

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

FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2025

OR

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

For the transition period from _____ to _____

Commission File Number: 000-24249

Interpace Biosciences, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

22-2919486

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

Waterview Plaza, Suite 310, 2001 Route 46, Parsippany, NJ 07054

(Address of principal executive offices and zip code)

(855) 776-6419

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

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 ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging Growth Company ☐

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Shares Outstanding November 7, 2025
Common Stock, par value \$0.01 per share	4,428,539

INTERPACE BIOSCIENCES, INC.
FORM 10-Q FOR PERIOD ENDED SEPTEMBER 30, 2025
TABLE OF CONTENTS

	<u>Page No.</u>
<u>PART I - FINANCIAL INFORMATION</u>	
Item 1. Unaudited Interim Condensed Consolidated Financial Statements	
Condensed Consolidated Balance Sheets at September 30, 2025 (unaudited) and December 31, 2024	3
Condensed Consolidated Statements of Operations for the three and nine-month periods ended September 30, 2025 and 2024 (unaudited)	4
Condensed Consolidated Statements of Stockholders' Deficit for the three and nine-month periods ended September 30, 2025 and 2024 (unaudited)	5
Condensed Consolidated Statements of Cash Flows for the nine-month periods ended September 30, 2025 and 2024 (unaudited)	6
Notes to Unaudited Condensed Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk	30
Item 4. Controls and Procedures	31
<u>PART II - OTHER INFORMATION</u>	
Item 1. Legal Proceedings	31
Item 1A. Risk Factors	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	31
Item 3. Defaults Upon Senior Securities	31
Item 4. Mine Safety Disclosures	31
Item 5. Other Information	31
Item 6. Exhibits	32
Signatures	33

PART I. FINANCIAL INFORMATION

INTERPACE BIOSCIENCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 30, 2025 (unaudited)	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,423	\$ 1,461
Accounts receivable	5,966	8,544
Other current assets	1,741	1,768
Total current assets	9,130	11,773
Property and equipment, net	1,541	1,361
Operating lease right of use assets	1,320	1,613
Other long-term assets	45	45
Total assets	<u>\$ 12,036</u>	<u>\$ 14,792</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 1,411	\$ 1,659
Accrued salary and bonus	1,447	2,207
Other accrued expenses	1,450	1,799
Note payable at fair value	977	4,290
Current liabilities of discontinued operations	660	660
Total current liabilities	5,945	10,615
Operating lease liabilities, net of current portion	864	1,183
Other long-term liabilities	5,525	5,211
Total liabilities	12,334	17,009
Commitments and contingencies (Note 8)		
Stockholders' deficit:		
Redeemable preferred stock, \$.01 par value; 5,000,000 shares authorized, 47,000 shares Series C issued and outstanding	-	-
Common stock, \$.01 par value; 100,000,000 shares authorized; 4,569,333 and 4,539,663 shares issued, respectively; 4,428,539 and 4,409,323 shares outstanding, respectively	407	406
Additional paid-in capital	234,829	234,811
Accumulated deficit	(233,462)	(235,380)
Treasury stock, at cost (140,794 and 130,340 shares, respectively)	(2,072)	(2,054)
Total stockholders' deficit	(298)	(2,217)
Total liabilities and stockholders' deficit	<u>\$ 12,036</u>	<u>\$ 14,792</u>

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

INTERPACE BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except for per share data)

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue, net	\$ 8,756	\$ 12,295	\$ 29,504	\$ 34,515
Cost of revenue	3,317	4,393	11,418	12,496
Gross profit	5,439	7,902	18,086	22,019
Operating expenses:				
Sales and marketing	2,087	2,864	7,811	8,571
Research and development	150	199	500	483
General and administrative	2,057	2,538	7,268	6,918
Total operating expenses	4,294	5,601	15,579	15,972
Operating income from continuing operations	1,145	2,301	2,507	6,047
Interest accretion expense	-	(4)	-	(34)
Note payable interest	(30)	(141)	(156)	(514)
Other expense, net	(115)	(394)	(112)	(406)
Income from continuing operations before tax	1,000	1,762	2,239	5,093
(Benefit) provision for income taxes	(11)	4	7	12
Income from continuing operations	1,011	1,758	2,232	5,081
Loss from discontinued operations, net of tax	(100)	(82)	(314)	(260)
Net income	\$ 911	\$ 1,676	\$ 1,918	\$ 4,821
Basic income (loss) per share of common stock:				
From continuing operations	\$ 0.23	\$ 0.40	\$ 0.50	\$ 1.16
From discontinued operations	(0.02)	(0.02)	(0.07)	(0.06)
Net income (loss) per basic share of common stock	\$ 0.21	\$ 0.38	\$ 0.43	\$ 1.10
Diluted income (loss) per share of common stock:				
From continuing operations	\$ 0.04	\$ 0.40	\$ 0.08	\$ 1.15
From discontinued operations	(0.01)	(0.02)	(0.01)	(0.06)
Net income (loss) per diluted share of common stock	\$ 0.03	\$ 0.38	\$ 0.07	\$ 1.09
Weighted average number of common shares and common share equivalents outstanding:				
Basic	4,425	4,393	4,423	4,380
Diluted	27,695	4,423	27,693	4,404

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

INTERPACE BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(unaudited, in thousands)

	Preferred Stock		Common Stock		Treasury Stock		Additional	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Paid in	Deficit	Total
							Capital		
Balance -December 31, 2023	-	\$ -	4,447,489	\$ 405	96,044	\$ (2,008)	\$ 188,146	\$ (242,082)	\$ (55,539)
Issuance of common stock	-	-	39,668	1	-	-	(1)	-	-
Treasury stock purchased	-	-	-	-	14,715	(16)	-	-	(16)
Stock-based compensation expense	-	-	-	-	-	-	79	-	79
Net income	-	-	-	-	-	-	-	708	708
Balance -March 31, 2024	-	\$ -	4,487,157	\$ 406	110,759	\$ (2,024)	\$ 188,224	\$ (241,374)	\$ (54,768)
Stock-based compensation expense	-	-	-	-	-	-	53	-	53
Net income	-	-	-	-	-	-	-	2,437	2,437
Balance -June 30, 2024	-	\$ -	4,487,157	\$ 406	110,759	\$ (2,024)	\$ 188,277	\$ (238,937)	\$ (52,278)
Stock-based compensation expense	-	-	-	-	-	-	86	-	86
Treasury stock purchased	-	-	-	-	17,437	(22)	-	-	(22)
Net income	-	-	-	-	-	-	-	1,676	1,676
Balance -September 30, 2024	-	\$ -	4,487,157	\$ 406	128,196	\$ (2,046)	\$ 188,363	\$ (237,261)	\$ (50,538)
Balance -December 31, 2024	47,000	\$ -	4,539,663	\$ 406	130,340	\$ (2,054)	\$ 234,811	\$ (235,380)	\$ (2,217)
Issuance of common stock	-	-	21,336	1	-	-	-	-	1
Treasury stock purchased	-	-	-	-	7,566	(15)	-	-	(15)
Series C issuance costs	-	-	-	-	-	-	(13)	-	(13)
Stock-based compensation expense	-	-	-	-	-	-	15	-	15
Net income	-	-	-	-	-	-	-	1,647	1,647
Balance -March 31, 2025	47,000	\$ -	4,560,999	\$ 407	137,906	\$ (2,069)	\$ 234,813	\$ (233,733)	\$ (582)
Stock-based compensation expense	-	-	-	-	-	-	9	-	9
Net loss	-	-	-	-	-	-	-	(640)	(640)
Balance -June 30, 2025	47,000	\$ -	4,560,999	\$ 407	137,906	\$ (2,069)	\$ 234,822	\$ (234,373)	\$ (1,213)
Stock-based compensation expense	-	-	-	-	-	-	7	-	7
Issuance of common stock	-	-	8,334	-	-	-	-	-	-
Treasury stock purchased	-	-	-	-	2,888	(3)	-	-	(3)
Net income	-	-	-	-	-	-	-	911	911
Balance -September 30, 2025	47,000	\$ -	4,569,333	\$ 407	140,794	\$ (2,072)	\$ 234,829	\$ (233,462)	\$ (298)

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

INTERPACE BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	For The Nine Months Ended September 30,	
	2025	2024
Cash Flows From Operating Activities		
Net income	\$ 1,918	\$ 4,821
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	307	205
Interest accretion expense	-	34
Amortization of deferred financing fees	42	-
Stock-based compensation	31	218
Bad debt expense reversal	-	(100)
Credit loss expense	-	26
Asset impairment - lab supplies	198	-
Change in fair value of note payable	87	445
Amortization on operating lease right of use asset	293	332
Other changes in operating assets and liabilities:		
Accounts receivable	2,578	(2,241)
Other current assets	(213)	237
Accounts payable	(417)	137
Accrued salaries and bonus	(777)	(320)
Other accrued expenses	(385)	(236)
Operating lease liabilities	(283)	(355)
Other long-term liabilities	314	259
Net cash provided by operating activities	<u>3,693</u>	<u>3,462</u>
Cash Flows From Investing Activity		
Purchase of property and equipment	(318)	(747)
Net cash used in investing activities	<u>(318)</u>	<u>(747)</u>
Cash Flows From Financing Activities		
Payments made on note payable	(3,400)	(4,100)
Series C conversion costs	(13)	-
Net cash used in financing activities	<u>(3,413)</u>	<u>(4,100)</u>
Net decrease in cash and cash equivalents	(38)	(1,385)
Cash and cash equivalents from continuing operations– beginning	1,461	3,498
Cash and cash equivalents from discontinued operations– beginning	-	-
Cash and cash equivalents – beginning	<u>\$ 1,461</u>	<u>\$ 3,498</u>
Cash and cash equivalents from continuing operations– ending	\$ 1,423	\$ 2,113
Cash and cash equivalents from discontinued operations– ending	-	-
Cash and cash equivalents – ending	<u><u>\$ 1,423</u></u>	<u><u>\$ 2,113</u></u>

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

INTERPACE BIOSCIENCES, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Tabular information in thousands, except per share amounts)

1. OVERVIEW

Nature of Business

Interpace Biosciences, Inc. (“Interpace” or the “Company”) is a company that provides molecular diagnostics, bioinformatics and pathology services for evaluation of risk of cancer by leveraging the latest technology in personalized medicine for improved patient diagnosis and management. The Company develops and commercializes genomic tests and related first line assays principally focused on early detection of patients with indeterminate biopsies and at high risk of cancer using the latest technology.

2. BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements and related notes (the “Interim Financial Statements”) should be read in conjunction with the consolidated financial statements of the Company and its wholly-owned subsidiaries (Interpace Diagnostics Lab Inc., Interpace Diagnostics Corporation, and Interpace Diagnostics, LLC), and related notes as included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities & Exchange Commission (“SEC”) on March 31, 2025 and as amended on April 28, 2025.

The Interim Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial reporting and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The Interim Financial Statements include all normal recurring adjustments that, in the judgment of management, are necessary for a fair presentation of such interim financial statements. Discontinued operations include the Company’s wholly owned subsidiaries: Group DCA, LLC, InServe Support Solutions; and TVG, Inc., its Commercial Services business unit, which was sold on December 22, 2015 and its Interpace Pharma Solutions business which was sold on August 31, 2022. All significant intercompany balances and transactions have been eliminated in consolidation. Operating results for the three- and nine-month periods ended September 30, 2025 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2025.

3. LIQUIDITY

In October 2021, the Company entered into an \$8.0 million term loan with BroadOak Fund V, L.P. (“BroadOak”) (the “Term Loan”), the proceeds of which were used to repay in full at their maturity the existing secured promissory notes with Ampersand Capital Partners (“Ampersand”) and 1315 Capital II, L.P. (“1315 Capital”). In May 2022, the Company entered into a Subordinated Convertible Promissory Note agreement with BroadOak for an additional \$2.0 million (the “Convertible Note”), which was converted into a subordinated term loan and was added to the outstanding Term Loan balance. The Term Loan has been subsequently amended. See Note 13, *Notes Payable*, for more details. The balance of the Term Loan outstanding at September 30, 2025 was \$1.0 million.

Further, along with many laboratories, the Company has been negatively impacted by Local Coverage Determination (“LCD”) L39365, which was finalized on April 24, 2025 by our local Medicare Administrative Contractor, Novitas. This LCD, which governs “Genetic Testing for Oncology,” resulted in the loss of Medicare coverage for one of our molecular tests, PancraGEN[®].

On January 9, 2025, the Company announced the new LCD established non-coverage for its PancraGEN[®] test, and that it would stop offering the test and would not accept specimens for first-line fluid chemistry and PancraGEN[®] testing after February 7, 2025. As a result of the established non-coverage for PancraGEN[®], the Company announced, in January 2025, that its board of directors had approved a restructuring and cost-savings plan to reduce operating costs and better align its workforce with the loss of PancraGEN[®] (the “Restructuring Plan”).

On January 27, 2025, the Company announced that CMS had directed its Medicare Administrative Contractors, Novitas and First Coast Service Options, Inc., to delay implementation of the Genetic Testing for Oncology LCD (L39365), from February 23, 2025 until April 24, 2025. On April 24, 2025, the Company announced that the LCD would take effect immediately and that specimens for first-line fluid chemistry and PancraGEN[®] testing will not be accepted by the Company after May 2, 2025. On April 25, 2025, the Company announced implementation of its previously approved Restructuring Plan.

Under the Restructuring Plan, the Company reduced its workforce and impacted employees received severance benefits. The Company incurred severance and related costs of \$0.7 million for the nine months ended September 30, 2025.

For the nine months ended September 30, 2025, the Company had operating income from continuing operations of \$2.5 million. As of September 30, 2025, the Company had cash and cash equivalents of \$1.4 million, total current assets of \$9.1 million and current liabilities of \$5.9 million. As of November 7, 2025, the Company had approximately \$2.1 million of cash and cash equivalents.

The Company intends to meet its ongoing capital needs by using its available cash, as well as through targeted margin improvement; collection of accounts receivable; containment of costs; and the potential use of other financing options and other strategic alternatives.

The Company continues to explore various strategic alternatives, dilutive and non-dilutive sources of funding, including equity and debt financings, strategic alliances, business development and other sources in order to provide additional liquidity. With the delisting of its common stock, par value \$0.01 per share ("Common Stock"), from Nasdaq in February 2021, the Company's ability to raise additional capital on terms acceptable to it has been adversely impacted. There can be no assurance that the Company will be successful in obtaining such funding on terms acceptable to it.

Even with the loss of reimbursement coverage of PancraGEN[®], as of the date of this filing, the Company anticipates that current cash and cash equivalents and forecasted cash receipts will be sufficient to meet its anticipated cash requirements through the next twelve months from the date of the filing of this report.

4. DISCONTINUED OPERATIONS

Liabilities classified as discontinued operations as of both September 30, 2025 and December 31, 2024 consists of accrued expenses which are liabilities related to the former Commercial Services business unit.

The table below presents the significant components of its former discontinued operations results included within loss from discontinued operations, net of tax in the condensed consolidated statements of operations for the three and nine-months ended September 30, 2025 and 2024.

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue, net	\$ -	\$ -	\$ -	\$ -
Loss from discontinued operations	-	-	-	-
Income tax expense	100	82	314	260
Loss from discontinued operations, net of tax	<u>\$ (100)</u>	<u>\$ (82)</u>	<u>\$ (314)</u>	<u>\$ (260)</u>

There was no cash flow activity from discontinued operations for the nine months ended September 30, 2025 or September 30, 2024. There was no depreciation and amortization expense for the three or nine months ended September 30, 2025 and September 30, 2024, respectively, in discontinued operations.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported 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. Management's estimates are based on historical experience, facts and circumstances available at the time, and various other assumptions that are believed to be reasonable under the circumstances. Significant estimates include accounting for valuation allowances related to deferred income taxes, allowances for credit losses, revenue recognition, and unrecognized tax benefits. The Company periodically reviews these matters and reflects changes in estimates in earnings as appropriate. Actual results could materially differ from those estimates.

Revenue Recognition

We derive our revenues from the performance of proprietary assays or tests. The Company's performance obligation is fulfilled upon the completion, review and release of test results to the customer. We subsequently bill third-party payers or direct-bill payers for the tests performed. Under Accounting Standards Codification 606, revenue is recognized based on the estimated transaction price or net realizable value, which is determined based on historical collection rates by each payer category for each proprietary test offered by the Company. To the extent the transaction price includes variable consideration, for all third party and direct-bill payers and proprietary tests, we estimate the amount of variable consideration that should be included in the transaction price using the expected value method based on historical experience.

We regularly review the ultimate amounts received from the third-party and direct-bill payers and related estimated reimbursement rates and adjust the net realizable values ("NRVs") and related contractual allowances accordingly. If actual collections and related NRVs vary significantly from our estimates, we will adjust the estimates of contractual allowances, which affects net revenue in the period such variances become known.

Financing and Payment

For non-Medicare claims, our payment terms vary by payer category. Payment terms for direct-payers in our clinical services are typically thirty days. Commercial third-party-payers are required to respond to a claim within a time period established by their respective state regulations, generally between thirty to sixty days. However, payment for commercial third-party claims may be subject to a denial and appeal process, which could take up to two years in some instances where multiple appeals are submitted. The Company generally appeals all denials from commercial third-party payers. We bill Medicare directly for tests performed for Medicare patients and must accept Medicare's fee schedule for the covered tests as payment in full.

Costs to Obtain or Fulfill a Customer Contract

Sales commissions are expensed in the period in which they have been earned. These costs are recorded in sales and marketing expense in the condensed consolidated statements of operations.

Accounts Receivable

The Company's accounts receivable represent unconditional rights to consideration and are generated using its clinical services. The Company's clinical services are fulfilled upon completion of the test, review and release of the test results. In conjunction with fulfilling these services, the Company bills the third-party payer or direct-bill payer. Contractual adjustments represent the difference between the list prices and the reimbursement rates set by third-party payers, including Medicare, commercial payers, and amounts billed to direct-bill payers. Specific accounts may be written off after several appeals, which in some cases may take longer than twelve months.

Leases

The Company determines if an arrangement contains a lease in whole or in part at the inception of the contract. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term while lease liabilities represent our obligation to make lease payments arising from the lease. All leases with terms greater than twelve months result in the recognition of a ROU asset and a liability at the lease commencement date based on the present value of the lease payments over the lease term. Unless a lease provides all of the information required to determine the implicit interest rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments. We use the implicit interest rate in the lease when readily determinable.

Our lease terms include all non-cancelable periods and may include options to extend (or to not terminate) the lease when it is reasonably certain that we will exercise that option. Leases with terms of twelve months or less at the commencement date are expensed on a straight-line basis over the lease term and do not result in the recognition of an asset or liability. See Note 7, *Leases*.

Other Current Assets

Other current assets consisted of the following as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Lab supplies	\$ 1,104	\$ 1,211
Prepaid expenses	584	535
Other	53	22
Total other current assets	<u>\$ 1,741</u>	<u>\$ 1,768</u>

The Company recorded an asset impairment charge of approximately \$0.2 million for the nine months ended September 30, 2025. The charge related to lab supplies that were no longer useful as a result of the loss of PancraGEN reimbursement in April 2025.

Income Taxes

The One Big Beautiful Bill Act (the "OBBBA"), enacted on July 4, 2025, includes several corporate tax provisions relevant to U.S. businesses. Included in this legislation are provisions that allow for the immediate expensing of domestic research and development expenses, extensions of bonus depreciation, and modifications to the international tax regimes. The provisions in the legislation are generally effective beginning in 2026. The Company is continuing to evaluate the impact of these provisions on its financial statements, but the OBBBA did not have a material impact on its income tax provision for the three and nine months ended September 30, 2025.

Basic and Diluted Net Income (Loss) per Share

A reconciliation of the number of shares of common stock, par value \$0.01 per share, used in the calculation of basic and diluted income (loss) per share for the three- and nine-month periods ended September 30, 2025 and 2024 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Basic weighted average number of common shares	4,425	4,393	4,423	4,380
Potential dilutive effect of stock-based awards	3	30	3	24
Dilutive effect of preferred stock	23,267	-	23,267	-
Diluted weighted average number of common shares	27,695	4,423	27,693	4,404

For the three- and nine-month periods ended September 30, 2025 and 2024, the following outstanding stock-based awards were excluded from the computation of the effect of dilutive securities on income (loss) per share for the following periods as they would have been anti-dilutive (rounded to thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Options	246	288	246	288
Restricted stock units (RSUs)	133	145	133	145
	379	433	379	433

6. FAIR VALUE MEASUREMENTS

Cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their relative short-term nature. The Company's financial liabilities reflected at fair value in the condensed consolidated financial statements include note payable. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based upon observable inputs used in the valuation techniques, the Company is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values into three broad levels as follows:

Level 1: Valuations for assets and liabilities traded in active markets from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The valuation methodologies used for the Company's financial instruments measured on a recurring basis at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, are set forth in the tables below:

	As of September 30, 2025		Fair Value Measurements		
	Carrying Amount	Fair Value	As of September 30, 2025		
			Level 1	Level 2	Level 3
Liabilities:					
Note payable:					
Term loan	1,000	977	-	-	977
	<u>\$ 1,000</u>	<u>\$ 977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 977</u>
	As of December 31, 2024		Fair Value Measurements		
	Carrying Amount	Fair Value	As of December 31, 2024		
			Level 1	Level 2	Level 3
Liabilities:					
Note payable:					
Term Loan	\$ 4,400	\$ 4,290	\$ -	\$ -	\$ 4,290
	<u>\$ 4,400</u>	<u>\$ 4,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,290</u>

In connection with the Term Loan, the Company records the loan at fair value. The fair value of the loan is determined by a probability-weighted approach regarding the loan's change in control feature. See Note 13, *Notes Payable*, for more details. The fair value measurement is based on the estimated probability of a change in control and thus represents a Level 3 measurement.

A roll forward of the carrying value of the Term Loan to September 30, 2025 is as follows :

	December 31, 2024	Payments	Accretion/Interest Accrued	Adjustment to Fair Value/Mark to Market	September 30, 2025
Term Loan	\$ 4,290	\$ (3,400)	\$ -	\$ 87	\$ 977
	<u>\$ 4,290</u>	<u>\$ (3,400)</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ 977</u>

Certain of the Company's non-financial assets are measured at fair value on a nonrecurring basis when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized.

7. LEASES

The table below presents the lease-related assets and liabilities recorded in the Condensed Consolidated Balance Sheet:

	Classification on the Balance Sheet	September 30, 2025	December 31, 2024
Assets			
Operating lease assets	Operating lease right of use assets	1,320	1,613
Total lease assets		<u>\$ 1,320</u>	<u>\$ 1,613</u>
Liabilities			
Current			
Operating lease liabilities	Other accrued expenses	419	383
Total current lease liabilities		<u>\$ 419</u>	<u>\$ 383</u>
Noncurrent			
Operating lease liabilities	Operating lease liabilities, net of current portion	864	1,183
Total long-term lease liabilities		<u>864</u>	<u>1,183</u>
Total lease liabilities		<u>\$ 1,283</u>	<u>\$ 1,566</u>

The weighted average remaining lease term for the Company's operating lease was 2.75 years as of September 30, 2025 and the weighted average discount rate for that lease was 12.0%. Total operating lease expense from continuing operations under these agreements for the three months ended September 30, 2025 and 2024 was approximately \$0.1 million and \$0.2 million, respectively, and for the nine months ended September 30, 2025 and 2024 was approximately \$0.4 million and \$0.5 million, respectively. Total cash paid under these agreements for the nine months ended September 30, 2025 and 2024 was approximately \$0.4 million and \$0.5 million, respectively. The Company's operating lease expenses are recorded within "Cost of revenue" and "General and administrative expenses."

The table below reconciles the cash flows to the lease liabilities recorded on the Company's Condensed Consolidated Balance Sheet as of September 30, 2025:

	Operating Leases
2025 - remaining three months	\$ 137
2026	550
2027	550
2028	275
Total minimum lease payments	<u>1,512</u>
Less: amount of lease payments representing effects of discounting	229
Present value of future minimum lease payments	<u>1,283</u>
Less: current obligations under leases	419
Long-term lease obligations	<u>\$ 864</u>

8. COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the Company may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. When the Company is aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, the Company will record a liability for the loss. In addition to the estimated loss, the recorded liability includes probable and estimable legal costs associated with the claim or potential claim. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Company's business. There is no pending litigation involving the Company at this time.

Due to the nature of the businesses in which the Company is engaged, it is subject to certain risks. Such risks include, among others, risk of liability for personal injury or death to persons using products or services that the Company promotes or commercializes. There can be no assurance that substantial claims or liabilities will not arise in the future due to the nature of the Company's business activities. There is also the risk of employment-related litigation and other litigation in the ordinary course of business.

The Company could also be held liable for errors and omissions of its employees in connection with the services it performs that are outside the scope of any indemnity or insurance policy. The Company could be materially adversely affected if it were required to pay damages or incur defense costs in connection with a claim that is outside the scope of an indemnification agreement; if the indemnity, although applicable, is not performed in accordance with its terms; or if the Company's liability exceeds the amount of applicable insurance or indemnity.

9. OTHER ACCRUED EXPENSES

Other accrued expenses consisted of the following as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Operating lease liability	\$ 419	\$ 383
Accrued sales and marketing	28	22
Accrued lab costs	48	173
Accrued professional fees	304	458
Taxes payable	221	262
All others	430	501
Total other accrued expenses	<u>\$ 1,450</u>	<u>\$ 1,799</u>

10. STOCK-BASED COMPENSATION

Historically, stock options have been granted with an exercise price equal to the market value of the Common Stock on the date of grant, with expiration 10 years from the date they are granted, and generally vest over a one to three-year period for employees and members of the Board. Upon exercise, new shares will be issued by the Company. The restricted shares and restricted stock units ("RSUs") granted to Board members and employees generally have a three-year graded vesting period and are subject to accelerated vesting and forfeiture under certain circumstances.

There were no stock option awards issued during the nine months ended September 30, 2025 and September 30, 2024.

The Company recognized approximately \$7,000 and \$0.1 million of stock-based compensation expense within continuing operations during the three-month periods ended September 30, 2025 and 2024, respectively, and approximately \$31,000 and \$0.2 million for the nine-month periods ended September 30, 2025 and 2024, respectively. The following table has a breakout of stock-based compensation expense from continuing operations by line item.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of revenue	\$ -	\$ -	\$ -	\$ 4
Sales and marketing	6	28	21	81
General and administrative	1	58	10	133
Total stock compensation expense	<u>\$ 7</u>	<u>\$ 86</u>	<u>\$ 31</u>	<u>\$ 218</u>

11. INCOME TAXES

Generally, accounting standards require companies to provide for income taxes each quarter based on their estimate of the effective tax rate for the full year. The authoritative guidance for accounting for income taxes allows use of the discrete method when it provides a better estimate of income tax expense. Due to the Company's valuation allowance position, it is the Company's position that the discrete method provides a more accurate estimate of income tax expense and therefore income tax expense for the current quarter has been presented using the discrete method. As the year progresses, the Company refines its estimate based on the facts and circumstances by each tax jurisdiction. The following table summarizes income tax expense on income from continuing operations and the effective tax rate for the three- and nine-month periods ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(Benefit) provision for income tax	\$ (11)	\$ 4	\$ 7	\$ 12
Effective income tax rate	(1.1)%	0.2%	0.3%	0.2%

The income tax benefit for the three months ended September 30, 2025, was a due to a reversal of federal income tax expense. Income tax expense for the nine months ended September 30, 2025 was primarily due to state income taxes. Income tax expense for the three- and nine- months ended September 30, 2024 was primarily due to state franchise taxes.

Other long-term liabilities consisted of uncertain tax positions as of September 30, 2025 and December 31, 2024.

12. SEGMENT INFORMATION

The Company operates and manages its business as a single reporting segment. The business provides esoteric molecular diagnostic testing and pathology services to aid physicians in their evaluation of cancer risk in patients with indeterminate biopsies and a perceived high risk of cancer from clinical features. We develop and commercialize genomic tests and related first-line assays that can personalize medicine to help improve patient diagnosis and management. The Company's chief operating decision maker ("CODM") is the chief executive officer.

The CODM assesses performance for the segment and decides how to allocate resources based on consolidated net income that is also reported on the consolidated statements of operations. The monitoring of budgeted versus actual results is used in assessing performance of the segment and in establishing resource allocation across the organization.

The measure of segment assets is reported on the consolidated balance sheet as total consolidated assets. All the Company's long-lived assets are located in the United States. The accounting policies of the segment are the same as those described in Note 1, Nature of Business and Significant Accounting Policies included in our Annual Report on Form 10-K.

The following table presents reportable segment profit and loss, including significant expense categories, attributable to the Company's reportable segment for the periods presented:

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue, net:	\$ 8,756	\$ 12,295	\$ 29,504	\$ 34,515
Less:				
Cost of revenue:				
Fixed	1,736	1,801	5,120	4,999
Variable	1,581	2,592	6,298	7,497
Operating and other expenses:				
Sales and marketing	2,087	2,864	7,811	8,571
Research and development	150	199	500	483
General and administrative	2,057	2,538	7,268	6,918
Interest & other expense, net	145	539	268	954
(Benefit) provision for income taxes	(11)	4	7	12
Segment net income	1,011	1,758	2,232	5,081
Reconciliation of profit or loss:				
Loss on discontinued operations	(100)	(82)	(314)	(260)
Consolidated net income	<u>\$ 911</u>	<u>\$ 1,676</u>	<u>\$ 1,918</u>	<u>\$ 4,821</u>

Adjusted EBITDA, a non-GAAP financial measure, is a metric used by the CODM to measure cash flow of the ongoing business. Adjusted EBITDA is defined as income or loss from continuing operations, plus depreciation and amortization, non-cash stock-based compensation, severance expense, interest and taxes, and other non-cash expenses including change in fair value of notes payable. The table below includes a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Income from continuing operations (GAAP Basis)	\$ 1,011	\$ 1,758	\$ 2,232	\$ 5,081
Depreciation and amortization	111	85	307	205
Stock-based compensation	7	86	31	218
Severance & related expense	-	-	692	-
Asset impairment - lab supplies	-	-	198	-
Taxes (benefit) expense	(11)	4	7	12
Interest accretion expense	-	4	-	34
Note payable interest	30	141	156	514
Other expense/income, net	10	(10)	25	(40)
Change in fair value of note payable	105	404	87	445
Adjusted EBITDA	<u>\$ 1,263</u>	<u>\$ 2,472</u>	<u>\$ 3,735</u>	<u>\$ 6,469</u>

13. NOTES PAYABLE

BroadOak Loan

On October 29, 2021, the Company and its subsidiaries entered into the Term Loan with BroadOak, providing for a term loan in the aggregate principal amount of \$8,000,000. Funding of the Term Loan took place on November 1, 2021. The Term Loan was scheduled to mature upon the earlier of (i) October 31, 2024 or (ii) the occurrence of a change in control and bears interest at the rate of 9% per annum. The Term Loan is secured by a security interest in substantially all of the Company's and its subsidiaries' assets and was subordinate to the Company's former \$7,500,000 revolving credit facility with Comerica Bank. The Term Loan had an origination fee of 3% of the Term Loan amount, and a terminal payment equal to (i) 15% of the original principal amount of the Term Loan if the change of control occurs on or prior to the first anniversary of the funding of the Term Loan, (ii) 20% of the original principal amount of the Term Loan if the change of control occurs after the first anniversary but on or prior to the second anniversary of the funding of the Term Loan and (iii) 30% of the original principal amount of the Term Loan if the change of control occurs after the second anniversary of the funding of the Term Loan, or if the Term Loan is repaid on its maturity date.

The Term Loan contains affirmative and negative restrictive covenants that are applicable from and after the date of the Term Loan advance. These restrictive covenants, which include restrictions on certain mergers, acquisitions, investments, encumbrances, etc., could adversely affect our ability to conduct our business. The Term Loan also contains customary events of default.

The Company concluded that the Term Loan met the definition of a "recognized financial liability" which is an acceptable financial instrument eligible for the fair value option under ASC 825-10-15-4, and did not meet the definition of any of the financial instruments listed within ASC 825-10-15-5 that are not eligible for the fair value option. The Note is not convertible and does not have any component recorded to stockholders' deficit. Accordingly, the Company elected the fair value option for the Note.

In May 2022, the Company issued a convertible note to BroadOak, pursuant to which BroadOak funded a term loan in the aggregate principal amount of \$2.0 million, which was converted into a subordinated term loan and was added to the outstanding balance of the Term Loan.

On October 24, 2023, the Company entered into a Second Amendment to Loan and Security Agreement (the "Second Amendment") with BroadOak. The primary changes to the original Term Loan were as follows:

- The Company made a one-time payment in an aggregate amount equal to \$2,500,000, on October 30, 2023 and applied the payment in full satisfaction of the \$3,000,000 Terminal Payment (as defined in the Term Loan). See above regarding the Terminal Payment.
- Effective November 1, 2023, the interest rate under the Term Loan was reduced from 9% to 8% through the maturity date of October 31, 2024 or earlier, upon the occurrence of a change in control ("Loan Maturity Date").
- The Company had the option to request an extension of the Loan Maturity Date in writing no less than sixty days prior to the Loan Maturity Date. If BroadOak agreed to the extension, the Loan Maturity Date would automatically be extended.

The Second Amendment was treated as a debt modification which is accounted for prospectively. Since the Term Loan is carried at fair value under the fair value option, the Second Amendment did not result in any extinguishment gain or loss upon amendment, and the impact of the revised terms was incorporated into the Company's fourth quarter 2023 fair value calculation.

On March 29, 2024, the Company entered into a Third Amendment to Loan and Security Agreement with BroadOak (the “Third Amendment”). The primary changes to the Second Amendment were as follows:

- The maturity date was extended to June 30, 2025.
- Beginning April 1, 2024, the Company made \$500,000 monthly payments with the remaining loan balance due on the new maturity date.

The Third Amendment was treated as a debt modification which is accounted for prospectively. Since the Term Loan is carried at fair value under the fair value option, the Third Amendment did not result in any extinguishment gain or loss upon amendment, and the impact of the revised terms was incorporated into the Company’s first quarter 2024 fair value calculation.

On January 14, 2025, the Company entered into a Fourth Amendment to the Loan and Security Agreement with BroadOak, extending the loan maturity date to December 31, 2025. The primary changes to the Third Amendment were as follows:

- The maturity date was extended to December 31, 2025.
- Beginning July 1, 2025, and continuing through December 1, 2025, the Company will make monthly interest-only payments with the remaining loan balance due on the new maturity date.

The Fourth Amendment was treated as a debt modification which is accounted for prospectively. Since the Term Loan is carried at fair value under the fair value option, the Fourth Amendment did not result in any extinguishment gain or loss upon amendment, and the impact of the revised terms was incorporated into the Company’s first quarter 2025 fair value calculation.

The balance of the Term Loan outstanding at September 30, 2025 was \$1.0 million.

14. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosures of Non-Cash Activities (in thousands)

	Nine Months Ended September 30,	
	2025	2024
Taxes accrued for repurchase of restricted shares	\$ 18	\$ 38
Purchase of property and equipment included in accounts payable	169	20

15. PREFERRED STOCK

Redeemable Preferred Stock

On January 10, 2020, the Company entered into a Securities Purchase and Exchange Agreement (the “Securities Purchase and Exchange Agreement”) with 1315 Capital and Ampersand (collectively, the “Investors”) pursuant to which the Company agreed to sell to the Investors an aggregate of \$20.0 million in Series B Preferred Stock of the Company, at an issuance price per share of \$1,000. Pursuant to the Securities Purchase and Exchange Agreement, 1315 Capital agreed to purchase 19,000 shares of Series B Preferred Stock at an aggregate purchase price of \$19.0 million and Ampersand agreed to purchase 1,000 shares of Series B Preferred Stock at an aggregate purchase price of \$1.0 million.

In addition, the Company agreed to exchange \$27.0 million of the Company's existing Series A convertible preferred stock, par value \$0.01 per share, held by Ampersand (the "Series A Preferred Stock"), represented by 270 shares of Series A Preferred Stock with a stated value of \$100,000 per share, which represents all of the Company's issued and outstanding Series A Preferred Stock, for 27,000 newly issued shares of Series B Preferred Stock (such shares of Series B Preferred Stock, the "Exchange Shares" and such transaction, the "Exchange"). Following the Exchange, no shares of Series A Preferred Stock remained designated, authorized, issued or outstanding. The Series B Preferred Stock had a conversion price of \$6.00.

On October 10, 2024, the Company and the Investors entered into an Exchange Agreement (the "Exchange Agreement") pursuant to which the Investors exchanged (the "Exchange") an aggregate of 47,000 shares of the Company's Series B Preferred Stock, comprised of 28,000 shares of Series B Preferred Stock held by Ampersand and 19,000 shares of Series B Preferred Stock held by 1315 Capital, which represented all of the Company's issued and outstanding Series B Preferred Stock, for 47,000 newly created shares of Series C Preferred Stock, at an issuance price per share of \$1,000. In the Exchange, Ampersand received 28,000 shares of Series C Preferred Stock and 1315 received 19,000 shares of Series C Preferred Stock. The Company recorded approximately \$0.2 million in issuance costs related to this transaction.

The Series C Preferred Stock is convertible into the Company's Common Stock at a conversion price of \$2.02 per share of Common Stock (subject to further adjustment in the event of any stock dividend, stock split, combination, or other similar recapitalization affecting such shares) which was the closing price of the Common Stock on the date of the Exchange Agreement. The Series C Preferred Stock does not have a liquidation preference over the Common Stock in the event of a sale or dissolution of the Company, does not have director designation rights and includes limited customary protective provisions. The Series B Preferred Stock had a conversion price of \$6.00 per share of Common Stock and included additional protective provisions not applicable to the Series C Preferred Stock, including (i) limitations on the Board to declare dividends, (ii) director designation rights for each of the Investors, (iii) liquidation rights of holders upon "deemed liquidation" events, including a liquidation preference over the Common Stock, (iv) limitations on the ability to authorize, issue or create debt securities, (v) limitations on the ability to enter into mergers or acquisitions and (vi) limitations on the ability to conduct public offerings of the Company's Common Stock.

Voting

On any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series C Preferred Stock will be entitled to cast the number of votes equal to the number of whole shares of Common Stock, into which the shares of Series C Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the Certificate of Designation, holders of Series C Preferred Stock will vote together with the holders of Common Stock as a single class and on an as-converted to Common Stock basis.

Director Designation Rights

The Series C Preferred Stock does not have director designation rights.

Conversion

The Certificate of Designation provides that from and after the issuance date and subject to the terms of the Certificate of Designation, each share of Series C Preferred Stock is convertible, at any time and from time to time, at the option of the holder into a number of shares of Common Stock equal to the product of the Series C Conversion Ratio (the "Series C Conversion Ratio") and the number of shares of Series C Preferred Stock to be converted. The Series C Conversion Ratio is calculated by dividing the stated value of \$1,000 per share of Series C Preferred Stock by the Series C Conversion Price (as defined in the Certificate of Designation). The Series C Conversion Ratio is subject to adjustment in the event of any stock dividend, stock split, combination, or other similar recapitalization which results in the adjustment of the Series C Conversion Price.

The aggregate number of shares of Common Stock that may be issued through conversion of all of the Series C Preferred Stock is 23,267,326 shares (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares).

Mandatory Conversion

Immediately prior to the Company's listing of Common Stock on The Nasdaq Stock Market, all outstanding shares of Series C Preferred Stock shall automatically convert into a number of shares of Common Stock equal to the product of the Series C Conversion Ratio and the number of shares of Series C Preferred Stock owned by each holder.

Liquidation

Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of shares of Series C Preferred Stock then outstanding will be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders on a pari passu basis with the holders of the Common Stock of the Company.

As of both September 30, 2025 and December 31, 2024, there were 47,000 shares of Series C Preferred Stock issued and outstanding.

16. RESTRUCTURING EXPENSES

As a result of the established non-coverage for PancraGEN[®], the Company announced in the first quarter of 2025 that its board of directors had approved a restructuring and cost-savings plan to reduce operating costs and better align its workforce with the loss of PancraGEN[®]. In connection with this plan, the Company has incurred \$0.7 million in restructuring expenses for the nine months ended September 30, 2025, all of which are severance and related costs. The expenses were paid in the quarter that they were incurred, and the Company has no restructuring liability accrued for as of September 30, 2025. For the three months ended September 30, 2025, the Company did not record any severance costs. For the nine months ended September 30, 2025, the Company recorded \$0.5 million in severance costs that were charged to sales and marketing and \$0.2 million that were charged to general and administrative expenses in the Company's consolidated statement of operations.

17. RECENT ACCOUNTING STANDARDS

Accounting Pronouncements Pending

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its financial statements but does not expect it to be material.

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures". ASU 2024-03 will require disclosure of specific cost and expense information in the notes to the financial statements. Disclosure shall include inventory purchases, employee compensation, depreciation and intangible asset amortization presented in the face of the income statement for continuing operations. It shall also include certain amounts already disclosed under GAAP in the same disclosure as other disaggregation requirements as well as disclose a qualitative description and the amount of selling expenses. ASU 2024-03 will be effective for the Company in annual periods beginning after December 15, 2026. The amendment contemplates changes in disclosures only and the Company continues to assess the impacts of the amendment.

INTERPACE BIOSCIENCES, INC

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

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements that are not historical facts, including statements about our plans, objectives, beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "believes," "expects," "anticipates," "plans," "estimates," "intends," "projects," "should," "could," "may," "will" or similar words and expressions. These forward-looking statements are contained throughout this Form 10-Q.

Forward-looking statements are only predictions and are not guarantees of future performance. These statements are based on current expectations and assumptions involving judgments about, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. These predictions are also affected by known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from those expressed or implied by any forward-looking statement. Many of these factors are beyond our ability to control or predict. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors. Such factors include, but are not limited to, the following:

- our expectations of future revenues, expenditures, capital or other funding requirements;
- our reliance on Medicare reimbursement for our clinical services and our being able to successfully restructure ourselves and maintain profitability as a result of the decision of the Center for Medicare and Medicaid Services to cease reimbursement coverage of our PancraGEN[®] test on April 24, 2025 which resulted in specimens for first-line fluid chemistry and PancraGEN[®] testing not being accepted by the Company after May 2, 2025;
- our secured lender has the right to foreclose on substantially all of our assets if we are unable to timely repay our outstanding obligations;
- our dependence on sales and reimbursements from our clinical services for all of our revenue;
- our ability to continue to generate sufficient revenue from our clinical service products and other products and/or solutions that we develop in the future is important for our ability to meet our financial and other targets;
- our ability to finance our business on acceptable terms in the future, which may limit the ability to grow our business, develop and commercialize products and services, and develop and commercialize new molecular clinical service solutions and technologies;
- our dependence on third parties for the supply of some of the materials used in our clinical services tests;
- the potential adverse impact of current and future laws, licensing requirements and governmental regulations upon our business operations, including but not limited to the evolving U.S. regulatory environment related to laboratory developed tests ("LDTs"), pricing of our tests and services and patient access limitations;
- our reliance on our sales and marketing activities for future business growth and our ability to continue to expand our sales and marketing activities;
- our being subject to the controlling interests of our two private equity investors who control, on an as-converted basis, as of October 31, 2025, an aggregate of 84.0% of our outstanding shares of Common Stock through their holdings of our Series C Preferred Stock, and this concentration of ownership may have a substantial influence on our decisions;

- the delisting of our Common Stock from Nasdaq has adversely affected and may continue to adversely affect our Common Stock and business and financial condition;
- the effect of the removal of our Common Stock on August 18, 2025 from trading on the OTCQX for failure to meet market capitalization requirements and subsequent placement on the OTCID;
- our ability to remediate the material weakness identified in our internal control over financial reporting as of September 30, 2025;
- our determination to restate prior period consolidated financial statements and its impact on investor confidence and reputational issues;
- any impacts from current global, economic, sovereign and political conditions and uncertainties, including the effects of, and uncertainty regarding, new or proposed tariff or trade regulations;
- our ability to implement our business strategy; and
- the potential impact of existing and future contingent liabilities on our financial condition.

Please see Part I – Item 1A – “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the SEC on March 31, 2025, and as amended on April 28, 2025, as well as other documents we file with the SEC from time-to-time, for other important factors that could cause our actual results to differ materially from our current expectations as expressed in the forward-looking statements discussed in this Form 10-Q. Because of these and other risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. In addition, these statements speak only as of the date of the report in which they are set forth and, except as may be required by law, we undertake no obligation to revise or update publicly any forward-looking statements for any reason.

OVERVIEW

We are a fully integrated commercial company that provides molecular diagnostics, bioinformatics and pathology services for evaluation of risk of cancer by leveraging the latest technology in personalized medicine for improved patient diagnosis and management. We develop and commercialize genomic tests and related first line assays principally focused on early detection of patients with indeterminate biopsies and at high risk of cancer using the latest technology.

Impact of Our Reliance on CMS and Novitas

Along with many laboratories, we have been negatively impacted by LCD L39365, which was finalized on April 24, 2025 by our local Medicare Administrative Contractor, Novitas. This LCD, which governs “Genetic Testing for Oncology,” resulted in the loss of existing Medicare coverage for one of our molecular tests, PancraGEN[®].

On January 9, 2025, the Company announced the new LCD established non-coverage for its PancraGEN[®] test, and that it would stop offering the test and would not accept specimens for first-line fluid chemistry and PancraGEN[®] testing after February 7, 2025. As a result of the established non-coverage for PancraGEN[®], the Company announced that its board of directors had approved a restructuring and cost-savings plan to reduce operating costs and better align its workforce with the loss of PancraGEN[®].

On January 27, 2025, the Company announced that CMS had directed its Medicare Administrative Contractors, Novitas and First Coast Service Options, Inc., to delay implementation of the Genetic Testing for Oncology LCD (L39365), from February 23, 2025 until April 24, 2025. On April 24, 2025, the Company announced that the LCD would take effect immediately. Because PancraGEN[®] is primarily ordered for Medicare patients, the decision to end reimbursement coverage means that the Company will not be able to continue offering this test. Specimens for first-line fluid chemistry and PancraGEN[®] testing were not accepted by the Company after May 2, 2025. As a result of the loss of PancraGEN[®], the Company implemented its Restructuring Plan whereby it reduced its workforce and impacted employees received severance benefits. The Company incurred restructuring and related costs of approximately \$0.5 million in the second quarter of 2025 and approximately \$0.7 million for the nine months ended September 30, 2025.

Clinical Services

Our clinical services business commercializes clinically useful molecular diagnostic tests and molecular pathology services. We commercialize genomic tests and related first-line assays principally focused on risk-stratification of cancer using the latest technology to help personalize medicine and improve patient diagnosis and management. Our tests and services provide mutational analysis of genomic material contained in suspicious cysts, nodules, and lesions with the goal of better informing surgery or surveillance treatment decisions in patients suspected of thyroid, pancreatic, and other cancers. The molecular diagnostic tests we offer enable healthcare providers to stratify cancer risk, helping to avoid unnecessary surgical treatment in patients at low risk, while also helping to identify patients that would benefit from increased surveillance or surgical intervention.

We currently have three commercialized molecular diagnostic tests in the marketplace: ThyGeNEXT[®], an expanded oncogenic mutation panel that helps “rule-in” and “rule-out” malignancy in thyroid nodules; ThyraMIR[®]v2, used in combination with ThyGeNEXT[®], which further stratifies thyroid nodules for malignancy risk utilizing a proprietary microRNA gene expression classifier; and RespriDx[®] a genomic test that also utilizes our PathFinderTG[®] platform, to help physicians differentiate metastatic or recurrent lung cancer from the presence of newly formed primary lung cancer.

Revenue Recognition

Clinical services derive revenues from the performance of proprietary assays or tests. Our performance obligation is fulfilled upon completion, review and release of test results to the customer, at which time we bill third-party payers or direct-bill payers for the tests performed. Under Accounting Standards Codification 606, revenue is recognized based upon the estimated transaction price or net realizable value (“NRV”), which is determined based on historical collection rates by each payer category for each proprietary test offered. To the extent that the transaction price includes variable consideration, for all third party and direct-bill payers and proprietary tests, we estimate the amount of variable consideration that should be included in the transaction price using the expected value method based on historical experience.

The ultimate amounts received from the third-party and direct-bill payers and related estimated reimbursement rates are regularly reviewed and we adjust the NRV’s and related contractual allowances accordingly. If actual collections and related NRV’s vary significantly from our estimates, we adjust the estimates of contractual allowances, which affects net revenue in the period such variances become known.

Cost of Revenue

Cost of revenue consists primarily of the costs associated with operating our laboratory and other costs directly related to our tests. Personnel costs, which constitute the largest portion of cost of services, include all labor-related costs, such as salaries, bonuses, fringe benefits and payroll taxes for laboratory personnel. Other direct costs include, but are not limited to, laboratory supplies, certain consulting expenses, royalty expenses, and facility expenses.

CONDENSED CONSOLIDATED RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain statements of operations data. The trends illustrated in this table may not be indicative of future results.

Condensed Consolidated Results of Operations for the Quarter Ended September 30, 2025 Compared to the Quarter Ended September 30, 2024 (unaudited, in thousands)

	Three Months Ended September 30,			
	2025	2025 % to revenue	2024	2024 % to revenue
Revenue, net	\$ 8,756	100.0%	\$ 12,295	100.0%
Cost of revenue	3,317	37.9%	4,393	35.7%
Gross profit	5,439	62.1%	7,902	64.3%
Operating expenses:				
Sales and marketing	2,087	23.8%	2,864	23.3%
Research and development	150	1.7%	199	1.6%
General and administrative	2,057	23.5%	2,538	20.6%
Total operating expenses	4,294	49.0%	5,601	45.6%
Operating income	1,145	13.1%	2,301	18.7%
Interest accretion expense	-	0.0%	(4)	0.0%
Note payable interest	(30)	-0.3%	(141)	-1.1%
Other expense, net	(115)	-1.3%	(394)	-3.2%
Income from continuing operations before tax	1,000	11.4%	1,762	14.3%
(Benefit) provision for income taxes	(11)	-0.1%	4	0.0%
Income from continuing operations	1,011	11.5%	1,758	14.3%
Loss from discontinued operations, net of tax	(100)	-1.1%	(82)	-0.7%
Net income	\$ 911	10.4%	\$ 1,676	13.6%

Revenue, net

Revenue, net for the three months ended September 30, 2025 decreased by \$3.5 million, or 29%, to \$8.8 million, compared to \$12.3 million for the three months ended September 30, 2024. The decrease in net revenue was primarily driven by the loss of reimbursement for PancraGEN[®] in April 2025, which resulted in specimens for PancraGEN[®] testing no longer being accepted by the Company.

Cost of revenue

Consolidated cost of revenue for the three months ended September 30, 2025 was \$3.3 million, as compared to \$4.4 million for the three months ended September 30, 2024. As a percentage of revenue, cost of revenue increased to 38% for the three months ended September 30, 2025 as compared to approximately 36% in the comparable prior year period. This increase can be attributed to the decline in revenue mentioned above and costs decreasing at a lower rate overall.

Gross profit

Consolidated gross profit was approximately \$5.4 million for the three months ended September 30, 2025 and \$7.9 million for the three months ended September 30, 2024. The decrease is attributed to the lower revenue discussed above.

Sales and marketing expense

Sales and marketing expense was approximately \$2.1 million for the three months ended September 30, 2025 and \$2.9 million for the three months ended September 30, 2024. The decrease can be attributed to the reduction in salesforce size as a result of the loss of PancraGEN[®] reimbursement as discussed previously. As a percentage of revenue, sales and marketing expense was approximately 24% for the three months ended September 30, 2025 and 23% for the three months ended September 30, 2024.

Research and development

Research and development expense was approximately \$0.2 million for both the three months ended September 30, 2025 and September 30, 2024, respectively. As a percentage of revenue, research and development expense was approximately 2% in both periods.

General and administrative

General and administrative expense was approximately \$2.1 million for the three months ended September 30, 2025 and \$2.5 million for the three months ended September 30, 2024. The decrease can be primarily attributed to a decrease in professional services costs.

Operating income

There was operating income from continuing operations of \$1.1 million for the three months ended September 30, 2025 as compared to operating income from continuing operations of \$2.3 million for the three months ended September 30, 2024. The decrease in operating income from continuing operations was primarily attributable to the decrease in revenue associated with the loss of PancraGEN[®] reimbursement.

Note payable interest expense

Note payable interest expense was \$30,000 for the three months ended September 30, 2025 and \$0.1 million for the three months ended September 30, 2024 due to a lower principal balance in 2025. The interest expense was attributable to the Term Loan.

Provision for income taxes

There was an income tax benefit of approximately \$11,000 for the three months ended September 30, 2025 and there was income tax expense of \$4,000 for the three months ended September 30, 2024.

Loss from discontinued operations, net of tax

We had a loss from discontinued operations of approximately \$0.1 million for both the three months ended September 30, 2025 and for the three months ended September 30, 2024, respectively.

Condensed Consolidated Results of Operations for the Nine Months Ended September 30, 2025 Compared to the Nine Months Ended September 30, 2024 (unaudited, in thousands)

	Nine Months Ended September 30,			
	2025	2025 % to revenue	2024	2024 % to revenue
Revenue, net	\$ 29,504	100.0%	\$ 34,515	100.0%
Cost of revenue	11,418	38.7%	12,496	36.2%
Gross profit	18,086	61.3%	22,019	63.8%
Operating expenses:				
Sales and marketing	7,811	26.5%	8,571	24.8%
Research and development	500	1.7%	483	1.4%
General and administrative	7,268	24.6%	6,918	20.0%
Total operating expenses	15,579	52.8%	15,972	46.3%
Operating income	2,507	8.5%	6,047	17.5%
Interest accretion expense	-	0.0%	(34)	-0.1%
Note payable interest	(156)	-0.5%	(514)	-1.5%
Other expense, net	(112)	-0.4%	(406)	-1.2%
Income from continuing operations before tax	2,239	7.6%	5,093	14.8%
Provision for income taxes	7	0.0%	12	0.0%
Income from continuing operations	2,232	7.6%	5,081	14.7%
Loss from discontinued operations, net of tax	(314)	-1.1%	(260)	-0.8%
Net income	\$ 1,918	6.5%	\$ 4,821	14.0%

Revenue, net

Revenue, net for the nine months ended September 30, 2025 decreased by \$5.0 million, or 15%, to \$29.5 million, compared to \$34.5 million for the nine months ended September 30, 2024. The decrease in net revenue was largely driven by the loss of PancraGEN[®] revenue discussed above.

Cost of revenue

Consolidated cost of revenue for the nine months ended September 30, 2025 was \$11.4 million and \$12.5 million for the nine months ended September 30, 2024. As a percentage of revenue, cost of revenue was approximately 39% for the nine months ended September 30, 2025 as compared to 36% for the nine months ended September 30, 2024.

Gross profit

Consolidated gross profit was approximately \$18.1 million for the nine months ended September 30, 2025 and \$22.0 million for the nine months ended September 30, 2024. The gross profit percentage was approximately 61% for the nine months ended September 30, 2025 and 64% for the nine months ended September 30, 2024. The decrease was primarily due to the decrease in PancraGEN[®] revenue discussed above.

Sales and marketing expense

Sales and marketing expense was approximately \$7.8 million for the nine months ended September 30, 2025 and \$8.6 million for the nine months ended September 30, 2024. The nine months ended September 30, 2025 included approximately \$0.5 million in employee severance and related costs related to the implementation of the Restructuring Plan. As a percentage of revenue, sales and marketing expense increased to 26% from 25% in the comparable prior year period due to the decrease in revenue.

Research and development

Research and development expense was approximately \$0.5 million for both the nine months ended September 30, 2025 and September 30, 2024, respectively. As a percentage of revenue, research and development expense increased to 2% from 1% in the comparable prior year period.

General and administrative

General and administrative expense was approximately \$7.3 million for the nine months ended September 30, 2025 and \$6.9 million for the nine months ended September 30, 2024. The increase can be primarily attributed to a \$0.2 million asset impairment charge related to lab supplies associated with PancraGEN[®] for the nine months ended September 30, 2025 and the reversal of \$0.5 million in expense related to the Company's former contingent consideration liability for the nine months ended September 30, 2024. This was partially offset by a reduction in professional services costs for the nine months ended September 30, 2025.

Operating income

Operating income from continuing operations was \$2.5 million for the nine months ended September 30, 2025 as compared to operating income from continuing operations of \$6.0 million for the nine months ended September 30, 2024. The decrease in operating income from continuing operations was primarily attributable to the loss of PancraGEN[®] revenue discussed above.

Note payable interest expense

Note payable interest expense was \$0.2 million for the nine months ended September 30, 2025 and \$0.5 million for the nine months ended September 30, 2024. The interest expense was attributable to the Term Loan.

Provision for income taxes

Income tax expense was approximately \$7,000 for the nine months ended September 30, 2025 and \$12,000 for the nine months ended September 30, 2024.

Loss from discontinued operations, net of tax

We had a loss from discontinued operations of approximately \$0.3 million for both the nine months ended September 30, 2025 and September 30, 2024, respectively.

Non-GAAP Financial Measures

In addition to the GAAP results provided throughout this document, we have provided certain non-GAAP financial measures to help evaluate the results of our performance. We believe that these non-GAAP financial measures, when presented in conjunction with comparable GAAP financial measures, are useful to both management and investors in analyzing our ongoing business and operating performance. We believe that providing the non-GAAP information to investors, in addition to the GAAP presentation, allows investors to view our financial results in the way that management views financial results.

In this Quarterly Report on Form 10-Q, we discuss Adjusted EBITDA, a non-GAAP financial measure. Adjusted EBITDA is a metric used by management to measure cash flow of the ongoing business. Adjusted EBITDA is defined as income or loss from continuing operations, plus depreciation and amortization, non-cash stock-based compensation, severance expense, interest and taxes, and other non-cash expenses including change in fair value of notes payable. The table below includes a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Reconciliation of Adjusted EBITDA (Unaudited)
(\$ in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Income from continuing operations (GAAP Basis)	\$ 1,011	\$ 1,758	\$ 2,232	\$ 5,081
Depreciation and amortization	111	85	307	205
Stock-based compensation	7	86	31	218
Severance & related expense	-	-	692	-
Asset impairment - lab supplies	-	-	198	-
Taxes (benefit) expense	(11)	4	7	12
Interest accretion expense	-	4	-	34
Note payable interest	30	141	156	514
Other expense/income, net	10	(10)	25	(40)
Change in fair value of note payable	105	404	87	445
Adjusted EBITDA	<u>\$ 1,263</u>	<u>\$ 2,472</u>	<u>\$ 3,735</u>	<u>\$ 6,469</u>

LIQUIDITY AND CAPITAL RESOURCES

In October 2021, the Company entered into the Term Loan with BroadOak, providing for a term loan in the aggregate principal amount of \$8,000,000. Funding of the Term Loan took place on November 1, 2021. The Term Loan was scheduled to mature upon the earlier of (i) October 31, 2024 or (ii) the occurrence of a change in control, and bears interest at the rate of 9% per annum. The Term Loan is secured by a security interest in substantially all the Company's and its subsidiaries' assets and was subordinate to the Company's former \$7,500,000 revolving credit facility with Comerica Bank. The Term Loan has an origination fee of 3% of the Term Loan amount, and a terminal payment equal to (i) 15% of the original principal amount of the Term Loan if the change of control occurs on or prior to the first anniversary of the funding of the Term Loan, (ii) 20% of the original principal amount of the Term Loan if the change of control occurs after the first anniversary but on or prior to the second anniversary of the funding of the Term Loan and (iii) 30% of the original principal amount of the Term Loan if the change of control occurs after the second anniversary of the funding of the Term Loan, or if the Term Loan is repaid on its maturity date. Upon receipt of the Term Loan, the proceeds were used to repay in full at their maturity the notes extended by Ampersand and 1315 Capital discussed above. See Note 13, *Notes Payable*, for more details. In May 2022, the Company issued a Convertible Note to BroadOak, pursuant to which BroadOak funded a term loan in the aggregate principal amount of \$2.0 million which was converted into a subordinated term loan and was added to the outstanding balance of the Term Loan. See Note 13, *Notes Payable*, for more details.

On October 24, 2023, the Company entered into a Second Amendment to the Loan and Security Agreement with BroadOak (the "Second Amendment"). The primary changes to the Term Loan were as follows:

- The Company made a one-time payment in an aggregate amount equal to \$2,500,000, on October 30, 2023 and applied the payment in full satisfaction of the \$3,000,000 Terminal Payment (as defined in the Term Loan). See Note 13, *Notes Payable*, regarding the Terminal Payment.
- Effective November 1, 2023, the interest rate under the Term Loan was reduced from 9% to 8% through the maturity date of October 31, 2024 or earlier, upon the occurrence of a change in control ("Loan Maturity Date").

- The Company has the option to request an extension of the Loan Maturity Date in writing no less than sixty days prior to the Loan Maturity Date. If BroadOak agreed to the extension, the Loan Maturity Date would automatically be extended.

On March 29, 2024, the Company entered into a Third Amendment to the Loan and Security Agreement with BroadOak (the “Third Amendment”), extending the loan maturity date to June 30, 2025. The primary changes to the Second Amendment were as follows:

- The maturity date was extended to June 30, 2025.
- Beginning April 1, 2024, the Company will make \$500,000 monthly payments with the remaining loan balance due on the new maturity date.

On January 14, 2025, the Company entered into a Fourth Amendment to the Loan and Security Agreement with BroadOak (the “Fourth Amendment”), extending the loan maturity date to December 31, 2025. The primary changes to the Third Amendment were as follows:

- The maturity date was extended to December 31, 2025.
- Beginning July 1, 2025, and continuing through December 1, 2025, the Company will make monthly interest-only payments with the remaining loan balance due on the new maturity date.

The Term Loan contains affirmative and negative restrictive covenants, including restrictions on certain mergers, acquisitions, investments and encumbrances which could adversely affect our ability to conduct our business. The Term Loan also contains customary events of default. The balance of the Term Loan outstanding at September 30, 2025 was \$1.0 million.

For the nine months ended September 30, 2025, we had operating income from continuing operations of \$2.5 million. As of September 30, 2025, we had cash and cash equivalents of \$1.4 million, total current assets of \$9.1 million and current liabilities of \$5.9 million. As of November 7, 2025, we had approximately \$2.1 million of cash and cash equivalents.

During the nine months ended September 30, 2025, net cash provided by operating activities was \$3.7 million. The main component of cash provided by operating activities was our net income of \$1.9 million. During the nine months ended September 30, 2024, net cash provided by operating activities was \$3.5 million. The main component of cash provided by operating activities was our net income of \$4.8 million, partially offset by an increase in accounts receivable of \$2.2 million.

During the nine months ended September 30, 2025 net cash used in investing activities of \$0.3 million was primarily related to the purchase of lab equipment. During the nine months ended September 30, 2024, net cash used in investing activities was approximately \$0.7 million which pertained to upgrades to the lab and the purchase of lab equipment.

For the nine months ended September 30, 2025, cash used in financing activities was \$3.4 million, which were payments made on the Term Loan. For the nine months ended September 30, 2024, cash used in financing activities was \$4.1 million, which were payments made on the Term Loan.

We generated positive cash flows from operations for the nine months ending September 30, 2025. We intend to meet our ongoing capital needs by using our available cash as well as through targeted margin improvement; collection of accounts receivable; containment of costs; and the potential use of other financing options and other strategic alternatives.

The Company continues to explore various strategic alternatives, dilutive and non-dilutive sources of funding, including equity and debt financings, strategic alliances, business development and other sources in order to provide additional liquidity. With the delisting of the Common Stock from Nasdaq in February 2021, our ability to raise additional capital on terms acceptable to the Company has been adversely impacted. There can be no assurance that the Company will be successful in obtaining such funding on terms acceptable to the Company.

Further, along with many laboratories, we have been negatively impacted by the LCD L39365, which was finalized on April 24, 2025 by our local Medicare Administrative Contractor, Novitas. This LCD, which governs “Genetic Testing for Oncology,” resulted in the loss of existing Medicare coverage for one of our molecular tests, PancraGEN[®].

On January 9, 2025, we announced that the new LCD established non-coverage for the Company’s PancraGEN[®] test, and that we would stop offering the test and would not accept specimens for first-line fluid chemistry and PancraGEN[®] testing after February 7, 2025. As a result of the established non-coverage for PancraGEN[®], we announced, in January 2025, that our board of directors had approved the Restructuring Plan to reduce operating costs and better align our workforce with the loss of PancraGEN[®]. See “Restructuring.”

On January 27, 2025, the Company announced that CMS had directed its Medicare Administrative Contractors, Novitas and First Coast Service Options, Inc., to delay implementation of the Genetic Testing for Oncology LCD (L39365), from February 23, 2025 until April 24, 2025. On April 24, 2025, the Company announced that the LCD would take effect immediately and that specimens for first-line fluid chemistry and PancraGEN[®] testing will not be accepted by the Company after May 2, 2025. On April 25, 2025, the Company announced implementation of its previously approved Restructuring Plan. The Company has incurred approximately \$0.7 million in severance and related costs as a result of this plan.

Even with the loss of reimbursement coverage of PancraGEN[®], as of the date of this filing, the Company anticipates that current cash and cash equivalents and forecasted cash receipts will be sufficient to meet its anticipated cash requirements through the next twelve months from the date of the filing of this report.

Inflation

We do not believe that inflation had a significant impact on our results of operations for the periods presented. However, inflation and supply chain disruptions, whether caused by restrictions or slowdowns in shipping or logistics, increases in demand for certain goods used in our operations, tariffs, or otherwise, could impact our operations in the near term.

Critical Accounting Estimates

See Note 5, *Summary of Significant Accounting Policies* and Note 17, *Recent Accounting Standards* to the Interim Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for information regarding newly adopted and recent accounting pronouncements. See also Note 1, *Nature of Business and Significant Accounting Policies* to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024, as amended, for a discussion of our critical accounting policies. There have been no material changes to such critical accounting policies. We believe our most critical accounting policies include accounting for revenue recognition, leases, income taxes and stock-based compensation expense.

Off-Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Based on management’s evaluation of the Company’s disclosure controls and procedures, the principal executive officer and principal financial officer of the Company have identified a material weakness in the Company’s internal control over financial reporting in the quarterly period ended December 31, 2024 related to the accruing of royalty expense and the understanding of the complex agreements associated with the royalties, and have concluded that the Company’s disclosure controls and procedures were not effective as of September 30, 2025, as a result of such material weakness in the Company’s internal control over financial reporting.

The Company has adopted a remediation plan, pursuant to which the Company is amending its internal controls to mitigate the material weakness which was identified by management, including holding quarterly meetings between the accounting department and lab management to discuss any agreements that may have been entered into during that quarter. The Company believes implementation of these processes and appropriate testing of their effectiveness will remediate the material weakness in the Company’s internal control over financial reporting.

Changes in Internal Control over Financial Reporting

Other than the material weakness and the adoption of the remediation plan discussed above, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K of the Company filed with the SEC on March 31, 2025, as amended, and as updated in subsequent filings. These risk factors could materially harm our business, operating results and financial condition. Additional factors and uncertainties not currently known to us or that we currently consider immaterial also may materially adversely affect our business, financial condition or future results.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3.1	<u>Conformed version of Certificate of Incorporation of Interpace Biosciences, Inc., as amended most recently by the Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock, effective October 11, 2024, incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 8, 2024.</u>
3.2	<u>Amended and Restated Bylaws of Interpace Biosciences, Inc., incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K, filed with the SEC on November 14, 2019.</u>
31.1*	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1+	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2+	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline 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.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101).

* Filed Herewith.

+ Exhibits 32.1 and 32.2 are being furnished herewith and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference to any registration statement or other document filed under the Securities Act or the Exchange Act, except as otherwise stated in any such filing.

SIGNATURES

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

Date: November 12, 2025

Interpace Biosciences, Inc.
(Registrant)

/s/ Thomas W. Burnell
Thomas W. Burnell
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 12, 2025

/s/ Christopher McCarthy
Christopher McCarthy
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas W. Burnell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 of Interpace Biosciences, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act 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 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.

Date: November 12, 2025

/s/ Thomas W. Burnell

Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher McCarthy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 of Interpace Biosciences, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act 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 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.

Date: November 12, 2025

/s/ Christopher McCarthy
Chief Financial Officer
(Principal 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 the Quarterly Report of Interpace Biosciences, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas W. Burnell, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2025

/s/ Thomas W. Burnell

Chief Executive Officer
(Principal Executive 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 the Quarterly Report of Interpace Biosciences, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher McCarthy as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2025

/s/ Christopher McCarthy

Chief Financial Officer
(Principal Financial Officer)
