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 March 31, 2022

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	**22-2919486**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

Morris Corporate Center 1, Building C
300 Interpace Parkway, 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 □	Accelerated filer □
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging Growth Company □

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

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

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 May 6, 2022**
Common Stock, par value $0.01 per share	4,229,939

INTERPACE BIOSICENCES, INC.
FORM 10-Q FOR PERIOD ENDED MARCH 31, 2022
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

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

	March 31, 2022 (unaudited)	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,850	$ 3,064
Restricted cash	250	250
Accounts receivable, net of allowance for doubtful accounts of $72 and $72, respectively	7,241	6,158
Other current assets	2,777	2,694
Total current assets	13,118	12,166
Property and equipment, net	6,145	6,349
Other intangible assets, net	6,751	7,287
Goodwill	8,433	8,433
Operating lease right of use assets	3,760	4,032
Other long-term assets	151	160
Total assets	$ 38,358	$ 38,427
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 3,951	$ 2,694
Accrued salary and bonus	3,461	3,024
Other accrued expenses	8,692	9,198
Current liabilities from discontinued operations	766	766
Total current liabilities	16,870	15,682
Contingent consideration	1,345	1,383
Operating lease liabilities, net of current portion	2,928	3,154
Line of credit	2,500	1,500
Note payable at fair value	7,835	7,942
Other long-term liabilities	4,685	4,648
Total liabilities	36,163	34,309
Commitments and contingencies (Note 8)		
Preferred stock, $.01 par value; 5,000,000 shares authorized, 47,000 shares Series B issued and outstanding	46,536	46,536
Stockholders' deficit:		
Common stock, $.01 par value; 100,000,000 shares authorized; 4,272,308 and 4,228,169 shares issued, respectively; 4,226,422 and 4,195,412 shares outstanding, respectively	404	403
Additional paid-in capital	186,489	186,106
Accumulated deficit	(229,306)	(227,059)
Treasury stock, at cost (45,886 and 32,757 shares, respectively)	(1,928)	(1,868)
Total stockholders' deficit	(44,341)	(42,418)
Total liabilities and stockholders' deficit	$ (8,178)	$ (8,109)
Total liabilities, preferred stock and stockholders' deficit	$ 38,358	$ 38,427

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)

	Three Months Ended March 31,	
	2022	**2021**
Revenue, net	$ 10,377	$ 9,833
Cost of revenue (excluding amortization of $536 and $1,112, respectively)	5,384	5,316
Gross profit	4,993	4,517
Operating expenses:		
Sales and marketing	2,416	2,351
Research and development	299	637
General and administrative	3,690	2,979
Transition expense	85	1,253
Acquisition related amortization expense	536	1,112
Total operating expenses	7,026	8,332
Operating loss	(2,033)	(3,815)
Interest accretion expense	(121)	(135)
Related party interest	-	(92)
Note payable interest	(180)	-
Other income (expense), net	159	(96)
Loss from continuing operations before tax	(2,175)	(4,138)
Provision for income taxes	18	15
Loss from continuing operations	(2,193)	(4,153)
Loss from discontinued operations, net of tax	(54)	(54)
Net loss	$ (2,247)	$ (4,207)
Basic and diluted loss per share of common stock:		
From continuing operations	$ (0.52)	$ (1.02)
From discontinued operations	(0.01)	(0.01)
Net loss per basic and diluted share of common stock	$ (0.53)	$ (1.03)
Weighted average number of common shares and common share equivalents outstanding:		
Basic	4,208	4,089
Diluted	4,208	4,089

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)

	For The Three Months Ended March 31, 2022		For The Three Months Ended March 31, 2021	
	Shares	**Amount**	**Shares**	**Amount**
Common stock:				
Balance at January 1	4,228	$ 403	4,075	$ 402
Common stock issued	35	1	9	-
Restricted stock issued	-	-	12	-
Common stock issued through ESPP	9	-	36	-
Balance at March 31	4,272	404	4,132	402
Treasury stock:				
Balance at January 1	33	(1,868)	20	(1,773)
Treasury stock purchased	13	(60)	-	-
Balance at March 31	46	(1,928)	20	(1,773)
Additional paid-in capital:				
Balance at January 1		186,106		184,404
Common stock issued		58		108
Stock-based compensation expense		325		286
Balance at March 31		186,489		184,798
Accumulated deficit:				
Balance at January 1		(227,059)		(212,116)
Net loss		(2,247)		(4,207)
Balance at March 31		(229,306)		(216,323)
Total stockholders' deficit		$ (44,341)		$ (32,896)

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 Three Months Ended March 31,	
	2022	**2021**
Cash Flows From Operating Activities		
Net loss	$ (2,247)	$ (4,207)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	781	1,532
Interest accretion expense	121	135
Bad debt (recovery) expense	-	(140)
Mark to market on warrants	(63)	41
Amortization of deferred financing fees	10	-
Amortization of loan costs	-	52
Interest - note payable	-	92
Stock-based compensation	302	259
ESPP expense	23	27
Change in fair value of note payable	(107)	-
Change in fair value of contingent consideration	-	(57)
Other gains and expenses, net	-	(3)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,083)	317
Increase in other current assets	(83)	(253)
Increase in other long-term assets	(1)	-
Increase (decrease) in accounts payable	1,235	(1,534)
Increase (decrease) in accrued salaries and bonus	377	(988)
Decrease in accrued liabilities	(556)	(293)
Increase in long-term liabilities	37	14
Net cash used in operating activities	(1,254)	(5,006)
Cash Flows From Investing Activity		
Purchase of property and equipment	(19)	-
Sale of property and equipment	-	39
Net cash (used in) provided by investing activities	(19)	39
Cash Flows From Financing Activities		
Issuance of common stock, net of expenses	59	108
Loan proceeds - related parties	-	5,000
Financing fees - related party	-	(74)
Borrowings on line of credit	1,000	-
Net cash provided by financing activities	1,059	5,034
Net (decrease) increase in cash, cash equivalents and restricted cash	(214)	67
Cash, cash equivalents and restricted cash – beginning	3,314	3,372
Cash, cash equivalents and restricted cash – ending	$ 3,100	$ 3,439

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

1. OVERVIEW

Nature of Business

Interpace Biosciences, Inc. ("Interpace" or the "Company") enables personalized medicine, offering specialized services along the therapeutic value chain from early diagnosis and prognostic planning to targeted therapeutic applications and pharma services. The Company 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 also provides pharmacogenomics testing, genotyping, biorepository and other specialized services to the pharmaceutical and biotech industries. The Company advances personalized medicine by partnering with pharmaceutical, academic, and technology leaders to effectively integrate pharmacogenomics into their drug development and clinical trial programs.

COVID-19 pandemic

The COVID-19 pandemic, together with related precautionary measures, continues to impact portions of the regions in which we operate. These regions are attempting to address the COVID-19 pandemic in varying ways, including stay-at-home orders, temporarily closing businesses, restricting gatherings, restricting travel, and mandating social distancing and face coverings. The level and nature of the disruption caused by COVID-19 is unpredictable, may be cyclical and long-lasting and may vary from location to location.

The continuing impact that the COVID-19 pandemic will have on our operations, including duration, severity and scope, remains highly uncertain and cannot be fully predicted at this time. While we believe we have generally recovered from the adverse impact that the COVID-19 pandemic had on our business during 2020, we believe that the COVID-19 pandemic could continue to adversely impact our results of operations, cash flows and financial condition in the future.

We continue to monitor the COVID-19 pandemic and the guidance that is being provided by relevant federal, state and local public health authorities and may take additional actions based upon their recommendations. It is possible that we may have to make adjustments to our operating plans in reaction to developments that are beyond our control.

Lab closures experienced thus far by the Company have consisted of periodic, temporary work stoppages to clean and disinfect the labs. However, this could change in the future based upon conditions caused by the pandemic. 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, or otherwise, could impact our operations in the near term. For the foreseeable future, however, we do not anticipate supply chain shortages of critical supplies.

We have contingency plans in place and will continue to monitor and update them in order to mitigate pandemic-related, adverse financial impacts upon our business.

Transition costs

Transition expenses are primarily related to the Rutherford, New Jersey lab closing and subsequent move to Morrisville, North Carolina, which was completed during the first half of Fiscal 2021, as well as other cost-saving initiatives consisting primarily of reductions in headcount and the implementation of a new laboratory information system. To optimize the operations of laboratory operations within our pharma services, we transitioned activities from the Rutherford facility to our Morrisville facility. The transition included the transfer of personnel, expansion of the Morrisville facility and validation of transferred processes.

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, Interpace Pharma Solutions, Inc. 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, 2021, as filed with the Securities & Exchange Commission ("SEC") on March 31, 2022 and as amended on April 29, 2022.

The condensed 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 condensed 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. and its Commercial Services business unit which was sold on December 22, 2015. All significant intercompany balances and transactions have been eliminated in consolidation. Operating results for the three-month period ended March 31, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022.

3. GOING CONCERN

The accompanying consolidated financial statements have been prepared on a basis that assumes that the Company will continue as a going concern and that contemplates the continuity of operations, the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Accordingly, the accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might result from the outcome of this uncertainty.

For the three months ended March 31, 2022, we had an operating loss of $2.0 million. As of March 31, 2022, we had cash, cash equivalents and restricted cash of $3.1 million, total current assets of $13.1 million and current liabilities of $16.9 million. As of May 6, 2022, we had approximately $3.7 million of cash on hand, excluding restricted cash.

In January 2022, the Company announced that the Centers for Medicare & Medicaid Services, or CMS, issued a new billing policy whereby CMS will no longer reimburse for the use of the Company's ThyGeNEXT® and ThyraMIR® tests when billed together by the same provider/supplier for the same beneficiary on the same date of service. On February 28, 2022, the Company announced that the National Correct Coding Initiative (NCCI) program issued a response on behalf of CMS stating that the January 2022 billing policy reimbursement change for ThyGeNEXT® (0245U) and ThyraMIR® (0018U) tests has been retroactively reversed to January 1, 2022. CMS is currently reimbursing the Company for one of its two thyroid tests, and has agreed to retroactively reimburse for the second test once they have completed their internal administrative adjustments. We have been notified by CMS/NCCI that processing of claims for dates of service after January 1, 2022 will be completed beginning July 1, 2022. As of the date of this filing, the Company has not yet realized the full cash collection benefit of current and retroactive Thyroid testing and such cash collections may be temporarily reduced or delayed until we resolved the matter with CMS. As of the date of this filing, the Company currently anticipates that current cash and cash equivalents will be insufficient to meet its anticipated cash requirements through the next twelve months. These factors raise substantial doubt about the Company's ability to continue as a going concern.

On January 7, 2021, the Company entered into secured promissory notes in the amount of $3 million and $2 million with Ampersand ("Ampersand Note") and 1315 Capital ("1315 Capital Note"), respectively. See Note 14, *Notes Payable*, of the notes to the financial statements. On May 10, 2021, the Company amended the Ampersand Note to increase the principal amount to $4.5 million and amended the 1315 Capital Note to increase the principal amount to $3.0 million. The maturity dates of the Notes were the earlier of (a) June 30, 2021 and (b) the date on which all amounts become due upon the occurrence of any event of default as defined in the Notes. On June 24, 2021, the Company and Ampersand amended the Ampersand Note to change its maturity date to the earlier of (a) August 31, 2021 and (b) the date on which all amounts become due upon the occurrence of any event of default as defined in the Ampersand Note. On June 25, 2021, the Company and 1315 Capital amended the 1315 Capital Note to change its maturity date in a similar manner. On August 31, 2021, the Company and Ampersand amended the Ampersand Note to change its maturity date to the earlier of (a) September 30, 2021 and (b) the date on which all amounts become due upon the occurrence of any event of default as defined in the Ampersand Note. On August 31, 2021, the Company and 1315 Capital amended the 1315 Capital Note to change its maturity date in a similar manner.

On September 29, 2021, the Company and Ampersand amended the Ampersand Note to change its maturity date to the earlier of (a) October 31, 2021 and (b) the date on which all amounts become due upon the occurrence of any event of default as defined in the Ampersand Note. On September 29, 2021, the Company and 1315 Capital amended the 1315 Capital Note to change its maturity date in a similar manner.

In October 2021, the Company entered into a $7.5 million revolving credit facility with Comerica. See Note 18, *Revolving Line of Credit*, for more details. In addition, also in October 2021, the Company entered into the $8.0 million BroadOak Term Loan, the proceeds of which were used to repay in full at their maturity the notes extended by Ampersand and 1315 Capital discussed above. See Note 14, *Notes Payable,* for more details. In May 2022, the Company entered into a term loan with BroadOak for an additional $2.0 million. See Note 20, *Subsequent Events*, for more details.

Although the Company is targeting to achieve Adjusted EBITDA and cash flow breakeven during Fiscal 2022, we may not generate positive cash flows from operations for the year ending December 31, 2022. We intend to meet our ongoing capital needs by using our available cash and availability under the Comerica Loan Agreement, as well as through revenue growth and margin improvement; collection of accounts receivable; containment of costs; and the potential use of other financing options. However, if we are unable to meet the financial covenants under the Comerica Loan Agreement, the revolving line of credit and notes payable will become due and payable immediately.

In January 2022, the Company's registration statement for a rights offering filed with the Securities and Exchange Commission (SEC) became effective; however, the rights offering was subsequently terminated in January 2022. The Company is currently exploring various 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 and expand the business through acquisitions or other strategic transactions. With the Company's delisting from Nasdaq in February 2021, its 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.

4. 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, contingent consideration, allowances for doubtful accounts, revenue recognition, unrecognized tax benefits, and asset impairments involving other intangible assets. 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

Our clinical services derive its revenues from the performance of its proprietary assays or tests. The Company's performance obligation is fulfilled upon the completion, review and release of test results to the customer. The Company subsequently bills 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 ("NRV"), 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, the Company estimates the amount of variable consideration that should be included in the transaction price using the expected value method based on historical experience.

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

For our pharma services, project level activities, including study setup and project management, are satisfied over the life of the contract while performance-related obligations are satisfied at a point in time as the Company processes samples delivered by the customer. Revenues are recognized at a point in time when the test results or other deliverables are reported to the customer.

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 and in our pharma services, up to sixty 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 and pharma 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. Pharma services represent, primarily, the performance of laboratory tests in support of clinical trials for pharma services customers. The Company bills these services directly to the customer.

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 March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(unaudited)	
Lab supply inventory	$ 2,059	$ 1,786
Prepaid expenses	610	800
Other	108	108
Total other current assets	$ 2,777	$ 2,694

Long-Lived Assets, including Finite-Lived Intangible Assets

Finite-lived intangible assets are stated at cost less accumulated amortization. Amortization of finite-lived acquired intangible assets is recognized on a straight-line basis, using the estimated useful lives of the assets of approximately two years to ten years in acquisition-related amortization expense in the condensed consolidated statements of operations.

The Company reviews the recoverability of long-lived assets and finite-lived intangible assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized by reducing the recorded value of the asset to its fair value measured by future discounted cash flows. This analysis requires estimates of the amount and timing of projected cash flows and, where applicable, judgments associated with, among other factors, the appropriate discount rate. Such estimates are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed to be necessary.

Basic and Diluted Net 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 loss per share for the three-month periods ended March 31, 2022 and 2021 is as follows:

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
Basic weighted average number of common shares	4,208	4,089
Potential dilutive effect of stock-based awards	-	-
Diluted weighted average number of common shares	4,208	4,089

The Company's Series B Preferred Stock, on an as converted basis into common stock of 7,833,334 shares for the three- months ended March 31, 2022, and the following outstanding stock-based awards and warrants, were excluded from the computation of the effect of dilutive securities on loss per share for the following periods as they would have been anti-dilutive (rounded to thousands):

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
Options	641	1,061
Restricted stock units (RSUs)	319	395
Warrants	1,339	1,405
	2,299	2,861

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is attributable to the acquisition of our pharma services in July 2019. The carrying value of the intangible assets acquired was $15.6 million, with goodwill of approximately $8.3 million and identifiable intangible assets of approximately $7.3 million. The goodwill balance at March 31, 2022 was $8.4 million. The net carrying value of the identifiable intangible assets from all acquisitions as of March 31, 2022 and December 31, 2021 are as follows:

	Life (Years)	As of March 31, 2022 Carrying Amount	As of December 31, 2021 Carrying Amount
		(unaudited)	
Asuragen acquisition:			
Thyroid	9	$ 8,519	$ 8,519
RedPath acquisition:			
Pancreas test	7	16,141	16,141
Barrett's test	9	6,682	6,682
BioPharma acquisition:			
Trademarks	10	1,600	1,600
Customer relationships	8	5,700	5,700
CLIA Lab	2.3	609	609
Total		$ 39,251	$ 39,251
Accumulated Amortization		(32,500)	(31,964)
Net Carrying Value		$ 6,751	$ 7,287

Amortization expense was approximately $0.5 million and $1.1 million for the three-month periods ended March 31, 2022 and 2021, respectively. Estimated amortization expense for the remainder of 2022 and the next four years is as follows:

2022	2023	2024	2025	2026
$ 1,607	$ 1,734	$ 873	$ 873	$ 873

The following table displays a roll forward of the carrying amount of goodwill from December 31, 2021 to March 31, 2022:

	Carrying Amount
Balance as of December 31, 2021	$ 8,433
Adjustments	-
Balance as of March 31, 2022	$ 8,433

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 contingent consideration, warrant liability and 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, is set forth in the tables below:

	As of March 31, 2022		Fair Value Measurements As of March 31, 2022		
	Carrying Amount	Fair Value	Level 1 (unaudited)	Level 2	Level 3
Liabilities:					
Contingent consideration:					
Asuragen [1]	$ 1,833	$ 1,833	$ -	$ -	$ 1,833
Other accrued expenses:					
Warrant liability [2]	8	8	-	-	8
Note payable:					
BroadOak loan	7,835	7,835	-	-	7,835
	$ 9,676	$ 9,676	$ -	$ -	$ 9,676

	As of December 31, 2021		Fair Value Measurements As of December 31, 2021		
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Contingent consideration:					
Asuragen [1]	$ 1,871	$ 1,871	$ -	$ -	$ 1,871
Other accrued expenses:					
Warrant liability [2]	71	71	-	-	71
Note payable:					
BroadOak loan	7,942	7,942	-	-	7,942
	$ 9,884	$ 9,884	$ -	$ -	$ 9,884

(1)See Note 9, *Accrued Expenses and Long-Term Liabilities*
(2)

In connection with the acquisition of certain assets from Asuragen, Inc., the Company recorded contingent consideration related to contingent payments and other revenue-based payments. The Company determined the fair value of the contingent consideration based on a probability-weighted income approach derived from revenue estimates. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement.

In connection with the BroadOak 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 14, *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 Contingent Consideration Liability, 2017 Underwriters' Warrants and BroadOak Loan to March 31, 2022 is as follows:

	December 31, 2021	Earned	Accretion/ Interest Accrued	Adjustment to Fair Value/ Mark to Market	March 31, 2022
			(unaudited)		
Asuragen	$ 1,871	$ (159)	$ 121	$ -	$ 1,833
Underwriters Warrants	71	-	-	(63)	8
BroadOak Loan	7,942	-	-	(107)	7,835
	$ 9,884	$ (159)	$ 121	$ (170)	$ 9,676

Certain of the Company's non-financial assets, such as other intangible assets and goodwill, 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

Finance lease assets are included in fixed assets, net of accumulated depreciation.

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

	Classification on the Balance Sheet	March 31, 2022 (unaudited)
Assets		
Financing lease assets	Property and equipment, net	$ 620
Operating lease assets	Operating lease right of use assets	3,760
Total lease assets		$ 4,380
Liabilities		
Current		
Financing lease liabilities	Other accrued expenses	$ 70
Operating lease liabilities	Other accrued expenses	999
Total current lease liabilities		$ 1,069
Noncurrent		
Financing lease liabilities	Other long-term liabilities	41
Operating lease liabilities	Operating lease liabilities, net of current portion	2,928
Total long-term lease liabilities		2,969
Total lease liabilities		$ 4,038

The weighted average remaining lease term for the Company's operating leases was 6.3 years as of March 31, 2022 and the weighted average discount rate for those leases was 6.5%. 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 March 31, 2022:

	Operating Leases	Financing Leases
2022	$ 961	$ 58
2023	897	60
2024	567	-
2025	402	-
2026-2030	1,924	
Total minimum lease payments	4,751	118
Less: amount of lease payments representing effects of discounting	824	7
Present value of future minimum lease payments	3,927	111
Less: current obligations under leases	999	70
Long-term lease obligations	$ 2,928	$ 41

As of March 31, 2022, contractual obligations with terms exceeding one year and estimated minimum future rental payments required by non-cancelable operating leases with initial or remaining lease terms exceeding one year were as follows:

	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	After 5 Years
Operating lease obligations	$ 4,751	$ 961	$ 1,464	$ 816	$ 1,510
Total	$ 4,751	$ 961	$ 1,464	$ 816	$ 1,510

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. ACCRUED EXPENSES AND LONG-TERM LIABILITIES

Other accrued expenses consisted of the following as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(unaudited)	
Accrued royalties	$ 4,116	$ 3,890
Contingent consideration	488	488
Operating lease liability	999	1,041
Financing lease liability	70	79
Deferred revenue	31	40
Interest payable	62	120
Warrant liability	8	71
Accrued sales and marketing - diagnostics	63	47
Accrued lab costs - diagnostics	185	228
Accrued professional fees	707	932
Taxes payable	269	245
Unclaimed property	565	565
All others	1,129	1,452
Total other accrued expenses	$ 8,692	$ 9,198

Long-term liabilities consisted of the following as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(unaudited)	
Uncertain tax positions	$ 4,631	$ 4,577
Deferred revenue	13	13
Other	41	58
Total other long-term liabilities	$ 4,685	$ 4,648

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.

The following table provides the weighted average assumptions used in determining the fair value of the stock option awards granted during the three-month periods ended March 31, 2022 and 2021.

	March 31, 2022	March 31, 2021
	(unaudited)	
Risk-free interest rate	1.76%	0.78%
Expected life	6.0 years	6.0 years
Expected volatility	129.93%	134.79%
Dividend yield	-	-

During March 2021, the Company granted 312,500 stock options with an exercise price of $6.00 and 152,500 RSUs. The market value of the Company's common stock was $5.00 at the grant date of these awards. The Company recognized approximately $0.3 million and $0.3 million of stock-based compensation expense during the three-month periods ended March 31, 2022 and 2021, respectively. The following table has a breakout of stock-based compensation expense by line item.

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
Cost of revenue	$ 27	$ 48
Sales and marketing	44	47
Research and development	-	35
General and administrative*	254	156
Total stock compensation expense	$ 325	$ 286

* Includes ESPP expense

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 loss from continuing operations and the effective tax rate for the three-month periods ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
Provision for income tax	$ 18	$ 15
Effective income tax rate	(0.8%)	(0.4%)

Income tax expense for both the three-month periods ended March 31, 2022 and 2021 was primarily due to minimum state and local taxes.

12. SEGMENT INFORMATION

We operate under one segment which is the business of developing and selling clinical and pharma services.

13. DISCONTINUED OPERATIONS

The components of liabilities classified as discontinued operations consist of the following as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(unaudited)	
Accrued liabilities	766	766
Current liabilities from discontinued operations	766	766
Total liabilities	$ 766	$ 766

The table below presents the significant components of CSO's results included within loss from discontinued operations, net of tax in the condensed consolidated statements of operations for the three-months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
	(unaudited)	
Income from discontinued operations, before tax	$ -	$ -
Income tax expense	54	54
Loss from discontinued operations, net of tax	$ (54)	$ (54)

14. NOTES PAYABLE

BroadOak Loan

On October 29, 2021, the Company and its subsidiaries entered into a Loan and Security Agreement (the "BroadOak Loan Agreement") with BroadOak, providing for a term loan in the aggregate principal amount of $8,000,000 (the "Term Loan"). Funding of the Term Loan took place on November 1, 2021. The Term Loan matures 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 is subordinate to the Company's $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 BroadOak Loan Agreement 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 BroadOak Loan Agreement also contains customary events of default.

In connection with the BroadOak Loan Agreement, the Company and its subsidiaries entered into that certain First Amendment to Loan and Security Agreement and Consent with Comerica, dated as of November 1, 2021 (the "Comerica Amendment"), pursuant to which Comerica consented to the Company's and its subsidiaries' entry into the BroadOak Loan Agreement, and amended that certain Loan and Security Agreement among Comerica, the Company and its subsidiaries (the "Comerica Loan Agreement") to, among other things, permit the indebtedness, liens and encumbrances contemplated by the BroadOak Loan Agreement.

As a condition for BroadOak to extend the Term Loan to the Company and its subsidiaries, the Company's existing creditor, Comerica, and BroadOak entered into that certain Subordination and Intercreditor Agreement, dated as of November 1, 2021, pursuant to which BroadOak agreed to subordinate all of the indebtedness and obligations of the Company and its subsidiaries owing to BroadOak to all of the indebtedness and obligations of the Company and its subsidiaries owing to Comerica (the "Intercreditor Agreement"). BroadOak further agreed to subordinate all of its respective security interests in assets or property of the Company and its subsidiaries to Comerica's security interests in such assets or property. The Intercreditor Agreement provides that it is solely for the benefit of BroadOak and Comerica and is not for the benefit of the Company or any of its subsidiaries.

The Company concluded that the Note 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 shareholders' equity. Accordingly, the Company elected the fair value option for the Note.

Related Party Secured Promissory Note

On January 7, 2021, the Company entered into secured promissory notes in the amount of $3 million and $2 million with Ampersand and 1315 Capital, respectively. On May 10, 2021, the Company amended the Ampersand Note to increase the principal amount to $4.5 million and amended the 1315 Capital Note to increase the principal amount to $3.0 million. The maturity dates of the Notes were the earlier of (a) June 30, 2021 and (b) the date on which all amounts become due upon the occurrence of any event of default as defined in the Notes. On June 24, 2021, the Company and Ampersand amended the Ampersand Note to change its maturity date to the earlier of (a) August 31, 2021 and (b) the date on which all amounts become due upon the occurrence of any event of default as defined in the Ampersand Note. On June 25, 2021, the Company and 1315 Capital amended the 1315 Capital Note to change its maturity date in a similar manner. On August 31, 2021, the Company and Ampersand amended the Ampersand Note to change its maturity date to the earlier of (a) September 30, 2021 and (b) the date on which all amounts become due upon the occurrence of any event of default as defined in the Ampersand Note. On August 31, 2021, the Company and 1315 Capital amended the 1315 Capital Note to change its maturity date in a similar manner.

On September 29, 2021, the Company and Ampersand amended the Ampersand Note to change its maturity date to the earlier of (a) October 31, 2021 and (b) the date on which all amounts become due upon the occurrence of any event of default as defined in the Ampersand Note. On September 29, 2021, the Company and 1315 Capital amended the 1315 Capital Note to change its maturity date in a similar manner.

The Company used the proceeds of the BroadOak Term Loan discussed above to repay in full at their maturity all outstanding indebtedness under the promissory notes with Ampersand, dated January 7, 2021 and as last amended on September 29, 2021, in the amount of $4.5 million, and 1315 Capital, dated January 7, 2021 and as last amended on September 29, 2021, in the amount of $3 million, respectively.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosures of Non Cash Activities
(in thousands)

	Three Months Ended March 31,	
	2022	**2021**
Operating		
Taxes accrued for repurchase of restricted shares	$ 60	$ -
Investing		
Accrued capital expenditures	$ 22	$ -
Financing		
Accrued financing costs	$ -	$ 123

16. EQUITY

Preferred Stock Issuance: Securities Purchase and Exchange Agreement

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 has a conversion price of $6.00.

In April 2020, the Company entered into support agreements with each of the Series B Investors, pursuant to which Ampersand and 1315 Capital, respectively, consented to, and agreed to vote (by proxy or otherwise), all shares of Series B Preferred Stock registered in its name or beneficially owned by it and/or over which it exercises voting control as of the date of the Support Agreement and any other shares of Series B Preferred Stock legally or beneficially held or acquired by such Series B Investor after the date of the Support Agreement or over which it exercises voting control, in favor of any Fundamental Action desired to be taken by the Company as determined by the Board. For purposes of each Support Agreement, "Fundamental Action" means any action proposed to be taken by the Company and set forth in Section 4(d)(i), 4(d)(ii), 4(d)(v), 4(d)(vi), 4(d)(viii) or 4(d)(ix) of the Certificate of Designation of Series B Preferred Stock or Section 8.5.1.1, 8.5.1.2, 8.5.1.5, 8.5.1.6, 8.5.1.8 or 8.5.1.9 of the Amended and Restated Investor Rights Agreement. The support agreement between the Company and Ampersand was terminated by mutual agreement on July 9, 2020; however, the support agreement entered into with 1315 Capital remains in effect. During October 2021, Ampersand and 1315 Capital provided consent to the Company to enter into the Comerica Loan Agreement and the BroadOak Term Loan.

As of March 31, 2022 and December 31, 2021, there were 47,000 Series B issued and outstanding shares of preferred stock, respectively.

17. WARRANTS

Warrants outstanding and warrant activity for the three-months ended March 31, 2022 are as follows:

Description	Classification	Exercise Price	Expiration Date	Warrants Issued	Balance December 31, 2021	Warrants Cancelled/ Expired	Balance March 31, 2022
Private Placement Warrants, issued January 25, 2017	Equity	$ 46.90	June 2022	85,500	85,500	-	85,500
RedPath Warrants, issued March 22, 2017	Equity	$ 46.90	September 2022	10,000	10,000	-	10,000
Underwriters Warrants, issued June 21, 2017	Liability	$ 13.20	December 2022	57,500	53,500	-	53,500
Base & Overallotment Warrants, issued June 21, 2017	Equity	$ 12.50	June 2022	1,437,500	870,214	-	870,214
Warrants issued October 12, 2017	Equity	$ 18.00	April 2022	320,000	320,000	-	320,000
Underwriters Warrants, issued January 25, 2019	Equity	$ 9.40	January 2022	65,434	65,434	(65,434)	-
				1,975,934	1,404,648	(65,434)	1,339,214

The weighted average exercise price of the warrants is $16.30 and the weighted average remaining contractual life is approximately 0.2 years.

18. REVOLVING LINE OF CREDIT

On October 13, 2021, the Company and its subsidiaries entered into a Loan and Security Agreement (the "Comerica Loan Agreement") with Comerica Bank ("Comerica"), providing for a revolving credit facility of up to $7,500,000 (the "Credit Facility"). The Company may use the proceeds of the Credit Facility for working capital and other general corporate purposes.

The amount that may be borrowed under the Credit Facility is the lower of (i) the revolving limit of $7,500,000 (the "Revolving Line") and (ii) 80% of the Company's eligible accounts receivable plus an applicable non-formula amount consisting of $2,000,000 of additional availability at close not based upon the Company's eligible accounts receivable, with such additional availability reducing by $250,000 per quarter beginning with the quarter ending June 30, 2022. Borrowings on the Credit Facility are limited to $5,000,000 until 80% of the Company's and its subsidiaries' customers are paying into a collection account or segregated governmental account with Comerica. The Revolving Line can also include, at the Company's option, credit card services with a sublimit of $300,000. Borrowings on the Revolving Line are subject to an interest rate equal to prime plus 0.50%, with prime being the greater of (x) Comerica's stated prime rate or (y) the sum of (A) the daily adjusting LIBOR rate plus (B) 2.5% per annum. The Company is also required to pay an unused facility fee quarterly in arrears in an amount equal to 0.25% per annum on the average unused but available portion of the Revolving Line for such quarter.

The Credit Facility matures on September 30, 2023, and is secured by a first priority lien on substantially all of the assets of the Company and its subsidiaries. As of March 31, 2022, the balance of the revolving line was $2.5 million.

The Comerica Loan Agreement contains affirmative and negative restrictive covenants that are applicable whether or not any amounts are outstanding under the Comerica Loan Agreement. These restrictive covenants, which include restrictions on certain mergers, acquisitions, investments, encumbrances, etc., could adversely affect our ability to conduct our business. The Comerica Loan Agreement also contains financial covenants requiring specified minimum liquidity and minimum revenue thresholds and also contains customary events of default. In April 2022, Comerica waived certain covenants specifically relating to the Company receiving financial statements with a going concern comment or qualification, and failure to maintain bank accounts outside of Comerica in an aggregate amount not to exceed $0.5 million during the transition period.

As a condition for Comerica to extend the Credit Facility to the Company and its subsidiaries, the Company's existing creditors, Ampersand and 1315 Capital (the "Existing Creditors"), entered into that certain Subordination Agreement, dated as of October 13, 2021, pursuant to which each Existing Creditor agreed to subordinate all of the indebtedness and obligations of the Company and its subsidiaries owing to such Existing Creditor to all of the indebtedness and obligations of the Company and its subsidiaries owing to Comerica (the "Subordination Agreement"). Each Existing Creditor further agreed to subordinate all of its respective security interests in assets or property of the Company and its subsidiaries to Comerica's security interests in such assets or property. The Subordination Agreement provides that it is solely for the benefit of Comerica and each of the Existing Creditors and is not for the benefit of the Company or any of its subsidiaries.

19. RECENT ACCOUNTING STANDARDS

Accounting Pronouncements Pending Adoption

In February 2020, the FASB issued ASU 2020-02, Financial Instruments-Credit Losses (Topic 326) and Leases (Topic 842) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842) which amends the effective date of the original pronouncement for smaller reporting companies. ASU 2016-13 and its amendments will be effective for the Company for interim and annual periods in fiscal years beginning after December 15, 2022. The Company believes the adoption will modify the way the Company analyzes financial instruments, but it does not anticipate a material impact on results of operations. The Company is in the process of determining the effects adoption will have on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815 – 40), ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The ASU2020-06 amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company does not expect this will have any impact on its consolidated financial statements.

20. SUBSEQUENT EVENTS

BroadOak Convertible Note

On May 5, 2022, the Company issued a Subordinated Convertible Promissory Note (the "Convertible Note") to BroadOak, pursuant to which BroadOak funded a term loan in the aggregate principal amount of $2 million (the "Convertible Debt"). The Company will use the proceeds of the Convertible Debt for general corporate purposes and working capital.

The Convertible Note will be converted into shares of common stock of the Company in connection with, and upon the consummation of, a private placement transaction pursuant to which the Company will issue common stock to certain investors, and such conversion will be subject to the same terms and conditions (including purchase price per share) applicable to the purchase of common stock of the Company by such investors. If such private placement transaction is not consummated on or prior to August 5, 2022 (the "Maturity Date"), then the Convertible Note will be converted into an additional term loan advance under the Company's existing BroadOak Loan Agreement on the Maturity Date and will thereafter be subject to the terms of the definitive financing agreements for the BroadOak Loan Agreement until repaid in accordance with the terms thereof. The Convertible Debt bears interest at a fixed rate of interest equal to 9.0% per annum and is unsecured. There are no scheduled amortization payments prior to the Maturity Date. The Convertible Note contains customary representations and warranties and customary events of default.

In connection with the issuance of the Convertible Note, on May 5, 2022, the Company and its subsidiaries entered into a) a consent letter (the "Comerica Consent") with Comerica, pursuant to which Comerica consented to the issuance of the Convertible Note, the incurrence of the Convertible Debt and the conversion of the Convertible Debt into common stock of the Company or an additional term loan advance under the BroadOak Loan Agreement in accordance with the terms of the Convertible Note, and b) a First Amendment to Loan and Security Agreement and Consent (the "BroadOak Amendment") with BroadOak, pursuant to which, among other things, BroadOak consented to the issuance of the Convertible Note, the incurrence of the Convertible Debt and the conversion of the Convertible Debt into common stock of the Company or an additional term loan advance under the BroadOak Loan Agreement in accordance with the terms of the Convertible Note.

The Convertible Debt is subordinated in right of payment to all of the indebtedness and obligations of the Company owing to Comerica under the Company's existing senior secured credit facility with Comerica. In connection with the issuance of the Convertible Note, on May 5, 2022, the Company, BroadOak and Comerica entered into a First Amendment to Subordination and Intercreditor Agreement (the "Intercreditor Amendment"), pursuant to which, among other things, BroadOak agreed that the Convertible Debt is subordinated to all of the indebtedness and obligations of the Company owing to Comerica on the same terms and conditions applicable to the indebtedness and obligations of the Company under the BroadOak Loan Agreement.

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 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:

- the substantial doubt about our ability to continue as a going concern due to our history of operating losses, declining cash position and other liquidity factors, which in the absence of additional short term financing may cause us to cease or scale back operations;
- the effect of the Coronavirus (COVID-19) pandemic which has materially and adversely affected our business and financial results, particularly during portions of 2020, due to the slowdown in demand for our clinical services and pharma services, a reduction in samples received and testing volume and delayed third party collections and other factors and which may continue to have an adverse effect on our future business;
- our expectations of future revenues, expenditures, capital or other funding requirements;
- our reliance on Medicare reimbursement for our clinical services and our being subject to decisions of the Centers for Medicare and Medicaid Services ("CMS") regarding reimbursement and pricing of our clinical services which could have a material adverse effect on our business and financial results;
- our secured lenders have 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 more than 50% of our revenue; the ability to continue to generate sufficient revenue from these 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 revenue recognition is based, in part, on our estimates for future collections and such estimates may prove to be incorrect;
- 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, develop and commercialize new molecular clinical service solutions and technologies and expand our pharma services offerings;
- our obligations to make royalty and milestone payments to our licensors;
- our dependence on third parties for the supply of some of the materials used in our clinical and pharma 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 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, 2021 filed with the SEC on March 31, 2022, 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 an emerging leader in enabling precision medicine principally in oncology by offering specialized services along the therapeutic value chain from early diagnosis and prognostic planning to targeted therapeutic applications through our clinical and pharma services. Through our clinical services, we enable physicians to personalize the clinical management of each individual patient by providing genomic information to better diagnose, monitor and inform cancer treatment. Our clinical services provide clinically useful molecular diagnostic tests, bioinformatics and pathology services for evaluating risk of cancer by leveraging the latest technology in personalized medicine for improved patient diagnosis and management. Through our pharma services, we develop, commercialize and provide molecular- and biomarker-based tests and services and provide companies with customized solutions for patient stratification and treatment selection through an extensive suite of molecular and biomarker-based testing services, DNA and RNA extraction and customized assay development and trial design consultation. Our pharma services provide pharmacogenomics testing, genotyping, biorepository and other specialized services to the pharmaceutical and biotech industries and advance personalized medicine by partnering with pharmaceutical, academic and technology leaders to effectively integrate pharmacogenomics into drug development and clinical trial programs with the goals of delivering safer, more effective drugs to market more quickly, and improving patient care.

Impact of Our Reliance on CMS

In January 2022, CMS stated they would no longer reimburse for the use of the Company's ThyGeNEXT® and ThyraMIR® tests when billed together by the same provider/supplier for the same beneficiary on the same date of service. However, on February 28, 2022, the Company announced that the National Correct Coding Initiative (NCCI) program issued a response on behalf of CMS stating that the January 2022 billing policy reimbursement change for ThyGeNEXT® (0245U) and ThyraMIR® (0018U) tests has been retroactively reversed to January 1, 2022. CMS is currently reimbursing the Company for one of its two thyroid tests, and has agreed to retroactively reimburse for the second test once they have completed their internal administrative adjustments. We have been notified by CMS/NCCI that processing of claims for dates of service after January 1, 2022 will be completed beginning July 1, 2022. As a result, the Company will continue billing for both tests according to its LCD as originally set by Novitas. As of the date of this filing, the Company has not yet realized the full cash collection benefit of current and retroactive Thyroid testing and such cash collections may be temporarily reduced or delayed until we resolve the matter with CMS.

Further, in May 2022, CMS published its preliminary gap-fill fee pricing rates which are scheduled to go into effect in January 2023 and are likely to affect the rates we are allowed to bill payers for ThyGeNEXT®. This determination decreases the Medicare reimbursement for ThyGeNext™ (0245U). However, the reimbursement rate for other payer groups may be increased. The overall impact of the CMS determination may have an adverse impact on the Company's business and financial results beginning in Fiscal 2023.

Impact of COVID-19 Pandemic

The COVID-19 pandemic, together with related precautionary measures, continues to impact portions of the regions in which we operate. These regions are attempting to address the COVID-19 pandemic in varying ways, including stay-at-home orders, temporarily closing businesses, restricting gatherings, restricting travel, and mandating social distancing and face coverings. The level and nature of the disruption caused by COVID-19 is unpredictable, may be cyclical and long-lasting and may vary from location to location.

The continuing impact that the COVID-19 pandemic will have on our operations, including duration, severity and scope, remains highly uncertain and cannot be fully predicted at this time. While we believe we have generally recovered from the adverse impact that the COVID-19 pandemic had on our business during 2020, we believe that the COVID-19 pandemic could continue to adversely impact our results of operations, cash flows and financial condition in the future.

We continue to monitor the COVID-19 pandemic and the guidance that is being provided by relevant federal, state and local public health authorities and may take additional actions based upon their recommendations. It is possible that we may have to make adjustments to our operating plans in reaction to developments that are beyond our control.

Lab closures experienced thus far by the Company have consisted of periodic, temporary work stoppages to clean and disinfect the labs; however, this could change in the future based upon conditions caused by the pandemic. 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, or otherwise, could impact our operations in the near term. For the foreseeable future, however, we do not anticipate supply chain shortages of critical supplies.

We have contingency plans in place and will continue to monitor and update them in order to mitigate pandemic-related, adverse financial impacts upon our business.

Impact of the ongoing military conflict between Russia and Ukraine.

In late February 2022, Russia invaded Ukraine, significantly amplifying already existing geopolitical tensions among Russia and other countries in the region and in the west, including the U.S. Russia's invasion, the responses of countries and political bodies to Russia's actions, the larger overarching tensions, and Ukraine's military response and the potential for wider conflict have resulted in financial market volatility and capital markets disruption, potentially increasing in magnitude, and could have severe adverse effects on regional and global economic markets and international relations. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial.

Following Russia's actions, various countries, including the U.S., Canada and the United Kingdom, as well as the European Union, issued broad-ranging economic sanctions against Russia. Such sanctions included, among other things, a prohibition on doing business with certain Russian companies, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (SWIFT) electronic banking network that connects banks globally; a ban on Russian oil and gas imports to the U.S.; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The current sanctions (and potential further sanctions in response to continued Russian military activity) and other actions may have adverse effects on regional and global economic markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds and increasing the volatility of our stock price. Any of the abovementioned factors could affect our business, prospects, financial condition, and operating results.

Revenue Recognition

Clinical services derive its revenues from the performance of its 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.

With respect to our pharma services, customer performance obligations are satisfied at a point in time as the Company processes samples delivered by the customer. Project level activities, including study setup and project management, are satisfied over the life of the contract. Revenues are recognized at a point in time when the test results or other deliverables are reported to the customer.

Cost of Revenue

Cost of revenue consists primarily of the costs associated with operating our laboratories 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.

Transition costs

Transition expenses are primarily related to the Rutherford, New Jersey lab closing and subsequent move to Morrisville, North Carolina, which was completed during the first half of Fiscal 2021, as well as other cost-saving initiatives consisting primarily of reductions in headcount and the implementation of a new laboratory information system. To optimize the operations of laboratory operations within our pharma services, we transitioned activities from the Rutherford facility to our Morrisville facility. The transition included the transfer of personnel, expansion of the Morrisville facility and validation of transferred processes.

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 Continuing Operations for the Quarter Ended March 31, 2022 Compared to the Quarter Ended March 31, 2021 (unaudited, in thousands)

	Three Months Ended March 31,			
	2022	2022 % to revenue	2021	2021 % to revenue
Revenue, net	$ 10,377	100.0%	$ 9,833	100.0%
Cost of revenue	5,384	51.9%	5,316	54.1%
Gross profit	4,993	48.1%	4,517	45.9%
Operating expenses:				
Sales and marketing	2,416	23.3%	2,351	23.9%
Research and development	299	2.9%	637	6.5%
General and administrative	3,690	35.6%	2,979	30.3%
Transition expense	85	0.8%	1,253	12.7%
Acquisition related amortization expense	536	5.2%	1,112	11.3%
Total operating expenses	7,026	67.7%	8,332	84.7%
Operating loss	(2,033)	-19.6%	(3,815)	-38.8%
Interest accretion expense	(121)	-1.2%	(135)	-1.4%
Related party interest	-	0.0%	(92)	-0.9%
Note payable interest	(180)	-1.7%	-	0.0%
Other income (expense), net	159	1.5%	(96)	-1.0%
Loss from continuing operations before tax	(2,175)	-21.0%	(4,138)	-42.1%
Provision for income taxes	18	0.2%	15	0.2%
Loss from continuing operations	(2,193)	-21.1%	(4,153)	-42.2%
Loss from discontinued operations, net of tax	(54)	-0.5%	(54)	-0.5%
Net loss	$ (2,247)	-21.7%	$ (4,207)	-42.8%

Revenue, net

Consolidated revenue, net for the three months ended March 31, 2022 increased by $0.5 million, or 6%, to $10.4 million, compared to $9.8 million for the three months ended March 31, 2021. The increase in net revenue was largely driven by increased volume for our clinical services.

Cost of revenue

Consolidated cost of revenue for the three months ended March 31, 2022 was $5.4 million, as compared to $5.3 million for the three months ended March 31, 2021. As a percentage of revenue, cost of revenue was approximately 52% for the three months ended March 31, 2022 and 54% for the three months ended March 31, 2021, the percentage decrease was due to the increase in revenue discussed above.

Gross profit

Consolidated gross profit was approximately $5.0 million for the three months ended March 31, 2022 and $4.5 million for the three months ended March 31, 2021. The gross profit percentage was approximately 48% for the three months ended March 31, 3022 and 46% for the three months ended March 31, 2021.

Sales and marketing expense

Sales and marketing expense was approximately $2.4 million for the three months ended March 31, 2022 and $2.4 million for the three months ended March 31, 2021. As a percentage of revenue, sales and marketing expense decreased to 23% from 24% in the comparable prior year period.

Research and development

Research and development expense was $0.3 million for the three months ended March 31, 2022 and $0.6 million for the three months ended March 31, 2021 due to a delay in research and development projects in 2022. As a percentage of revenue, research and development expense decreased to 3% from 7% in the comparable prior year period.

General and administrative

General and administrative expense was approximately $3.7 million for the three months ended March 31, 2022 and $3.0 million for the three months ended March 31, 2021. The increase can be primarily attributed to an increase in employee compensation costs and an increase in professional fees.

Transition expense

Transition expense was approximately $0.1 million for the three months ended March 31, 2022 and $1.3 million for the three months ended March 31, 2021. In 2021, these expenses were related to the Rutherford, NJ lab closing and subsequent move to North Carolina as well as other cost-saving initiatives. In 2022, these expenses were related to laboratory information management system implementation costs.

Acquisition amortization expense

During the three months ended March 31, 2022 and March 31, 2021, we recorded amortization expense of approximately $0.5 million and $1.1 million, respectively, which is related to intangible assets associated with prior acquisitions.

Operating loss

Operating loss from continuing operations was $2.0 million for the three months ended March 31, 2022 as compared to $3.8 million for the three months ended March 31, 2021. The lower operating loss was primarily attributable to the reduction in transition expenses discussed above.

Provision for income taxes

Income tax expense was approximately $18,000 for the three months ended March 31, 2022 and $15,000 for the three months ended March 31, 2021. Income tax expense for both periods was primarily driven by minimum state and local taxes.

Loss from discontinued operations, net of tax

We had a loss from discontinued operations of approximately $0.1 million for the three months ended March 31, 2022 and a loss from discontinued operations of approximately $0.1 million for the three months ended March 31, 2021.

Non-GAAP Financial Measures

In addition to the United States generally accepted accounting principles, or 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 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, acquisition related expenses, transition expenses, noncash stock based compensation, interest and taxes, and other non-cash expenses including asset impairment costs, bad debt expense, loss on extinguishment of debt, goodwill impairment and change in fair value of contingent consideration, and warrant liability. 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 March 31,	
	2022	**2021**
Loss from continuing operations (GAAP Basis)	$ (2,193)	$ (4,153)
Bad debt (recovery) expense	-	(140)
Transition expenses	85	1,253
Depreciation and amortization	781	1,532
Stock-based compensation	325	286
Tax expense	18	15
Interest accretion expense	121	135
Financing interest and related costs	180	144
Mark to market on warrant liability	(63)	41
Change in fair value of note payable	(107)	-
Change in fair value of contingent consideration	-	(57)
Adjusted EBITDA	$ (853)	$ (944)

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended March 31, 2022, we had an operating loss of $2.0 million. As of March 31, 2022, we had cash and cash equivalents of $2.9 million, net of restricted cash, total current assets of $12.9 million, net of restricted cash, and current liabilities of $16.9 million. As of May 6, 2022, we had approximately $3.7 million of cash on hand, net of restricted cash.

During the three months ended March 31, 2022, net cash used in operating activities was $1.3 million. The main component of cash used in operating activities was our net loss of $2.2 million, partially offset by an increase in accounts payable of $1.2 million. During the three months ended March 31, 2021, net cash used in operating activities was $5.0 million. The main component of cash used in operating activities was our net loss of $4.2 million.

For the three months ended March 31, 2022, cash provided from financing activities was $1.1 million, of which $1.0 million was from the drawdown on the revolving line of credit. See Note 14, *Notes Payable,* of the notes to the financial statements. For the three months ended March 31, 2021, cash provided from financing activities was $5.0 million, of which $4.9 million were the net proceeds from the Company's secured promissory notes with Ampersand and 1315. See Note 14, *Notes Payable,* of the notes to the financial statements.

In October 2021, the Company and its subsidiaries entered into a Loan and Security Agreement (the "Comerica Loan Agreement") with Comerica Bank ("Comerica"), providing for a revolving credit facility of up to $7,500,000 (the "Credit Facility"). The Company may use the proceeds of the Credit Facility for working capital and other general corporate purposes.

The amount that may be borrowed under the Credit Facility is the lower of (i) the revolving limit of $7,500,000 (the "Revolving Line") and (ii) 80% of the Company's eligible accounts receivable plus an applicable non-formula amount consisting of $2,000,000 of additional availability at close not based upon the Company's eligible accounts receivable, with such additional availability reducing by $250,000 per quarter beginning with the quarter ending June 30, 2022. Borrowings on the Credit Facility are limited to $5,000,000 until 80% of the Company's and its subsidiaries' customers are paying into a collection account or segregated governmental account with Comerica. The Revolving Line can also include, at the Company's option, credit card services with a sublimit of $300,000. Borrowings on the Revolving Line are subject to an interest rate equal to prime plus 0.50%, with prime being the greater of (x) Comerica's stated prime rate or (y) the sum of (A) the daily adjusting LIBOR rate plus (B) 2.5% per annum. The Company is also required to pay an unused facility fee quarterly in arrears in an amount equal to 0.25% per annum on the average unused but available portion of the Revolving Line for such quarter. See Note 18, *Revolving Line of Credit*, for more details. Comerica has a first priority security interest in substantially all of the Company's and its subsidiaries' assets.

In addition, also in October 2021, the Company entered into a Loan and Security Agreement (the "BroadOak Loan Agreement") with BroadOak, providing for a term loan in the aggregate principal amount of $8,000,000 (the "Term Loan"). Funding of the Term Loan took place on November 1, 2021. The Term Loan matures 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 is subordinate to the Company's recently established $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 14, *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. See Note 20, *Subsequent Events*, for more details. The Company will use the proceeds of the Convertible Debt for general corporate purposes and working capital.

The BroadOak Loan Agreement 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 BroadOak Loan Agreement also contains customary events of default. The Comerica Loan Agreement contains affirmative and negative restrictive covenants that are applicable whether or not any amounts are outstanding under the Comerica loan agreement. These restrictive covenants, which include restrictions on certain mergers, acquisitions, investments, encumbrances, etc., could adversely affect our ability to conduct our business. The Comerica Loan Agreement also contains financial covenants requiring specified minimum liquidity and minimum revenue thresholds and also contains customary events of default. However, if we are unable to meet the financial covenants under the Comerica Loan Agreement, the revolving line of credit and notes payable will become due and payable immediately.

Although the Company is targeting to achieve Adjusted EBITDA and cash flow breakeven during Fiscal 2022, we may not generate positive cash flows from operations for the year ending December 31, 2022. We intend to meet our ongoing capital needs by using our available cash and availability under the Comerica Loan Agreement, as well as through revenue growth and margin improvement; collection of accounts receivable; containment of costs; and the potential use of other financing options.

In January 2022, the Company's registration statement for a rights offering filed with the Securities and Exchange Commission become effective; however, the rights offering was subsequently terminated in January 2022. The Company is currently exploring various 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 and expand the business through acquisitions or other strategic transactions. With the Company's delisting from Nasdaq in February 2021, its ability to raise additional capital on terms acceptable to the Company was adversely impacted. There can be no assurance that the Company will be successful in obtaining such funding on terms acceptable to the Company or at all.

As of the date of this Report, the Company currently anticipates that current cash and cash equivalents will be insufficient to meet its anticipated cash requirements through the next twelve months. These factors raise substantial doubt about the Company's ability to continue as a going concern.

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, or otherwise, could impact our operations in the near term.

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 management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives including that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In addition, management is required to apply its judgment in evaluating the benefits of possible disclosure controls and procedures relative to their costs to implement and maintain.

Based on the evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Exchange Act the Chief Executive Officer of the Company and the Chief Financial Officer of the Company have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2022.

Reference should be made to our Form 10-K for the year ended December 31, 2021 filed with the SEC on March 31, 2022 for additional information regarding discussion of the effectiveness of the Company's controls and procedures.

Changes in Internal Controls

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

Not applicable as we are a smaller reporting company.

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	Conformed version of Certificate of Incorporation of Interpace Biosciences, Inc., as amended by the Certificate of Amendment, effective January 15, 2020, and the Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock, filed January 17, 2020, incorporated by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on April 22, 2020, as amended from time to time.
3.2	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.
10.1*	Agreement, dated January 21, 2022, between Dr. Vijay Aggarwal and Interpace Biosciences, Inc., incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on January 27, 2022.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1+	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2+	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101	The following financial information from this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022 formatted in XBRL (Extensible Business Reporting Language) and furnished electronically herewith: (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Stockholders' Deficit; (iv) the Condensed Consolidated Statements of Cash Flows; and (v) the Notes to Condensed Consolidated Financial Statements.

\+ 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.

* Denotes compensatory plan, compensation arrangement or management contract.

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: May 16, 2022

Interpace Biosciences, Inc.
(Registrant)

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

Date: May 16, 2022

/s/ Thomas Freeburg
Thomas Freeburg
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

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 March 31, 2022 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: May 16, 2022

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

Exhibit 31.2

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

I, Thomas Freeburg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 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: May 16, 2022

/s/ Thomas Freeburg
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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 March 31, 2022 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: May 16, 2022

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

Exhibit 32.2

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 March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Freeburg, 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: May 16, 2022

/s/ Thomas Freeburg
Chief Financial Officer
(Principal Financial Officer)