related to a regulatory matter and other non-recurring items. For the nine months ended September 30, 2024, other significant (income) expenses, net, includes site closure costs, severance costs, and fees related to non-recurring legal matters. For the nine months ended September 30, 2023, other significant (income) expenses, net, includes fees related to a regulatory matter and other non-recurring items.

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

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 months ended September 30, 2024 and 2023 as well as balances of cash and cash equivalents and working capital:

(in thousands)	Nine Months Ended September 30,	
	2024	2023
Net cash (used in) provided by:		
Operating activities	\$ (2,777)	\$ (19,737)
Investing activities	18,322	59,512
Financing activities	3,959	3,284
Net change in cash and cash equivalents	19,504	43,059
Cash and cash equivalents, beginning of period	\$ 342,488	\$ 263,180
Cash and cash equivalents, end of period	\$ 361,992	\$ 306,239
Working Capital ⁽¹⁾ , end of period	\$ 293,835	\$ 494,024

⁽¹⁾ Defined as current assets less current liabilities.

Cash Flows from Operating Activities

Cash used in operating activities during the nine months ended September 30, 2024 was \$2.8 million compared to \$19.7 million in the same period in 2023. This \$17.0 million decrease was primarily driven by our operating results (net loss adjusted for depreciation, amortization of intangibles, and other non-cash charges) which resulted in \$16.4 million of lower cash used by operating activities year-over-year and a \$0.6 million decrease in cash used resulting from net changes in operating assets and liabilities. The decrease in cash used related to our operating activities was primarily driven by an improvement in gross profit of \$35.8 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 months ended September 30, 2024, cash provided by investing activities was \$18.3 million compared to \$59.5 million in the same period in 2023. This change was primarily due to a \$40.2 million decrease in proceeds from maturities of marketable securities, partially offset by an increase in purchases of property and equipment of \$7.8 million including the costs associated with implementing LIMS and the build out of our Research Triangle Park facility.

Cash Flows from Financing Activities

During the nine months ended September 30, 2024, cash provided by financing activities was \$4.0 million compared to \$3.3 million in the same period in 2023. The cash provided by financing activities during the nine months ended September 30, 2024 consisted of \$4.0 million for the net issuance of common stock. The primary reason for the increase 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 \$362.0 million in unrestricted cash and cash equivalents as of September 30, 2024 in addition to \$25.8 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 including the convertible senior notes due 2025, 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, 2024 will be in the range of \$35.0 million to \$40.0 million. During the nine months ended September 30, 2024, we purchased, with cash, approximately \$29.5 million of capital equipment, software and leasehold improvements. We have funded and plan to continue funding these capital expenditures with cash.

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 our Annual Report on Form 10-K for the year ended 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.

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, 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), 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 PROCEDURESDisclosure 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, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time 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, 2023, as filed with the SEC on 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, 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 Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2024 - July 31, 2024	183	\$ 13.95	—	—
August 1, 2024 - August 31, 2024	33,260	\$ 15.83	—	—
September 1, 2024 - September 30, 2024	1,726	\$ 16.51	—	—
Total	35,169		—	—

⁽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 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 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

Amendments to the Registrant’s Code of Ethics, or Waiver of a Provision of the Code of Ethics.

On October 30, 2024, the Board of Directors of the Company adopted and approved certain amendments to the Company’s Code of Business Conduct and Ethics (the “Code”) that applies to all directors, officers, employees of the Company. Those amendments (i) update, clarify and enhance provisions including, but not limited to, external communications and social media, environmental protection and sustainability, workplace environment, confidentiality, insider trading, and internal investigations and (2) the addition of a section on political activities. The amendments to the Code took effect upon adoption by our Board of Directors and did not result in any waiver, explicit or implicit, of any provision of our Code.

The foregoing summary of the amendments to the Code is qualified in its entirety by the full text of the amended and restated Code of Ethics, adopted and effective October 30, 2024, which is attached hereto as Exhibit 14.1. The updated Code will also be posted on the Company's website at <http://www.neogenomics.com> under the Governance section of our Investor Relations page as soon as practicable.

Insider Trading Plans

During the quarter ended September 30, 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 Item 408(a) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit	Location
14.1	NeoGenomics, Inc. Code of Business Conduct and Ethics	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.

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.

Date: November 5, 2024

NEOGENOMICS, INC.

By: /s/ Christopher M. Smith
Name: Christopher M. Smith
Title: Director and Chief Executive Officer

By: /s/ Jeffrey S. Sherman
Name: Jeffrey S. Sherman
Title: Chief Financial Officer

NeoGenomics Code of Business Conduct and Ethics

Living Our Values

Table of Contents

INTRODUCTION	2
DECISION MAKING USING THE CODE	2
OUR RESPONSIBILITIES UNDER THE CODE	2
OUR VALUES	3
OUR RELATIONSHIPS WITH COLLEAGUES	3
OUR RELATIONSHIP WITH CUSTOMERS AND BUSINESS PARTNERS	4
OUR OBLIGATIONS TO THE COMPANY	5
OUR FINANCIAL OPERATIONS AND RESPONSIBILITIES	7
OUR RELATIONSHIP WITH THE REGULATORY AUTHORITIES	8
COMPLIANCE WITH THE CODE	10
CONTACTS	11

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INTRODUCTION

This Code has been adopted by the Board of Directors of NeoGenomics, Inc. (“Company”) to promote honest and ethical conduct, full, fair, accurate, timely, and understandable disclosure in the Company’s periodic reports, and compliance with applicable laws, rules, and regulations (“Applicable Laws”) by the Company’s directors, officers and employees. This Code summarizes the legal, ethical and regulatory standards that the Company follows and is a reminder to all of the Company’s directors, officers, and employees of the seriousness of that commitment. This Code applies to all of the Company’s directors, officers and employees.

Our business is becoming increasingly complex, both in terms of the geographies in which we function and the Applicable Laws with which we must comply. In light of these complexities, we have created this Code to help us better understand what is expected of each of us in carrying out our respective responsibilities and sustaining an ethical culture.

DECISION MAKING USING THE CODE

While this Code covers a wide range of business activities and expectations, it is not intended to cover every situation or replace good judgement. Instead, the Code sets out basic principles to help each of us feel more confident in making the right decision. Put in more simplistic terms, the Code helps guide our decision making when we may not be certain what to do. The following questions can also help when the answer is uncertain:

- Is my decision aligned with NeoGenomics’ mission and values?
- Could my decision create even the perception of unethical or inappropriate behavior?
- How would I feel if my decision was made public in tomorrow’s news?
- Could my decision cause any type of harm to the Company, my colleagues, the patients our Company serves, or other individuals?

If uncertainty still exists after referring to the Code and asking yourself these questions, you should ask your supervisor, the Compliance & Ethics Team, or your Human Resources partner for guidance.

OUR RESPONSIBILITIES UNDER THE CODE

As a condition of employment or affiliation with the Company, all Company directors, officers and employees are required to read, understand, and agree to comply with the ethical standards described in this Code. Depending on the circumstances, a violation of Applicable Laws, our corporate policies or this Code by a Company director, officer, or employee may lead to disciplinary action, including termination of employment or service with the Company.

NeoGenomics’ management team and supervisors have special responsibilities for exemplifying the principles of the Code and creating an ethical culture. These responsibilities include helping their teams to understand the Code and how to apply it, identifying and correcting situations in which their employees are not acting in accordance with the Code, and reporting any instances of suspected or known behavior that is inconsistent with the Code and organizational values.

Failure to adhere to the Code or carry out business in an ethical manner is a serious matter and can result in disciplinary action, up to an including termination of employment or affiliation with NeoGenomics.

If you have any questions regarding this Code or its application in any situation, or if you become aware of a violation or potential violation of this Code or Applicable Laws, you should contact your supervisor or manager, a member of the Compliance & Ethics, Legal, or Human Resources Departments, or the Chairman of our Compliance Committee of the Board of Directors.

In addition, you may report any concerns about suspected or actual violation of this Code or Applicable Laws anonymously through our Compliance Hotline at 1.877.662.2339 or on the web at www.neogenomics.ethicspoint.com.

OUR VALUES

Quality

We know that patients' lives depend on us, and our clients place great trust in us. We earn that trust with every test, every interaction, and every result. We listen and respond to our customers as we seek their loyalty and trust. We constantly strive to exceed customer expectations with disciplined management, flawless execution and continuous improvement.

Integrity

Our reputation is our most important asset. We always strive to do the right thing. We are professional and honest in our relationships, and treat one another with fairness and respect. We hold ourselves to the highest legal, ethical and performance standards, and are committed and dedicated to maintaining outstanding compliance processes and best practices.

Accountability

We take personal responsibility for our behaviors, commitments, and results. Our focus is to find solutions rather than place blame. We work hard and do not take shortcuts on quality and service. We actively engage in discussions, involve others in decisions and plans, take ownership, and keep our promises. We say what we will do and do what we say.

Teamwork

We greatly value our employees, and we work together to achieve our goals. We embrace the diversity of our experiences, skills and talents. We communicate openly to engage people and to foster the innovative and collaborative culture we seek. We are passionate about creating an environment of mutual respect, continuous learning, and personal growth. We support, recognize and celebrate the success of our fellow employees. We succeed individually when we succeed as a team.

Innovation

We are entrepreneurial, and have courage in our belief that we can change things for the better. We constantly look to adapt, improve, and solve problems by offering ideas for new products, processes, and services. We encourage the best ideas to surface from anywhere in the organization. We are willing to take thoughtful and measured risks to put our ideas into action.

OUR RELATIONSHIPS WITH COLLEAGUES

Honest and Ethical Conduct

We place the highest value on the integrity of our directors, officers and employees, and demand this level of integrity in all our dealings. We insist on not only ethical dealings with

others, but on the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Safety, Diversity, Harassment-Free and Anti-Retaliation Workplace

The Company is committed to promoting a workplace that is safe, diverse and free from discrimination, harassment, and retaliation. We comply with federal, state, and local health and safety laws and expect employees to create and maintain a safe working environment that minimizes workplace injuries and protects the health and safety of our employees and visitors. Hiring decisions are based on the qualifications and experience of the individual and comply with Applicable Laws pertaining to labor and employment. We embrace diversity and foster a work environment that is free from unlawful workplace discrimination, harassment, and retaliation. Additional information concerning the Company's employment and workplace policies may be found in the Company's Employee Handbook.

Background Checks and Screening

The Company ensures that all Company personnel, as well as outside third parties doing business with and on behalf of the Company, are subject to background checks prior to hire or affiliation with the Company consistent with Applicable Laws. In addition, the Company conducts regular screening of Company personnel, clients and third parties against government sanction and exclusion lists to ensure each individual and entity's good standing and eligibility to participate in applicable state and federal programs.

OUR RELATIONSHIP WITH CUSTOMERS AND BUSINESS PARTNERS

Competition and Fair Dealing

All directors, officers and employees are required to deal honestly and fairly with our customers, suppliers, competitors, other employees, business partners and other third parties. We seek to outperform our competition fairly and honestly. No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair practice, and our directors, officers and employees should be diligent in preventing or terminating any such prohibited activity by the respective individual involved.

Business Courtesies and Gifts

The acceptance of gifts can inappropriately cause a gift recipient to put their own interests above those of the Company, our customers, and ultimately, the patients we serve. The provision of business courtesies and gifts can also unduly influence the actions of our customers and business partners and create unfair business advantages in the market. Our directors, officers, and employees are prohibited from soliciting, offering, giving or accepting business courtesies or gifts which have the potential to influence decisions for personal gain over other interests. Additional guidance can be found in the Employee Gift Acceptance Policy and Commercial Code of Conduct.

Data Privacy and Security

Global data privacy laws require the Company to ensure the privacy and security of personally identifiable information ("PII") of patients, employees, business partners, and clients it receives and maintains in the course of providing our services. These laws also specify individuals' rights of access and control of their PII, and we have implemented mechanisms to comply with those requirements. It is important that all Company personnel and business partners who have or may have access to PII as part of their job responsibilities or business affiliation with the Company comply with all applicable data privacy and security

requirements to prevent unauthorized disclosure of or access to PII without proper authorization. Company personnel should refer to the Company's Privacy and Security policies and procedures for additional information.

Business Continuity

Our customers and the patients they serve depend on NeoGenomics as a partner in the health care continuum. Our commitment to our mission of saving patient lives doesn't stop when disaster or other uncontrollable events occur that can impact our business. For this reason, we implement plans to quickly protect our people, our operations, and fulfill our commitments to our customers and patients during unexpected and sudden changes in the operating environment.

OUR OBLIGATIONS TO THE COMPANY

Conflicts of Interest

Our directors, officers and employees should not be involved in any activity that creates or gives the appearance of a conflict of interest between their personal interests and the interests of the Company. A conflict of interest occurs when an individual's private interest interferes in any way or may appear to interfere with the interests of the Company as a whole.

A conflict situation can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or a member of his or her family, receives an improper personal benefit as a result of his or her position with the Company. It may be a conflict of interest for a director, officer or employee to work simultaneously for a competitor, customer or supplier. The best policy is to avoid any direct or indirect business connection with our customers, suppliers, partners or competitors, except on the Company's behalf. All directors, officers, and employees are required to complete a Conflict of Interest Attestation form upon hire or affiliation with the Company and, then, at least annually and/or if a situation where an actual or potential conflict arises.

Without limiting the generality of this Code's prohibition on conflicts of interest by directors, officers and employees, examples of conflicts of interest include, but are not limited to:

- Engaging in outside employment with a competitor while simultaneously employed with the Company without the prior written consent of the Company.
- Using the Company's time or assets for personal benefit;
- Accepting, directly or indirectly, gifts, loans, services or entertainment of more than nominal value, from a competitor, customer, supplier, or other party doing or seeking to do business with the Company;
- Acquiring any interest or asset of any kind for the purpose of selling or leasing it to the Company;
- Doing business with close relatives on behalf of the Company unless authorized after the relationship has been fully disclosed; and
- Failure to disclose any ownership interests in any companies in which the Company may be doing business or may be pursuing as an acquisition candidate.

Directors, officers and employees must notify the General Counsel of the existence of any actual or potential conflict of interest including any actual or potential conflict of interest involving their subordinate employees (if applicable) of which they become aware. Our General Counsel will work with Executive Management to make a determination that a particular transaction or relationship will not result in a conflict of interest covered by this policy. Any waivers of this Code provision may only be approved by the Board of Directors or the Compliance Committee. If you are not sure whether a potential matter constitutes a conflict of interest, please contact our General Counsel, who will assist you in the determination.

Confidentiality

All directors, officers and employees are required to maintain the confidentiality of information entrusted to them by the Company or by its customers, suppliers or partners, except when disclosure is expressly authorized or legally required. Confidential information includes all non-public information (regardless of its source) that might be of use to competitors or harmful to the Company or its customers, suppliers or partners if disclosed. Examples of confidential information include, but are not limited to, intellectual property such as trade secrets, patents, trademarks, business, marketing and financial plans, databases, client lists, price lists, internal policies and procedures, testing validation documentation, internal audit results and copyrights, as well as business, marketing and service plans, fee schedules, contracts, engineering and manufacturing ideas, designs, databases, records, and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy, could be illegal and may result in civil or even criminal penalties. In addition, each director, officer and employee is required to abide by the Confidentiality Agreement they signed in connection with their employment or service with the Company.

Use of Company Assets

All directors, officers and employees are required to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of asset misuse, fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

External Communications and Social Media

If an employee is contacted to discuss the Company's business with the media, investors or market analysts, the employee should refrain from providing information and refer the caller to the Company's Vice President of Investor Relations.

Social media should never be used in a way that violates this Code, the Company's policies, or the Company's obligations regarding patient information and the clients the Company serves. If the social media activity of a Company director, officer or employee would violate any of the Company's policies in another forum, it will also violate them in an online forum. Company directors, officers and employees may not post on social networking sites or blogs information that violates the Company's confidentiality and proprietary right policies, including confidential or unpublished financial information regarding the Company or patient information or the clients we serve. Communication of this type is forbidden and could result in immediate termination.

Corporate Opportunities

No director, officer or employee may use corporate property, information or position for improper personal gain, nor may they compete with the Company directly or indirectly without the written consent of the Company. Company directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Political Activities

The Company does not make contributions to political candidates or political parties except as permitted by Applicable Laws.

Employees engaging in political activity will do so as private citizens and not as representatives of the Company or with the use of any of the Company's funds, assets, or other Company resources. An employee's personal lawful political contribution, or decision not to make a contribution, will not influence the employee's compensation, job security or opportunities for advancement.

OUR FINANCIAL OPERATIONS AND RESPONSIBILITIES

Full, Fair, Accurate, Timely and Understandable Disclosure

We are committed to providing our stockholders and investors with full, fair, accurate, timely and understandable disclosure in the reports that we file with the Securities and Exchange Commission. You must take all steps available to assist the Company in these responsibilities. To this end, our directors, officers and employees shall:

- Not make false or misleading entries in our books and records for any reason;
- Notify our Chief Financial Officer if they become aware of any unreported or questionable transaction;
- Notify our Chief Financial Officer of any ownership interests in any companies with which the Company is doing business or pursuing as an acquisition candidate;
- Maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;
- Prohibit the establishment of any undisclosed or unrecorded funds or assets; and
- Maintain a system of internal controls that will provide reasonable assurances to our management that material information about the Company is made known to management, particularly during the periods in which our periodic reports are being prepared.

Special Ethical Considerations for Officers and Employees with Financial Reporting Responsibilities

As used in this Code, the term Financial Employees means executives and all managers with accounting or financial reporting responsibilities or related disclosure responsibilities, including but not limited to the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, controller and other persons performing similar functions. In performing their duties, our Financial Employees must adhere to and advocate to the best of their ability the following principles governing their professional and ethical conduct:

- Act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interests between personal and professional relationships;

- Comply with all Applicable Laws, rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies applicable to the performance of his or her duties with the Company;
- Comply with the Company's established accounting procedures, system of internal controls and generally accepted accounting principles;
- Promptly disclose to the Audit Committee or Compliance Committee any significant deficiencies in the design or operation of the Company's internal controls impacting the collection and reporting of financial data and any fraud involving management or other employees who play a significant role in the Company's internal controls;
- Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, governmental agencies, including the Securities and Exchange Commission, and in other public communications made by the Company; and Comply with all applicable regulations of any stock exchange on which the Company's securities are then listed.

Insider Trading

Our directors, officers and employees who have access to material, nonpublic information about the Company or another company learned in the course of services as a director, officer or employee of the Company are not permitted to use or share that information for stock trading purposes. Such non-public information should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal. All directors, officers and employees are required to comply with our Insider Trading Policy and are reminded that trading in the Company's stock during certain "black-out" periods is prohibited.

OUR RELATIONSHIP WITH THE REGULATORY AUTHORITIES

Compliance with Applicable Laws

We are committed to full compliance with all Applicable Laws, rules and regulations pertaining to our business. Meeting these requirements is imperative to sustaining our ethical culture and upholding our Value of Integrity.

Prevention of Fraud and Abuse

The Federal False Claims Act prohibits individuals and entities participating in federal health care programs from submitting false or fraudulent claims or make false statements in order to obtain payment from, or avoid making payments owed to, the federal government.

The Federal Anti-kickback Statute ("AKS") generally prohibits the offering or receiving of any remuneration, in cash or kind, in order to induce the referral of federal health care program business. The Federal Stark Law prohibits physicians from referring Medicare patients for designated health care services, such as clinical laboratory testing, to entities in which they have a financial interest. Many states have similar physician self-referral and AKS statutes, as such prohibited practices seek to interfere with objective medical decision-making and promote overutilization of health care items and services.

Depending on the circumstances, violation of these and other health care laws could subject the Company and Company personnel to civil and criminal penalties and fines. Accordingly,

to ensure the Company's compliance with applicable fraud and abuse laws, all Company personnel must ensure that the Company maintains accuracy in the submission of claims for its services. This includes ensuring that the Company only bills for services that are actually rendered, are medically necessary, contain correct billing codes, and are not duplicative. In addition, the Company should ensure that all of its relationships with physicians and other health care referral sources are in compliance with such laws or meet applicable exceptions and safe harbors.

Antibribery and Anticorruption

In order to promote fairness and ethical conduct in the marketplace, employees and company agents are trained and expected to follow policies supporting applicable requirements of the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and other similar laws in the countries in which NeoGenomics operates its business. It is unlawful for NeoGenomics personnel and agents to offer or make payment or any other inducement or accept or receive any prohibited payment to improperly influence the official conduct of a foreign official or other covered person.

Research and Development and Clinical Research

Whether we are conducting our own research activities to develop new life saving technologies or we are providing services to a customer to support their own clinical research and trials, we implement processes to ensure human subject rights are strictly observed, we share true, accurate, and fair information that can help advance the practice of medicine, and we do not tolerate scientific misconduct of any kind. All employees involved in research or development activities at NeoGenomics are expected to act ethically and with integrity at all times while performing their duties.

Environmental Protection and Sustainability

NeoGenomics is committed to playing an active role in creating a better, more sustainable planet. We recognize that in our work to improve patient testing, we must also contribute to a stable climate, clean water supplies, and clear skies. A healthy environment and stable climate create a strong foundation to better withstand and prevent threats to human health. NeoGenomics complies with applicable local, state and federal environmental policies, laws, and regulations, and expects our suppliers and contractors to do the same. NeoGenomics practices responsible sourcing of products that reduce consumption and waste of natural resources and participates in recycling and other "green" activities. We have implemented programs to comply with the environmental laws governing our facilities and monitor adherence to these requirements regularly. NeoGenomics measures our greenhouse gas (GHG) emissions, energy consumption, and water usage in order to establish reduction targets. We have also established waste disposal guidelines to divert waste out of landfills and into waste energy recovery. For more detailed information on NeoGenomics' commitment to sustainability, refer to our ESG Report under the Governance section of our Investor Relations site at ir.neogenomics.com.

Changing Regulatory Environment

As the Company continues to grow in an ever-changing regulatory environment and increases its collaboration with other companies conducting business globally, we need to understand and comply with national and local laws of the countries within which we operate. Examples of such laws include those pertaining to immigration, customs, tax and exchange, and export control. As non-compliance with these and other applicable international laws may subject the Company and Company personnel to potential civil and/or criminal liability, constant learning, awareness, and adherence to changes in the laws governing our business is a strict condition of employment or affiliation with the Company.

It is the user's responsibility to ensure the latest revision of this document is utilized.

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COMPLIANCE WITH THE CODE

Reporting Concerns and Non-retaliation

Compliance with this Code, first and foremost, is the individual responsibility of every Company director, officer and employee. We attempt to foster a work environment in which ethical issues and concerns may be raised and discussed with supervisors or with others without the fear of retribution.

All Company directors, officers and employees must promptly report, in person or in writing, any known or suspected violation of laws, governmental regulations or this Code to the of the Chief Compliance Officer or Chairman of the Compliance Committee. In addition, the Company has established a toll-free number at 1.877.662.2339 where anyone can report concerns about suspected or actual violations. While we prefer that you identify yourself when reporting violations so that we may follow up with you, as necessary, for additional information, you may report anonymously if you wish. Any questions or violation reports will be addressed promptly and seriously. Concerns may also be submitted on the web at www.neogenomics.ethicspoint.com.

We will not allow any retaliation against any director, officer or employee who acts in good faith in reporting any suspected violation, voices other ethical concerns, or who is involved on the Company's behalf in investigating or helping to resolve any such issue. The Company will not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against any employee for providing information, causing information to be provided, or otherwise assisting in an investigation of any conduct that such person reasonably and in good faith believes constitutes a violation of this Code. Any acts of retaliation against an employee for any such conduct will be treated as a serious violation of this Code and may result in discipline, including immediate termination by the Company and/ or criminal or civil sanctions. If you believe you have been subjected to such retaliation, you should report the situation as soon as possible to the Human Resources department. If necessary, the Compliance and/or Legal departments may become involved in addressing reports of retaliation.

Internal Investigations

When an alleged violation of this Code is reported, we will take prompt and appropriate action in accordance with Applicable Laws and is consistent with good business practices. We will investigate any reported violations and will determine an appropriate response, including corrective action and preventative measures, involving the Chief Executive Officer, when required. All reports will be treated confidentially, subject to the Company's obligation to conduct a thorough investigation, and consistent with Applicable Law.

Consequences of a Violation

Any director, officer or employee that violates any Applicable Law or this Code will face appropriate, case specific disciplinary action, which may include demotion, immediate termination, or discharge from Company affiliation.

At Will Employment

Nothing in this Code shall confer upon employees any right to continue in the employment of the Company for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any parent or subsidiary of the Company employing or retaining the employee) or of the employee, which rights are hereby expressly reserved by

each, to terminate the employee's service with the Company at any time for any reason, with or without cause.

Waivers of this Code

Any waiver of this Code for Directors or Executive Officers may be made only by the Board of Directors, and will be promptly disclosed as required by law and the rules of the Securities Exchange Commission and any stock exchange on which the Company's securities are then listed. Any waiver of this Code for any other employees may be made by the Board of Directors or the Compliance Committee. Requests for waivers must be made in writing to the Board of Directors or the Compliance Committee, as applicable, prior to the occurrence of the violation of this Code.

CONTACTS

NeoGenomics' Compliance & Ethics Hotline:

- 877.662.2339 (U.S. only)
- www.neogenomics.ethicspoint.com (telephone numbers for all countries and other languages available)

Email: compliance@neogenomics.com

Mail:

NeoGenomics Laboratories

Attn: Chairperson of the Compliance Committee of the Board or Chief Compliance Officer 9490 NeoGenomics Way Fort Myers, FL 33912

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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 5, 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 5, 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 5, 2024

/s/ Christopher M. Smith

Christopher M. Smith
Director and Chief Executive Officer

Date: November 5, 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.