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

FORM 10-Q

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

For the quarterly period ended **June 30, 2024**

OR

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

For the transition period from _____ to _____

Commission file number 1-37648

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

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

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

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

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

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

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

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

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

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

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☐

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

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

The number of shares of common stock outstanding as of August 1, 2024 was 13,368,387.

ONCOCYTE CORPORATION
TABLE OF CONTENTS

For the quarterly period ended June 30, 2024

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

PART 1—FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 9,256	$ 9,432
Accounts receivable, net of allowance for credit losses of $1 and $5, respectively	85	484
Prepaid expenses and other current assets	595	643
Assets held for sale	32	139
Total current assets	9,968	10,698
NONCURRENT ASSETS		
Right-of-use and financing lease assets, net	2,591	1,637
Machinery and equipment, net, and construction in progress	3,347	3,799
Intangible assets, net	56,551	56,595
Restricted cash	1,700	1,700
Other noncurrent assets	563	463
TOTAL ASSETS	$ 74,720	$ 74,892
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 1,051	$ 953
Accrued compensation	1,309	1,649
Accrued royalties	1,116	1,116
Accrued expenses and other current liabilities	379	452
Accrued severance from acquisition	2,314	2,314
Right-of-use and financing lease liabilities, current	1,029	665
Current liabilities of discontinued operations (Note 11)	-	45
Total current liabilities	7,198	7,194
NONCURRENT LIABILITIES		
Right-of-use and financing lease liabilities, noncurrent	2,638	2,204
Contingent consideration liabilities	42,181	39,900
TOTAL LIABILITIES	52,017	49,298
Commitments and contingencies (Note 6)		
Series A Redeemable Convertible Preferred Stock, no par value; stated value $1,000 per share; 5 shares issued and outstanding at December 31, 2023; aggregate liquidation preference of $5,296 as of December 31, 2023	-	5,126
SHAREHOLDERS' EQUITY		
Preferred stock, no par value, 5,000 shares authorized; no shares issued and outstanding	-	-
Common stock, no par value, 230,000 shares authorized; 13,368 and 8,261 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	326,201	310,295
Accumulated other comprehensive income	37	49
Accumulated deficit	(303,535)	(289,876)
Total shareholders' equity	22,703	20,468
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 74,720	$ 74,892

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net revenue	$ 104	$ 463	$ 280	$ 760
Cost of revenues	32	169	141	434
Cost of revenues – amortization of acquired intangibles	22	22	44	44
Gross profit	50	272	95	282
Operating expenses:				
Research and development	2,453	2,435	4,765	4,562
Sales and marketing	853	805	1,699	1,500
General and administrative	2,407	3,531	5,080	6,943
Change in fair value of contingent consideration	(1,031)	1,795	2,281	(16,512)
Impairment loss	-	-	-	4,950
Impairment loss on held for sale assets	-	-	169	1,283
Total operating expenses	4,682	8,566	13,994	2,726
Loss from operations	(4,632)	(8,294)	(13,899)	(2,444)
Other (expenses) income:				
Interest expense	(8)	(14)	(23)	(25)
Unrealized (loss) gain on marketable equity securities	-	(24)	-	97
Other income (expenses), net	110	(1)	263	(2)
Total other income (expenses)	102	(39)	240	70
Loss from continuing operations	(4,530)	(8,333)	(13,659)	(2,374)
Loss from discontinued operations (Note 11)	-	-	-	(2,926)
Net loss	$ (4,530)	$ (8,333)	$ (13,659)	$ (5,300)
Net loss per share (Note 2):				
Net loss from continuing operations - basic and diluted	$ (4,587)	$ (8,644)	$ (13,922)	$ (2,915)
Net loss from discontinued operations - basic and diluted	$ -	$ -	$ -	$ (2,926)
Net loss attributable to common stockholders - basic and diluted	$ (4,587)	$ (8,644)	$ (13,922)	$ (5,841)
Net loss from continuing operations per share - basic and diluted	$ (0.36)	$ (1.07)	$ (1.32)	$ (0.41)
Net loss from discontinued operations per share - basic and diluted	$ -	$ -	$ -	$ (0.42)
Net loss attributable to common stockholders per share - basic and diluted	$ (0.36)	$ (1.07)	$ (1.32)	$ (0.83)
Weighted average shares outstanding - basic and diluted	12,870	8,090	10,567	7,030

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net loss	$ (4,530)	$ (8,333)	$ (13,659)	$ (5,300)
Foreign currency translation adjustments	(3)	(2)	(12)	2
Comprehensive loss	$ (4,533)	$ (8,335)	$ (13,671)	$ (5,298)

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

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

	Three Months Ended June 30, 2024						
	Series A Redeemable Convertible Preferred Stock		Common Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance at March 31, 2024	**5**	**$ 5,332**	**8,273**	**$310,553**	**$ 40**	**$ (299,005)**	**$ 11,588**
Net Loss	-	-	-	-	-	(4,530)	(4,530)
Foreign currency translation adjustment	-	-	-	-	(3)	-	(3)
Stock-based compensation	-	-	-	386	-	-	386
Vesting of bonus awards	-	-	-	14	-	-	14
Sale of common shares, net of financing costs	-	-	5,077	15,269	-	-	15,269
Shares issued upon vesting of RSUs	-	-	4	-	-	-	-
Shares issued for consultant services	-	-	14	36	-	-	36
Redemption of Series A redeemable convertible preferred stock	(5)	(5,389)	-	-	-	-	-
Accretion of Series A convertible preferred stock to redemption value	-	57	-	(57)	-	-	(57)
Balance at June 30, 2024	**-**	**$ -**	**13,368**	**$326,201**	**$ 37**	**$ (303,535)**	**$ 22,703**

	Three Months Ended June 30, 2023						
	Series A Redeemable Convertible Preferred Stock		Common Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance at March 31, 2023	**6**	**$ 5,532**	**5,964**	**$295,533**	**$ 43**	**$ (257,643)**	**$ 37,933**
Cumulative change in accounting principle (Note 2)	-	-	-	-	-	(1,419)	(1,419)
Balance at January 1, 2023, as adjusted	6	5,532	5,964	295,533	43	(259,062)	36,514
Net Loss	-	-	-	-	-	(8,333)	(8,333)
Foreign currency translation adjustment	-	-	-	-	(2)	-	(2)
Stock-based compensation	-	-	-	834	-	-	834
Vesting of bonus awards	-	-	-	58	-	-	58
Sale of common shares, net of financing costs	-	-	2,275	13,421	-	-	13,421
Deemed dividend on Series A redeemable convertible preferred stock	-	118	-	(118)	-	-	(118)
Shares issued upon vesting of RSUs	-	-	11	-	-	-	-
Redemption of Series A redeemable convertible preferred stock	(1)	(1,118)	-	-	-	-	-
Accretion of Series A convertible preferred stock to redemption value	-	193	-	(193)	-	-	(193)
Balance at June 30, 2023	**5**	**$ 4,725**	**8,250**	**$309,535**	**$ 41**	**$ (267,395)**	**$ 42,181**

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

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

	Six Months Ended June 30, 2024						
	Series A Redeemable Convertible Preferred Stock		Common Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2023	**5**	**$ 5,126**	**8,261**	**$310,295**	**$ 49**	**$ (289,876)**	**$ 20,468**
Net Loss	-	-	-	-	-	(13,659)	(13,659)
Foreign currency translation adjustment	-	-	-	-	(12)	-	(12)
Stock-based compensation	-	-	-	804	-	-	804
Vesting of bonus awards	-	-	-	24	-	-	24
Sale of common shares, net of financing costs	-	-	5,077	15,269	-	-	15,269
Shares issued upon vesting of RSUs	-	-	4	-	-	-	-
Shares issued for consultant services	-	-	26	72	-	-	72
Redemption of Series A redeemable convertible preferred stock	(5)	(5,389)	-	-	-	-	-
Accretion of Series A convertible preferred stock to redemption value	-	263	-	(263)	-	-	(263)
Balance at June 30, 2024	**-**	**$ -**	**13,368**	**$326,201**	**$ 37**	**$ (303,535)**	**$ 22,703**

	Six Months Ended June 30, 2023						
	Series A Redeemable Convertible Preferred Stock		Common Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	**6**	**$ 5,302**	**5,932**	**$294,929**	**$ 39**	**$ (260,676)**	**$ 34,292**
Cumulative change in accounting principle (Note 2)	-	-	-	-	-	(1,419)	(1,419)
Balance at January 1, 2023, as adjusted	6	5,302	5,932	294,929	39	(262,095)	32,873
Net loss	-	-	-	-	-	(5,300)	(5,300)
Foreign currency translation adjustment	-	-	-	-	2	-	2
Stock-based compensation	-	-	-	1,668	-	-	1,668
Vesting of bonus awards	-	-	-	58	-	-	58
Sale of common shares, net of financing costs	-	-	2,275	13,421	-	-	13,421
Deemed dividend on Series A redeemable convertible preferred stock	-	118	-	(118)	-	-	(118)
Shares issued upon vesting of RSUs	-	-	43	-	-	-	-
Redemption of Series A redeemable convertible preferred stock	(1)	(1,118)	-	-	-	-	-
Accretion of Series A convertible preferred stock to redemption value	-	423	-	(423)	-	-	(423)
Balance at June 30, 2023	**5**	**$ 4,725**	**8,250**	**$309,535**	**$ 41**	**$ (267,395)**	**$ 42,181**

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

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

	Six Months Ended June 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (13,659)	$ (5,300)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	617	885
Amortization of intangible assets	44	44
Stock-based compensation	804	1,668
Equity compensation for bonus awards and consulting services	96	-
Unrealized gain on marketable equity securities	-	(97)
Change in fair value of contingent consideration	2,281	(16,512)
Impairment loss	-	4,950
Loss on disposal of discontinued operations	-	1,521
Impairment loss on held for sale assets	169	1,283
Changes in operating assets and liabilities:		
Accounts receivable	399	296
Prepaid expenses and other assets	(50)	567
Accounts payable and accrued liabilities	(386)	(4,319)
Lease assets and liabilities	(123)	(118)
Net cash used in operating activities	(9,808)	(15,132)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of equipment	-	123
Construction in progress and purchases of furniture and equipment	(215)	-
Cash sold in discontinued operations (Note 11)	-	(1,372)
Net cash used in investing activities	(215)	(1,249)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common shares	15,807	13,848
Financing costs to issue common shares	(538)	(427)
Redemption of redeemable convertible Series A preferred shares	(5,389)	(1,118)
Repayment of financing lease obligations	(33)	(57)
Net provided by financing activities	9,847	12,246
NET CHANGE IN CASH, CASH EQUIVALENTS (INCLUDES DISCONTINUED OPERATIONS) AND RESTRICTED CASH	(176)	(4,135)
CASH, CASH EQUIVALENTS (INCLUDES DISCONTINUED OPERATIONS) AND RESTRICTED CASH, BEGINNING	11,132	23,203
CASH, CASH EQUIVALENTS (INCLUDES DISCONTINUED OPERATIONS) AND RESTRICTED CASH, ENDING	$ 10,956	$ 19,068
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Construction in progress, machinery and equipment purchases included in accounts payable and accrued liabilities	$ 26	$ 16
Accretion of Series A convertible preferred stock	$ 263	$ 423
Lease assets obtained in exchange for lease liabilities	$ 491	$ -

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

1. Organization and Description of the Business

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

Razor Transactions

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

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

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

As a result of the divestiture of Razor, the Company has reflected the 2023 operations of Razor as a discontinued operation. See Note 11, "Discontinued Operations of Razor" for additional information.

Going Concern

Oncocyte has incurred operating losses and negative cash flows since inception and had an accumulated deficit of $303.5 million as of June 30, 2024. Oncocyte expects to continue to incur operating losses and negative cash flows for the foreseeable future. Since its formation, Oncocyte has financed its operations primarily through the sale of shares of its common stock, convertible preferred stock and warrants to acquire common stock. As of June 30, 2024, Oncocyte had $9.3 million of cash and cash equivalents.

As of June 30, 2024, Oncocyte is completing clinical development and planning commercialization of DetermaIO, although DetermaIO is currently available for biopharma diagnostic development and research use only as a companion test in immunotherapy drug development to select patients for clinical trials. Oncocyte received a positive coverage decision from MolDx for VitaGraft Kidney in August of 2023, and it became commercially available for ordering in January 2024 through Oncocyte's Clinical Laboratory Improvements Amendment ("CLIA") Laboratory in Nashville, Tennessee. VitaGraft Kidney is now broadly available to transplant professionals upon request. While Oncocyte plans to primarily market its laboratory tests in the United States through its own sales force, it is also making marketing arrangements with distributors in other countries. In order to reduce capital needs and to expedite the commercialization of any new laboratory tests that may become available for clinical use, Oncocyte may also pursue marketing or other collaborative arrangements with other diagnostic companies through which Oncocyte might receive licensing fees and royalty on sales, or through which it might form a joint venture to market its tests and share in net revenues, in the United States or abroad.

On April 5, 2024, the Company entered into an agreement with a global strategic partner to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products. See Note 10, "Collaborative Arrangements" for additional information.

On April 11, 2024, the Company entered into a private placement securities purchase agreement with certain accredited investors. The resulting net proceeds were approximately $9.9 million, after deducting offering expenses of $538,000 and deducting $5.4 million for the redemption of all remaining shares of our Series A Redeemable Convertible Preferred Stock. These net proceeds are inclusive of an investment from our aforementioned global strategic partner. See Note 7, "Common Stock – April 2024 Offering" for additional information.

In addition to general economic and capital market trends and conditions, Oncocyte's ability to raise sufficient additional capital to finance its operations from time to time will depend on a number of factors specific to Oncocyte's operations such as operating revenues and expenses, progress in our collaborative arrangement for the development and the commercialization of research use only and in vitro diagnostics kitted transplant products, progress in obtaining regulatory approval to distribute our products for clinical use, and progress in the development of, or in obtaining reimbursement coverage from Medicare for DetermaIO and other future laboratory tests that Oncocyte may develop or acquire.

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

In accordance with Accounting Standards Codification ("ASC") 205-40, *Going Concern*, we evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the consolidated financial statements included in this Report are issued. This evaluation initially does not take into consideration the potential mitigating effect of our plans that have not been fully implemented as of the date the consolidated financial statements included in this Report are issued. When substantial doubt exists under this methodology, we evaluate whether the mitigating effect of our plans sufficiently alleviates substantial doubt about our ability to continue as a going concern. The mitigating effect of our plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that such financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about our ability to continue as a going concern within one year after the date that such financial statements are issued. In performing this analysis, we excluded certain elements of our operating plan that cannot be considered probable.

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

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

2. Summary of Significant Accounting Policies

Accounting Principles

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

Principles of Consolidation and Basis of Presentation

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

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

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

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

We have reflected the 2023 operations of Razor as discontinued operations. See Note 11 for further information. Amounts and disclosures throughout these notes to consolidated financial statements relate solely to continuing operations and exclude all discontinued operations, unless otherwise noted. Discontinued operations comprise activities that were disposed of or discontinued at the end of the period, represent a separate major line of business that can be clearly distinguished for operational and financial reporting purposes and represent a strategic business shift having a major effect on the Company's operations and financial results.

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

Reclassifications

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

Prior Period Revisions

In connection with the preparation of the Company's consolidated financial statements for the year ended December 31, 2023, the Company recorded certain adjustments that impact previously reported financial statement amounts from the period ended June 30, 2023. As further discussed below in Note 2, "Revenue Recognition – Laboratory Developed Test Services – Allowance for Credit Losses," as a result of the January 1, 2023 adoption of the new current expected credit loss accounting policy, the Company adjusted its accounts receivable. In addition, the Company reclassified cash sold in discontinued operations from an operating cash outflow to an investing cash outflow. See Note 11, "Discontinued Operations of Razor" for additional information. The following are the relevant line items from the Company's prior period consolidated financial statements illustrating the effect of the revisions to the period presented:

	For the Period Ended June 30, 2023		
	As Previously Reported	Adjustment	As Adjusted
		(In thousands)	
Balance Sheet:			
Accounts receivable, net at January 1, 2023 (Note 2)	$ 2,012	$ (1,419)	$ 593
Accumulated deficit at January 1, 2023	$ (260,676)	$ (1,419)	$ (262,095)
Total Shareholders' equity at January 1, 2023	$ 34,292	$ (1,419)	$ 32,873
Statement of Cash Flows:			
Loss on disposal of discontinued operations	$ 149	$ 1,372	$ 1,521
Net cash used in operating activities	$ (16,504)	$ 1,372	$ (15,132)
Cash sold in discontinued operations (Note 11)	$ -	$ (1,372)	$ (1,372)
Net cash provided by (used in) investing activities	$ 123	$ (1,372)	$ (1,249)

Use of Estimates

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

Segments

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

Fair Value Measurements, Business Combinations and Contingent Consideration Liabilities

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

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

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

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

Certain of Oncocyte's asset and business acquisitions involve the potential for future payment of consideration to third-parties and former selling shareholders in amounts determined as a percentage of future net revenues generated, or upon attainment of revenue milestones, from Pharma Services or laboratory tests, as applicable, or annual minimum royalties to certain licensors, as provided in the applicable agreements. The fair value of such liabilities is determined using unobservable inputs. These inputs include the estimated amount and timing of projected cash flows and the risk-adjusted discount rate used to present value the cash flows. These obligations are referred to as contingent consideration, which are carried at fair value based on Level 3 inputs on a recurring basis.

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

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

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

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

Cash, Cash Equivalents and Restricted Cash

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

Marketable Equity Securities

Oncocyte accounts for shares of public common stock it may hold as marketable equity securities in accordance with ASC 321-10, *Investments – Equity Securities*, as the shares have a readily determinable fair value quoted on national stock exchange. The securities are measured at fair value, with related gains and losses in the value of such securities recorded in the consolidated statements of operations in other income or expense, and are reported as current assets on the consolidated balance sheet based on the closing trading price of the security as of the date being presented. During the fourth quarter of 2023, Oncocyte sold its remaining marketable equity securities for an aggregate realized loss of approximately $1.4 million. During the six months ended June 30, 2023, Oncocyte recorded an unrealized gain on marketable equity securities of $97,000.

Investments in Privately Held Companies

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

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

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

Assets Held for Sale and Discontinued Operations

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

The Company has entered into various agreements to sell laboratory equipment. As a result, the Company classified the equipment as held for sale current assets in the consolidated balance sheets, as all the criteria of ASC subtopic 360-10, *Property, Plant, and Equipment* had been met. The equipment was written down to its fair value, less cost to sell, the remainder of which was $32,000 and $139,000 as of June 30, 2024 and December 31, 2023, respectively. During the six months ended June 30, 2024 and 2023, the Company recorded an impairment loss on held for sale assets of $169,000 and $1.3 million, respectively, in the consolidated statements of operations.

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

Machinery and Equipment, Net, and Construction in Progress

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

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

Intangible Assets

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

Oncocyte does not have intangible assets with indefinite useful lives other than the acquired IPR&D discussed in Note 5, which as of June 30, 2024, has been partially impaired.

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

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

Long-Lived Intangible Assets

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

Impairment of Long-Lived Assets

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

Leases

Oncocyte accounts for leases in accordance with ASC 842, *Leases*. Oncocyte determines if an arrangement is a lease at inception. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the consolidated statements of operations. Under the available practical expedients for the adoption of ASC 842, Oncocyte accounts for the lease and non-lease components as a single lease component. Oncocyte recognizes right-of-use ("ROU") assets and lease liabilities for leases with terms greater than twelve months in the consolidated balance sheet. ROU assets represent the right to use an underlying asset during the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, Oncocyte uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Oncocyte uses the implicit rate when it is readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Oncocyte will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Operating leases include office leases and related ROU lease liabilities, current and long-term, in the consolidated balance sheets. Financing leases include machinery and equipment and related financing lease liabilities, current and long-term, in the consolidated balance sheets. Oncocyte discloses the amortization of our operating lease ROU assets and payments as a net amount in the consolidated statements of cash flows. Based on the available practical expedients under the standard, Oncocyte elected not to capitalize leases that have terms of twelve months or less. Oncocyte has entered into various operating and financing leases in accordance with ASC 842 as further discussed in Note 6.

Accounting for Warrants

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

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

Revenue Recognition

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

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

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

The following table presents consolidated revenues by service:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Pharma Services	$ 104	$ 440	$ 258	$ 737
Laboratory developed test services	-	23	22	23
Total	$ 104	$ 463	$ 280	$ 760

Pharma Services Revenue

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

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

As of June 30, 2024 and December 31, 2023, Oncocyte had gross accounts receivable from Pharma Services customers of $86,000 and $488,000, respectively.

Allowance for Credit Losses

Oncocyte establishes an allowance for credit losses based on the evaluation of the collectability of its Pharma Services accounts receivables after considering a variety of factors, including the length of time receivables are past due, significant events that may impair the customer's ability to pay, such as a bankruptcy filing or deterioration in the customer's operating results or financial position, reasonable and supportable forecast that affect the collectability of the reported amount, and historical experience. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. Oncocyte continuously monitors collections and payments from customers and maintains a provision for estimated credit losses and uncollectible accounts, if any, based upon its historical experience and any specific customer collection issues that have been identified. Amounts determined to be uncollectible are written off against the credit loss reserve accounts. As of June 30, 2024 and December 31, 2023, we had an allowance for credit losses of $1,000 and $5,000, respectively, related to Pharma Services.

Laboratory Developed Test Services

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

As of June 30, 2024 and December 31, 2023, Oncocyte had no accounts receivable from Medicare and Medicare Advantage covered DetermaRx tests. Laboratory Developed Test Services revenue recorded during the six months ended June 30, 2024 was the result of payments received.

Allowance for Credit Losses

We maintained an allowance for credit losses related to Laboratory Developed Test Services at an amount we estimated to be sufficient to provide adequate protection against losses resulting from extending credit to our customers. We based this allowance, in the aggregate, on historical collection experience, age of receivables and general economic conditions, as well as specific identification of uncollectible accounts. We initially established an allowance in 2022 in connection with remaining Medicare and Medicare Advantage account balances and continued to add to the allowance as appropriate. In the first quarter of 2023, in connection with the adoption of the new current expected credit loss model, the Company determined that the Medicare and Medicare Advantage accounts receivable net balance of approximately $1.4 million was uncollectible and should therefore be written-off as of the adoption date, January 1, 2023. Refer to additional information above in Note 2, “Principles of Consolidation and Basis of Presentation – Prior Period Revisions.” As of June 30, 2024 and December 31, 2023, we had no allowance for credit losses related to Laboratory Developed Test Services. The 2023 allowance for credit losses activity included a beginning balance of $154,000, no credit loss provisions, and the full write-off to an ending balance of zero as of December 31, 2023.

Licensing Revenue

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

Disaggregation of Revenues and Concentrations of Credit Risk

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Pharma Services	100%	95%	92%	97%
Laboratory developed test services	0%	5%	8%	3%
Total	100%	100%	100%	100%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Pharma services - Company A	36%	68%	52%	42%
Pharma services - Company B	30%	14%	16%	22%
Pharma services - Company C	18%	*	11%	13%
Pharma services - Company D	16%	*	*	11%

* Less than 10%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
United States – Pharma Services	65%	74%	24%	61%
Outside of the United States – Pharma Services	35%	21%	68%	36%
United States – Laboratory developed test services	0%	5%	8%	3%
Total	100%	100%	100%	100%

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

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

Two Pharma Services customers individually represented approximately 48% and 42% of accounts receivable as of June 30, 2024. Two Pharma Services customers individually represented approximately 79% and 13% of accounts receivable as of December 31, 2023.

Cost of Revenues

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

Research and Development Expenses

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

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel costs and related benefits, including stock-based compensation, trade show expenses, branding and positioning expenses, and consulting fees. Sales and marketing expenses also include indirect expenses for applicable overhead allocated based on headcount, and include allocated costs for rent and utilities, common area maintenance, telecommunications, property taxes and insurance. During the three months ended June 30, 2024 and 2023, Oncocyte's total advertising expenses were $44,000 and $43,000, respectively. During the six months ended June 30, 2024 and 2023, Oncocyte's total advertising expenses were $83,000 and $79,000, respectively.

General and Administrative Expenses

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

Stock-Based Compensation

Oncocyte recognizes compensation expense related to employee, Board of Director and other non-employee option grants and restricted stock grants in accordance with ASC 718, *Compensation – Stock Compensation.*

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

The Black-Scholes option pricing model requires Oncocyte to make certain assumptions including the expected option term, the expected volatility, the risk-free interest rate and the dividend yield. The expected term of employee stock options represents the weighted average period that the stock options are expected to remain outstanding. Oncocyte estimates the expected term of options granted based on its own experience. Oncocyte estimates the expected volatility using its own stock price volatility to the extent applicable or a combination of its stock price volatility and the stock price volatility of peer companies, for a period equal to the expected term of the options. The risk-free interest rate assumption is based upon observed interest rates on the United States government securities appropriate for the expected term of Oncocyte's stock options. The dividend yield assumption is based on Oncocyte's history and expectation of dividend payouts. Oncocyte has never declared or paid any cash dividends on its common stock, and Oncocyte does not anticipate paying any cash dividends in the foreseeable future.

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

Retirement Plan

Oncocyte has an employee savings and retirement plan under Section 401(k) of the Internal Revenue Code. The plan is a defined contribution plan in which eligible employees may elect to have a percentage of their compensation contributed to the plan, subject to certain guidelines issued by the Internal Revenue Service. During the three months ended June 30, 2024 and 2023, Oncocyte's total contributions to the plan were $97,000 and $81,000, respectively. During the six months ended June 30, 2024 and 2023, Oncocyte's total contributions to the plan were $167,000 and $178,000, respectively.

Collaborative Arrangements

The Company analyzes its collaboration arrangements to assess whether they are within the scope of ASC 808, *Collaborative Arrangements*, which includes determining whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities. To the extent that the arrangement falls within the scope of ASC 808, the Company assesses whether the payments between the Company and its collaboration partner fall within the scope of other accounting literature. If the Company concludes that payments from the collaboration partner to the Company would represent consideration from a customer, the Company accounts for those payments within the scope of ASC 606. However, if the Company concludes that its collaboration partner is not a customer for certain activities and associated payments, the Company presents such payments as a reduction of research and development expense or general and administrative expense, based on where the Company presents the underlying expense. See Note 10, "Collaborative Arrangements" for additional information.

Income Taxes

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

Oncocyte did not record any provision or benefit for income taxes for the three and six months ended June 30, 2024 and 2023, as Oncocyte had a full valuation allowance for the periods presented.

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

The guidance also prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not sustainable upon examination by taxing authorities. Oncocyte will recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of June 30, 2024 and December 31, 2023. Oncocyte is not aware of any uncertain tax positions that could result in significant additional payments, accruals, or other material deviation as of June 30, 2024. Oncocyte is currently unaware of any tax issues under review. As of June 30, 2024 and December 31, 2023, the Company had unrecognized tax benefits totaling $2.3 million.

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

Net Loss Per Common Share

Basic loss per share is computed by dividing the net loss applicable to common stockholders after deducting cumulative unpaid dividends and accretion of the preferred stock, by the weighted average number of shares of common stock outstanding during the year. The 2024 weighted average shares outstanding - basic in the following table includes the effects of pre-funded warrants that were issued in April 2024 (refer to Note 7, “Common Stock Purchase Warrants” for additional information). Diluted loss per share is computed by dividing the net loss applicable to common stockholders after deducting cumulative unpaid dividends and accretion of the preferred stock, by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method or the if-converted method, or the two-class method for participating securities, whichever is more dilutive. Potential common shares are excluded from the computation if their effect is antidilutive.

For the six months ended June 30, 2024 and 2023, all common stock equivalents are antidilutive because Oncocyte reported a net loss. The following table presents the calculation of basic and diluted loss per share of common stock:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands, except per share data)			
Numerators:				
Loss from continuing operations	$ (4,530)	$ (8,333)	$ (13,659)	$ (2,374)
Accretion of Series A redeemable convertible preferred stock	(57)	(193)	(263)	(423)
Deemed dividend on Series A redeemable convertible preferred stock	-	(118)	-	(118)
Net loss from continuing operations - basic and diluted	$ (4,587)	$ (8,644)	$ (13,922)	$ (2,915)
Loss from discontinued operations	$ -	$ -	$ -	$ (2,926)
Net loss from discontinued operations - basic and diluted	$ -	$ -	$ -	$ (2,926)
Net loss	$ (4,530)	$ (8,333)	$ (13,659)	$ (5,300)
Accretion of Series A redeemable convertible preferred stock	(57)	(193)	(263)	(423)
Deemed dividend on Series A redeemable convertible preferred stock	-	(118)	-	(118)
Net loss attributable to common stockholders - basic and diluted	$ (4,587)	$ (8,644)	$ (13,922)	$ (5,841)
Denominator:				
Weighted average shares outstanding - basic and diluted	12,870	8,090	10,567	7,030
Net loss per share:				
Net loss from continuing operations per share - basic and diluted	$ (0.36)	$ (1.07)	$ (1.32)	$ (0.41)
Net loss from discontinued operations per share - basic and diluted	$ -	$ -	$ -	$ (0.42)
Net loss attributable to common stockholders per share - basic and diluted	$ (0.36)	$ (1.07)	$ (1.32)	$ (0.83)
Anti-dilutive potential common shares excluded from the computation of diluted net loss per common share:				
Stock options	766	483	766	549
RSUs	-	7	-	10
Warrants	773	820	773	820
Series A redeemable convertible preferred stock	-	5	-	5
Total	1,539	1,315	1,539	1,384

Recent Accounting Pronouncements

Not Yet Adopted

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

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

3. Business Combinations and Contingent Consideration Liabilities

Acquisition of Insight Genetics, Inc.

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

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

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

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

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

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

The fair value of the Contingent Consideration after the Insight Merger Date is reassessed by Oncocyte as changes in circumstances and conditions occur, with the subsequent change in fair value recorded in Oncocyte's consolidated statements of operations. Since December 2023, Milestone 1 and Royalty 2 (Pharma Services) are not expected to be paid and are excluded from the current fair value. Durning 2024, based on Oncocyte's reassessment of significant assumptions, there was a decrease of approximately $73,000 to the fair value of the Contingent Consideration primarily attributable to revised estimates of the possible future payouts and, accordingly, this decrease was recorded as change in fair value of contingent consideration in the consolidated statement of operations for the six months ended June 30, 2024.

Oncocyte uses a discounted cash flow valuation technique to determine the fair value of its Level 3 contingent consideration liabilities. The significant unobservable inputs used in Insight's contingent consideration valuation on June 30, 2024, included: (i) a discount period, based on the expected milestone payment dates, ranging from 1.7 years to 8.3 years, (ii) a discount rate of 16.0% to 16.7%, and (iii) a management probability estimate of 25% to 50%. The significant unobservable inputs used on June 30, 2023, included: (i) a discount period, based on the expected milestone payment dates, ranging from .50 years to 9.25 years, (ii) a discount rate of 14.4%, and (iii) a management probability estimate of 15% to 75%. Changes to significant unobservable inputs to different amounts could result in a significantly higher or lower fair value measurement at the reporting date.

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

	Fair Value
	(In thousands)
Balance at December 31, 2022	$ 5,370
Change in estimated fair value	(2,500)
Balance at June 30, 2023	$ 2,870
Balance at December 31, 2023	$ 2,040
Change in estimated fair value	(73)
Balance at June 30, 2024	$ 1,967

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

Acquisition of Chronix Biomedical, Inc.

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

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

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

The fair value of the Chronix Contingent Consideration after the Chronix Merger Date is reassessed by Oncocyte as changes in circumstances and conditions occur, with the subsequent change in fair value recorded in Oncocyte's consolidated statements of operations. During 2024, based on Oncocyte's reassessment of significant assumptions, there was an increase of approximately $2.4 million to the fair value of the Contingent Consideration primarily attributable to revised estimates of the possible future payouts and, accordingly, this increase was recorded as a change in fair value of contingent consideration in the consolidated statement of operations for the six months ended June 30, 2024.

Oncocyte uses a discounted cash flow valuation technique to determine the fair value of its Level 3 contingent consideration liabilities. The significant unobservable inputs used in Chronix's contingent consideration valuation on June 30, 2024, included: (i) a discount period, based on the related patent expiration dates, ranging from 9.4 years to 11.2 years, (ii) a discount rate of 16.0% to 17.1%, and (iii) a payout percentage of 10% based on the earnout provision. The significant unobservable inputs used on June 30, 2023, included: (i) a discount period, based on the related patent expiration dates, ranging from 10.6 years to 12.4 years, (ii) a discount rate of 15.0% to 16.6%, and (iii) a payout percentage of 10% based on the earnout provision. Changes to significant unobservable inputs to different amounts could result in a significantly higher or lower fair value measurement at the reporting date.

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

	Fair Value
	(In thousands)
Balance at December 31, 2022	$ 40,292
Change in estimated fair value	(14,012)
Balance at June 30, 2023	$ 26,280
Balance at December 31, 2023	$ 37,860
Change in estimated fair value	2,354
Balance at June 30, 2024	$ 40,214

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

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

	June 30, 2024	December 31, 2023
	(In thousands)	
Right-of-use and financing lease assets	$ 4,711	$ 4,036
Machinery, equipment and leasehold improvements	7,439	6,909
Accumulated depreciation and amortization	(6,571)	(6,235)
Right-of-use and financing lease assets and machinery and equipment, net	5,579	4,710
Construction in progress	359	726
Total	$ 5,938	$ 5,436

Fixed asset depreciation and amortization expense amounted to $304,000 and $435,000 for the three months ended June 30, 2024 and 2023, respectively, and $617,000 and $885,000 for the six months ended June 30, 2024 and 2023, respectively.

5. Intangible Assets, Net

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

During the first quarter of 2023, due to changes in management and the economic condition of the Company, management shifted the Company's business strategy to direct efforts on fewer studies and to transition from tests that are laboratory developed tests to research use only sales. Due to the change in strategy, the Company's long range plan forecasts were updated and anticipated future benefits derived from the Company's assets. The change in strategy represented a significant indicator for change in value of the Company's long-lived assets. The original IPR&D balances were reassessed based on the updated long range plan, using the multi-period excess earnings method ("MPEEM") approach, the results of the valuation noted that the carrying value of the DetermaIO related IPR&D intangible assets was greater than the fair market value, whereas the CNI and VitaGraft related IPR&D intangible assets carrying value was lower than the fair market value. Accordingly, the Company recorded an impairment of approximately $5.0 million related to DetermaIO as of March 31, 2023. During the fourth quarter of 2023, the IPR&D balances were reassessed using the MPEEM approach and the results of the valuation noted that the DetermaIO, CNI and VitaGraft related IPR&D intangible assets carrying values were lower than the fair market value. Accordingly, the Company did not record any additional adjustment as of December 31, 2023, and no such adjustments have been recorded in 2024.

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

Intangible assets, net, consisted of the following:

	June 30, 2024	December 31, 2023
	(In thousands)	
Intangible assets:		
Acquired IPR&D - DetermaIO™ (1)	$ 9,700	$ 9,700
Acquired IPR&D - DetermaCNI™ and VitaGraft™ (2)	46,800	46,800
Intangible assets subject to amortization:		
Acquired intangible assets - customer relationship	440	440
Total intangible assets	56,940	56,940
Accumulated amortization - customer relationship(3)	(389)	(345)
Intangible assets, net	$ 56,551	$ 56,595

(1) See Note 3 for information on the Insight Merger.
(2) See Note 3 for information on the Chronix Merger.
(3) Amortization of intangible assets is included in "Cost of revenues – amortization of acquired intangibles" on the consolidated statements of operations because the intangible assets pertain directly to the revenues generated from the acquired intangibles.

Intangible asset amortization expense amounted to $22,000 for the three months ended June 30, 2024 and 2023, and $44,000 for the six months ended June 30, 2024 and 2023.

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

	Amortization
	(In thousands)
Year ending December 31,	
2024	$ 44
2025	7
	$ 51

6. Commitments and Contingencies

Office and Facilities Leases

Irvine Office Lease

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

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

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

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

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

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

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

Oncocyte has provided the lessor with a security deposit in the amount of $150,000 and a letter of credit in the amount of $1.7 million. The lessor may apply the security deposit, in whole or in part, for the payment of rent and any other amount that Oncocyte is or becomes obligated to pay under the Irvine Lease but fails to pay when due and beyond any cure period. The lessor may draw on the letter of credit from time to time to pay any amount that is unpaid and due, or if the original issuing bank notifies the lessor that the letter of credit will not be renewed or extended for the period required under the Irvine Lease and Oncocyte fails to timely provide a replacement letter of credit, or an event of default under the Irvine Lease occurs and continues beyond the applicable cure period, or if certain insolvency or bankruptcy or insolvency with respect to Oncocyte occur. Oncocyte is required to restore any portion of the security deposit that is applied by the lessor to payments due under the Irvine Lease, and Oncocyte is required to restore the amount available under the letter of credit to the required amount if any portion of the letter of credit is drawn by the lessor. The Irvine Lease provides that commencing on the 34th month of the Term, (a) the amount of the letter of credit that Oncocyte is required to maintain shall be reduced on a monthly basis, in equal installments, to amortize the required amount to zero at the end of the Term, and (b) Oncocyte has the right to cancel the letter of credit at any time if it meets certain market capitalization and balance sheets thresholds; provided, in each case, that Oncocyte is not in then default under the Irvine Lease beyond any applicable notice and cure period and the lessor has not determined that an event exists that would lead to an event of default. As of June 30, 2024, to date, Oncocyte is not in default based on any provision of the Irvine Lease, however, neither provision discussed in the preceding are currently available to Oncocyte based on the lessor's related rights.

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

Irvine Office Sublease

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

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

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

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

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

Nashville Leases

Insight operates a CLIA-certified laboratory and has additional office space located at 2 International Plaza, Nashville, Tennessee, under lease arrangements with MPC Holdings, LLC. In August 2021, the Company entered into a lease agreement to add an additional suite to its Nashville office space, containing 1,928 square feet for an aggregate of 8,362 square feet of rentable space as of December 31, 2023. The term of the leases was scheduled to end in April 2024. On January 1, 2024, the Company renewed its exiting leases with MPC Holdings, LLC and added a new lease agreement to further expand its Nashville office space. The new lease contains 2,319 square feet for an aggregate of 10,681 square feet of rentable space. Lab space is approximately 4,826 square feet of the total. The new lease agreements each have an initial term of 36 months, which commenced on January 1, 2024 and will end in January 2027. The Company has the option to renew the term of each lease for four additional one year periods.

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

Financing Leases

As of June 30, 2024, Oncocyte had two financing leases for certain laboratory equipment, as shown in the tables below. As of December 31, 2023, Oncocyte had no financing lease obligations. Oncocyte's lease obligations are collateralized by the equipment financed under the lease schedules.

Operating and Financing Leases

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

	June 30, 2024	December 31, 2023
	(In thousands)	
Operating leases		
Right-of-use assets, net	$ 2,067	$ 1,637
Right-of-use lease liabilities, current	$ 851	$ 628
Right-of-use lease liabilities, noncurrent	2,186	2,102
Total operating lease liabilities	$ 3,037	$ 2,730
Financing leases		
Machinery and equipment	$ 1,061	$ 537
Accumulated depreciation	(537)	(537)
Machinery and equipment, net	$ 524	$ -
Current liabilities	$ 142	$ -
Noncurrent liabilities	349	-
Total financing lease liabilities	$ 491	$ -
Weighted average remaining lease term:		
Operating lease	3.1 years	3.7 years
Financing lease	2.8 years	n/a
Weighted average discount rate:		
Operating lease	10.40%	11.31%
Financing lease	9.60%	n/a

Future minimum lease commitments are as follows:

	Operating Leases	Financing Leases
	(In thousands)	
Year Ending December 31,		
2024	$ 558	$ 83
2025	1,144	199
2026	1,182	199
2027	695	82
Total minimum lease payments	3,579	563
Less amounts representing interest	(542)	(72)
Present value of net minimum lease payments	$ 3,037	$ 491

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

	Six Months Ended June 30,	
	2024	2023
	(In thousands)	
Cash paid for amounts included in the measurement of financing lease liabilities:		
Operating cash flows from operating leases	$ 548	$ 538
Operating cash flows from financing leases	$ -	$ 5
Financing cash flows from financing leases	$ 33	$ 57

The Company incurred total lease cost, including short-term lease expense, of $36,000 and $190,000, which was net of sublease income of $218,000 and $24,000, for the three months ended June 30, 2024 and 2023, respectively. The Company incurred total lease cost, including short-term lease expense, of $128,000 and $453,000, which was net of sublease income of $391,000 and $36,000, for the six months ended June 30, 2024 and 2023, respectively.

Litigation – General

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

Tax Filings

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

Employment Contracts

Oncocyte has entered into employment and severance benefit contracts with certain executive officers. Under the provisions of the contracts, Oncocyte may be required to incur severance obligations for matters relating to changes in control, as defined, and certain terminations of executives. As of June 30, 2024 and December 31, 2023, Oncocyte has accrued approximately $2.3 million and $2.5 million, respectively, in severance obligations for certain executive officers, in accordance with the severance benefit provisions of their respective employment and severance benefit agreements, primarily related to Oncocyte's acquisition of Chronix in 2021. For the periods presented, management has classified $2.3 million of the accrued severance obligations related to the Chronix acquisition as current based on our expectations of the timing of product commercialization and subsequent revenues that trigger the payouts.

Indemnification

In the normal course of business, Oncocyte may provide indemnification of varying scope under Oncocyte's agreements with other companies or consultants, typically Oncocyte's clinical research organizations, investigators, clinical sites, suppliers and others. Pursuant to these agreements, Oncocyte will generally agree to indemnify, hold harmless, and reimburse the indemnified parties for losses and expenses suffered or incurred by the indemnified parties arising from claims of third parties in connection with the use or testing of Oncocyte's diagnostic tests. Indemnification provisions could also cover third party infringement claims with respect to patent rights, copyrights, or other intellectual property pertaining to Oncocyte's diagnostic tests. Oncocyte's office and laboratory facility leases also will generally contain indemnification obligations, including obligations for indemnification of the lessor for environmental law matters and injuries to persons or property of others, arising from Oncocyte's use or occupancy of the leased property. The term of these indemnification agreements will generally continue in effect after the termination or expiration of the particular research, development, services, lease, or license agreement to which they relate. The Razor Stock Purchase Agreement also contains provisions under which Oncocyte has agreed to indemnify Razor and Encore Clinical, Inc., a former stockholder of Razor, from losses and expenses resulting from breaches or inaccuracy of Oncocyte's representations and warranties and breaches or nonfulfillment of Oncocyte's covenants, agreements, and obligations under the Razor Stock Purchase Agreement. Oncocyte periodically enters into underwriting and securities sales agreements with broker-dealers in connection with the offer and sale of Oncocyte securities. The terms of those underwriting and securities sales agreements include indemnification provisions pursuant to which Oncocyte agrees to indemnify the broker-dealers from certain liabilities, including liabilities arising under the Securities Act, in connection with the offer and sale of Oncocyte securities. The potential future payments Oncocyte could be required to make under these indemnification agreements will generally not be subject to any specified maximum amounts. Historically, Oncocyte has not been subject to any claims or demands for indemnification. Oncocyte also maintains various liability insurance policies that limit Oncocyte's financial exposure. As a result, Oncocyte management believes that the fair value of these indemnification agreements is minimal. Accordingly, Oncocyte has not recorded any liabilities for these agreements as of June 30, 2024 and December 31, 2023.

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

Series A Redeemable Convertible Preferred Stock

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

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

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

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

Shares of Series A Preferred Stock were entitled to receive cumulative dividends at a rate per share (as a percentage of stated value) of 6% per annum, payable quarterly in cash or, at our option, by accreting such dividends to the stated value.

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

On April 5, 2023, the Company redeemed 1,064 shares of the Series A Preferred Stock for approximately $1.1 million (see "Common Stock – April 2023 Offering" below). In connection with the April 2023 redemption, the Company recorded a deemed dividend of $118,000 based on the difference between the Series A Preferred Stock redemption value and carrying value. On April 15, 2024, Company redeemed the remaining 4,818 shares of the Series A Preferred Stock for approximately $5.4 million (see "Common Stock – April 2024 Offering" below). As of April 15, 2024, the Company accreted dividends of $570,000, net of the April 2023 redemption.

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

As of June 30, 2024 and December 31, 2023, Oncocyte had zero and 4,818 shares of the Series A Preferred Stock issued and outstanding, respectively.

Preferred Stock

As of June 30, 2024 and December 31, 2023, Oncocyte has 5,000,000 shares of preferred stock, no-par value, authorized. As of June 30, 2024 and December 31, 2023, Oncocyte had no shares of preferred stock issued and outstanding.

Common Stock

As of June 30, 2024 and December 31, 2023, Oncocyte has 230,000,000 shares of common stock, no-par value, authorized. As of June 30, 2024 and December 31, 2023, Oncocyte had 13,368,387 and 8,261,073 shares of common stock issued and outstanding, respectively.

April 2023 Offering

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

April 2024 Offering

On April 11, 2024, the Company entered into a purchase agreement with certain accredited investors for the issuance and sale in a private placement of an aggregate of 5,076,900 shares of our common stock and Pre-Funded Warrants to purchase up to 342,889 shares of common stock, with an exercise price of $0.0001 per share. The purchase price for one common share was $2.9164, and the purchase price for one Pre-Funded Warrant was $2.9163. Certain insiders of the Company subscribed for 42,373 of the shares of common stock sold in the private placement, at a purchase price of $2.95 per share (see Note 9). The closing of the private placement occurred on April 15, 2024. The purchase agreement contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company and the accredited investors, including for liabilities under the Securities Act of 1933, as amended, other obligations of the parties and termination provisions.

A holder of the Pre-Funded Warrants may not exercise any portion of such holder's Pre-Funded Warrants to the extent that the holder, together with its affiliates, would beneficially own more than 4.99% (or, at the election of the holder, 9.99%) of the Company's outstanding shares of common stock immediately after exercise, except that upon at least 61 days' prior notice from the holder to the Company, the holder may increase the beneficial ownership limitation to up to 9.99% of the number of shares of common stock outstanding immediately after giving effect to the exercise. The Pre-Funded Warrants are exercisable immediately and will expire when exercised in full. See Note 9 "Related Party Transactions" for additional information.

The gross proceeds to the Company from the private placement were approximately $15.8 million, before deducting approximately $538,000 in placement agent fees and expenses and estimated offering expenses payable by the Company. The Company intends to use the net proceeds received from the private placement for general corporate purposes and working capital. In addition, approximately $5.4 million of the net proceeds was used to redeem the outstanding shares of the Company's Series A Redeemable Convertible Preferred Stock.

The private placement was made pursuant to the Company's effective "shelf" registration statement on Form S-3 (Registration No. 333-279350) filed with the SEC on May 10, 2024 and declared effective by the SEC on May 22, 2024, and an accompanying prospectus dated May 23, 2024 as supplemented by a prospectus supplement dated June 4, 2024.

Restricted Stock Issuance

During the three months ended June 30, 2024, the Company issued 14,664 shares of restricted common stock in connection with an ongoing consulting service arrangement for a total fair value of $36,000. During the six months ended June 30, 2024, the Company has issued 26,664 shares of restricted common stock to this consulting firm for a total fair value of $72,000. During the quarter ended September 2023, the Company issued 9,091 shares of restricted common stock to this consulting firm for a total fair value of $36,000.

Common Stock Purchase Warrants

As of June 30, 2024 and December 31, 2023, Oncocyte had common stock purchase warrants issued and outstanding of 773,366 and 819,767, respectively. During the six months ended June 30, 2024, 46,401 warrants expired. As of June 30, 2024, the outstanding warrants had exercise prices ranging from $30.60 to $109.20 per warrant, are set to expire on various dates ranging from August 2024 to October 2029 and have a weighted average remaining life of 2.77 years. Certain warrants have "cashless exercise" provisions meaning that the value of a portion of warrant shares may be used to pay the exercise price rather than payment in cash, which may be exercised under any circumstances in the case of the Bank Warrants discussed below or, in the case of certain other warrants, only if a registration statement for the warrants and underlying shares of common stock is not effective under the Securities Act or a prospectus in the registration statement is not available for the issuance of shares upon the exercise of the warrants. All of the outstanding warrants meet the equity classification criteria and have been classified as equity, refer to Note 2, "Accounting for Warrants" for additional information.

In connection with the April 2024 Offering, discussed above, the Company issued Pre-Funded Warrants to purchase 342,889 shares of common stock. For accounting purposes, the Pre-Funded Warrants are equity-classified, contain no contingencies to exercise and are considered outstanding for purposes of calculating basic earnings per share.

Bank Warrants

In connection with a loan that matured in September 2022 from Silicon Valley Bank ("the Bank"), in February 2017, Oncocyte issued common stock purchase warrants to the Bank (the "2017 Bank Warrants"). The Bank was issued warrants to purchase 412 shares of Oncocyte common stock at an exercise price of $97.00 per share, through February 21, 2027. In March 2017, the Bank was issued warrants to purchase an additional 366 shares at an exercise price of $109.20 per share, through March 23, 2027. In October 2019, Oncocyte issued a common stock purchase warrant to the Bank (the "2019 Bank Warrant") entitling the Bank to purchase 4,928 shares of Oncocyte common stock at an exercise price of $33.80 per share, through October 17, 2029. The Bank may elect to exercise the 2017 Bank Warrants and the 2019 Bank Warrant on a "cashless exercise" basis and receive a number of shares determined by multiplying the number of shares for which the Bank Warrant is being exercised by (A) the excess of the fair market value of the common stock over the applicable Warrant Price, divided by (B) the fair market value of the common stock. The fair market value of the common stock will be last closing or sale price on a national securities exchange, interdealer quotation system, or over-the-counter market. These warrants meet the equity classification criteria and have been classified as equity. As of June 30, 2024, no Bank Warrants have been exercised.

8. Stock-Based Compensation

Equity Incentive Plan

On August 27, 2018, Oncocyte shareholders approved a new Equity Incentive Plan (the "2018 Incentive Plan") to replace the 2010 Stock Option Plan (the "2010 Plan"). In adopting the 2018 Incentive Plan, Oncocyte terminated the 2010 Plan and ceased to grant any additional stock options or sell any stock under restricted stock purchase agreements under the 2010 Plan; however, stock options issued under the 2010 Plan continue in effect in accordance with their terms and the terms of the 2010 Plan until the exercise or expiration of the individual options. Total remaining stock options outstanding under the 2010 Plan as of June 30, 2024 and December 31, 2023 were 16,217.

As of June 30, 2024, 1,310,000 aggregate shares of common stock have been reserved for issuance under the equity incentive plans for the grant of stock options or the sale of restricted stock or for the settlement of RSUs. Oncocyte may also grant stock appreciation rights under the 2018 Incentive Plan. Upon the exercise of stock options, the sale of restricted stock, or the delivery of shares pursuant to vested RSUs, it is Oncocyte's policy to issue new shares of common stock. The Board may amend or modify the 2018 Incentive Plan at any time, subject to any required stockholder approval. As of June 30, 2024, 214,159 shares are available for grant under the 2018 Incentive Plan.

Plan Activity

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

	Options				Nonvested RSUs	
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Number Outstanding	Weighted Average Grant Date Fair Value
	(In thousands, except weighted average amounts)					
Balance at December 31, 2023	532	$ 24.56	8.3 years	$ -	5	$ 4.00
Options granted	270	$ 2.76			n/a	n/a
RSUs granted	n/a	n/a			-	$ -
Options exercised	-	$ -		$ -	n/a	n/a
RSUs vested	n/a	n/a			(4)	$ 4.00
Options forfeited/expired	(36)	$ 27.39			n/a	n/a
RSUs forfeited	n/a	n/a			(1)	$ 4.00
Balance at June 30, 2024	766	$ 16.71	8.56 years	$ 51	-	$ -
Options vested and expected to vest at June 30, 2024	766	$ 16.71	8.56 years	$ 51		
Options exercisable at June 30, 2024	220	$ 42.50	6.59 years	$ -		
Stock-based compensation expense for the period	$ 799				$ 5	
Unrecognized stock-based compensation expense	$ 2,378				$ -	
Weighted average remaining recognition period	2.5 years				n/a	

During the six months ended June 30, 2024, the Company granted 270,000 stock options with a weighted average grant date fair value of $2.33. During the six months ended June 30, 2023, the Company granted 177,808 stock options with a weighted average grant date fair value of $6.50. The assumptions used to calculate the Black-Scholes grant date fair value of the time-based awards were as follows:

	Six Months Ended June 30,	
	2024	2023
Expected life	6.22 years	6.25 years
Risk-free interest rates	4.45%	3.76%
Volatility	107.79%	105.99%
Dividend yield	0%	0%

In August 2023, the Company awarded 120,000 stock option grants with market-based and time-based vesting conditions to certain executives. The fair value of such awards was estimated using the Monte Carlo simulation model. Assumptions and estimates utilized in the model include the risk-free interest rate, dividend yield, expected stock volatility and the estimated period to achievement of the performance and market conditions, which are subject to the achievement of the market-based goals established by the Company and the continued employment of the executives through December 31, 2025. These awards vest only to the extent that the market-based conditions are satisfied as specified in the vesting conditions. The grant date fair value and associated compensation cost of the market-based awards reflect the probability of the market condition being achieved, and the Company will recognize this compensation cost regardless of the actual achievement of the market condition. Assumptions utilized in connection with the Monte Carlo valuation technique included: estimated risk-free interest rate of 4.81 percent; term of 6.19 years; expected volatility of 91.0 percent; and expected dividend yield of 0 percent. The risk-free interest rate was determined based on the yields available on U.S. Treasury zero-coupon issues. The expected stock price volatility was determined using historical volatility. The expected dividend yield was based on expectations regarding dividend payments. Based on the market-based conditions, the grant date fair values of these awards ranged from $1.09 to $1.74, amounting to a total fair value of approximately $156,000. As of June 30, 2024, no awards have vested as none of the market-based conditions have been satisfied.

No RSUs were granted during the six months ended June 30, 2024. The weighted average grant date fair value of RSUs granted during the six months ended June 30, 2023 was $4.00. The aggregate fair value of RSUs vested during the six months ended June 30, 2024 and 2023, was $11,000 and $79,000, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Cost of revenues	$ (4)	$ 2	$ (2)	$ 12
Research and development	202	309	409	632
Sales and marketing	41	62	83	139
General and administrative	147	461	314	867
Expense included in discontinued operations	-	-	-	18
Total	$ 386	$ 834	$ 804	$ 1,668

Total unrecognized stock-based compensation expense as of June 30, 2024 was $2.4 million, which will be amortized over a weighted average remaining recognition period of 2.5 years.

Other Information

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

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

9. Related Party Transactions

Financing Transactions

On April 13, 2022, Oncocyte entered into the Securities Purchase Agreement with the Investors, including Broadwood and John Peter Gutfreund, a former director of Oncocyte, for the Series A Preferred Stock offering. Each of Broadwood and Mr. Gutfreund has a direct material interest in the Series A Preferred Stock offering and agreed to purchase 5,882 and 1,176 shares, respectively, in the Series A Preferred Stock offering and on the same terms as other investors. Additionally, Halle Capital Management, L.P. received $85,000 from the Company as reimbursement for its legal fees and expenses. Mr. Gutfreund is the Managing Partner of Halle Capital Management, L.P. On April 5, 2023, Oncocyte redeemed all of the 588 shares of Series A Preferred Stock held by Mr. Gutfreund for $618,672. Mr. Gutfreund is no longer a related party as of June 23, 2023. See Note 7 for additional information about the Series A Preferred Stock offering.

Further, on April 13, 2022, Oncocyte entered into an underwriting agreement pursuant to which the Company agreed to issue and sell certain shares of common stock and warrants to purchase common stock (“April 2022 Warrants”). The April 2022 Warrants have an exercise price of $30.60 per share and will expire on April 19, 2027. Pursuant to the underwritten offering, Broadwood acquired from us (i) 261,032 shares of common stock, and (ii) 300,187 April 2022 Warrants to purchase up to 150,093 shares of common stock. However, the total number of shares of common stock that Broadwood purchased in the underwritten offering was 300,187, of which 39,154 existing shares were acquired by the underwriters in the open market and re-sold to Broadwood. Pura Vida acquired from us (i) 249,204 shares of common stock, and (ii) 286,585 April 2022 Warrants to purchase up to 143,292 shares of common stock. However, the total number of shares of common stock that Pura Vida purchased in the underwritten offering was 286,585, of which 37,380 existing shares were acquired by the underwriters in the open market and re-sold to Pura Vida. Halle Special Situations Fund LLC purchased from us (i) 309,976 shares of common stock, and (ii) 356,472 April 2022 Warrants to purchase up to 178,236 shares of common stock. Mr. Gutfreund is the investment manager and a control person of Halle Capital Partners GP LLC, the managing member of Halle Special Situations Fund LLC. However, the total number of shares of common stock that Halle Special Situations Fund LLC purchased in the underwritten offering was 356,472, of which 46,496 existing shares were acquired by the underwriters in the open market and re-sold to Halle Special Situations Fund LLC. Mr. Gutfreund is no longer a related party as of June 23, 2023.

On April 3, 2023, Oncocyte entered into a securities purchase agreement with certain investors, including Broadwood, Pura Vida and entities affiliated with AWM, and certain individuals, including our Chairman Andrew Arno and former director John Peter Gutfreund (and certain of their affiliated parties), which provided for the sale and issuance by the Company of an aggregate of 2,274,709 shares of common stock at an offering price of: (i) $6.03 to investors who are not considered to be "insiders" of the Company pursuant to Nasdaq Listing Rules ("Insiders"), which amount reflected the average closing price of our common stock on Nasdaq during the five trading day period immediately prior to pricing, and (ii) $7.08 to Insiders, which amount reflected the final closing price of our common stock on Nasdaq on the last trading day immediately prior to pricing. Broadwood purchased 1,341,381 shares of common stock for $8,093,362, Pura Vida purchased 33,150 shares of common stock for $200,014 and entities affiliated with AWM purchased 472,354 shares of common stock for $2,850,000. Mr. Arno and his affiliated parties purchased 21,162 shares of common stock for $150,001, and Mr. Gutfreund and his affiliated parties purchased 85,250 for $604,252. See Note 7, "Common Stock – April 2023 Offering" for additional information.

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

Other Transactions

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

During 2024, the Company purchased no laboratory equipment, however, incurred $39,000 in laboratory related expenses from Bio-Rad. During 2023, the Company purchased $581,000 in laboratory equipment and incurred $375,000 in laboratory related expenses from Bio-Rad. As of June 30, 2024 and December 31, 2023, the Company had accounts payable due to Bio-Rad of $2,000 and $206,000, respectively. Our director Andrew Last is the Executive Vice President and Chief Operating Officer of Bio-Rad.

On April 5, 2024, the Company entered into an agreement with Bio-Rad to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products (the "Collaboration Agreement"). Under the Collaboration Agreement, Bio-Rad agreed to purchase shares of our common stock equal to 9.99% of the total number of shares of common stock issued and outstanding immediately after the closing of such investment, provided that the total purchase price would not exceed $3,500,000 unless Bio-Rad chooses to exceed such limit (the "Bio-Rad Investment"). The Bio-Rad Investment was completed in connection with a private placement (See Note 7, "Common Stock – April 2024 Offering"). In addition, we will pay Bio-Rad a single digit royalty payment based on certain net sales under the Collaboration Agreement, and Bio-Rad has an option for the exclusive right to promote, market and sell certain kits worldwide subject to certain conditions. If and when such option is exercised, Bio-Rad will purchase additional shares of our common stock, at the then-current market price per share, up to a specified maximum aggregate purchase price. Our director Dr. Last recused himself from all Board discussions related to transactions with Bio-Rad. See Note 10 for additional information.

10. Collaborative Arrangements

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

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

Prior to the commercial launch of the RUO Assays, under the Collaboration Agreement, the parties will develop a plan to market and sell the RUO Assays. The Company will be responsible for the manufacture and supply of all RUO Assays, and Bio-Rad will supply to the Company Bio-Rad's ddPCR instruments and reagents for use in commercializing the RUO Assays, which products will be purchased by the Company exclusively from Bio-Rad. The Company and Bio-Rad will be jointly responsible for co-promoting and co-marketing the RUO Assays within the United States and Germany (the "Territory"). The Company has the exclusive right to sell the RUO Assays in the Territory exclusively with the use of Bio-Rad ddPCR instruments and reagents. Bio-Rad will be responsible for promoting and marketing, and has the exclusive right to sell, the RUO Assays outside the Territory. For the sales of the RUO Assays in the Territory, the Company will pay to Bio-Rad a single digit royalty payment based on net sales. The Company will manufacture and supply the RUO Assays to Bio-Rad for resale outside the Territory. As of June 30, 2024, income statement amounts attributable to transactions arising from the Collaboration Agreement, including non-royalty expenses, have not been significant.

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

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

11. Discontinued Operations of Razor

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

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

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

The operating results for Razor have been recorded in discontinued operations of the accompanying 2023 consolidated statement of operations and we have reclassified the remaining liabilities as discontinued operations in the accompanying balance sheet. The 2023 discontinued operations reflect operating results of Razor up to the closing of the sale.

The Company's 2023 consolidated balance sheet and consolidated statement of operations report discontinued operations separate from continuing operations. Our 2023 consolidated statement of comprehensive loss, statement of shareholders' equity and statement of cash flows combined continuing and discontinued operations. A summary of financial information related to the Company's discontinued operations is as follows.

As of December 31, 2023, the Company's consolidated balance sheet included $45,000 in accounts payable related to discontinued operations, which was paid during the first quarter of 2024.

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

	Six Months Ended June 30, 2023
	(In thousands)
Net revenue	$ 421
Cost of revenues	507
Research and development	702
Sales and marketing	498
General and administrative	329
Loss from impairment of held for sale assets	1,311
Net loss from discontinued operations	$ (2,926)

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

	Six Months Ended June 30, 2023
	(In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net cash used in operating activities	$ (2,985)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net cash used in investing activities	$ (1,372)

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide information necessary to understand our consolidated financial statements for the three and six months ended June 30, 2024 and 2023 included elsewhere in this Report, and highlight certain other information which, in the opinion of management, will enhance a reader's understanding of our financial condition, changes in financial condition and results of operations. These historical consolidated financial statements may not be indicative of our future performance. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks described throughout this filing, particularly under Risk Factors in this Report and those Risk Factors in Part I, Item 1A of our most recent Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the SEC. For additional information, refer to the section above entitled "Cautionary Note Regarding Forward-Looking Statements."

Overview

We are a molecular diagnostics technology company focused on developing and commercializing proprietary tests in three areas: VitaGraft is a blood-based solid organ transplantation monitoring test, DetermaIO is a gene expression test that assesses the tumor microenvironment to predict response to immunotherapies, and DetermaCNI is a blood-based monitoring tool for monitoring therapeutic efficacy in cancer patients. Our mission is to democratize access to novel molecular diagnostic testing to improve patient outcomes.

We do this primarily by developing molecular diagnostic test kits that empower our customers to run their own tests to participate in the patient care value chain, which is counter-positioned with the central laboratory model. Our decentralized approach also puts testing in the hands of researchers to enable more studies, which inspires innovation, which can improve standards of care while also creating demand for more testing. We develop tests that measure both established biomarkers as well as pioneer the adoption of new and more effective biomarkers.

We believe that combining innovative science with a simple, but disruptive, business model can create enormous value. This model is designed to empower doctors to reduce uncertainty to make better decisions to save lives as well as enable researchers to measure biomarkers to inspire innovation.

Our customer institutions are hospitals, transplant centers, and labs. The decision to deploy our tests on behalf of patients or research studies come from front line doctors, including surgeons, nephrologists and oncologists, as well as researchers, pathologists, lab directors, medical directors, department heads, lab managers, and chief medical officers.

Our operating premise is that democratizing access to testing to foster scientific innovation and better treatments ultimately reduces the cost of care, while expanding access and improving outcomes.

At the heart, we are a science-driven organization that champions scientific integrity and inquiry. We employ world-renowned scientists who generate intellectual property in our strategic target markets. We have built and acquired an intellectual property portfolio that we believe will enable us to gain share in well-established clinical and research markets.

Our primary near-term strategic market is organ transplant. Oncocyte's molecular diagnostic tests are designed to help the industry to better address one of the leading challenges in the transplantation market – which is the body's potential to reject the donor organ. We do this by detecting early evidence of graft organ damage in the blood through assessing a known biomarker known as donor-derived cell-free DNA. VitaGraft Kidney, for example, can find donor kidney damage up to 10 months sooner than other protocols. VitaGraft is analytically and clinically validated in three major solid organ transplant types (kidney, liver and heart) by peer reviewed international publications. We received a positive coverage decision from MolDx for VitaGraft Kidney in August of 2023, and it became commercially available for ordering in January 2024 through our CLIA Laboratory in Nashville, Tennessee. VitaGraft Kidney is now broadly available to transplant professionals upon request.

In July 2024, we began to commercialize the technology underlying VitaGraft Kidney by distributing its sister product, GraftAssure, which is intended to be sold and used for research purposes, and is labeled as "Research Use Only," or RUO. We expect to distribute our RUO production through a mix of direct sales, partnering and distribution agreements, and licensing. We have entered into an agreement with a global strategic partner to collaborate in the development and the commercialization of RUO and in vitro diagnostics kitted transplant products (see Note 10, "Collaborative Arrangements," to our consolidated financial statements included elsewhere in this Report for additional information).

Under strict regulatory rules, our tests may not be used in a clinical treatment setting until they have attained In Vitro Diagnostic ("IVD") approval from the Food and Drug Administration ("FDA") in the U.S. and In Vitro Diagnostic Medical Devices Regulation approval in the European Union. As such, we are working with these regulatory bodies to attain such approval, supporting future distribution and higher sales of our products for clinical use.

We also have a laboratory and pharma services lab, certified under the CLIA and accredited by the Collage of American Pathologists, in Nashville, Tennessee, and a research and development lab in Göttingen, Germany. Our innovation centers in Nashville and Germany employ world-renowned research scientists who are leaders in their field.

Our secondary strategic market is in the field of oncology – namely through diagnostic tests that can measure and predict which patients will best respond to certain types of therapies, as well as provide efficacy monitoring for therapies. For example, we are continuing to develop DetermaIO, a test with promising data supporting its potential to help identify patients likely to respond to checkpoint inhibitor drugs. This new class of drugs modulate the immune response and show activity in multiple solid tumor types including non-small cell lung cancer, and triple negative breast cancer. DetermaIO is currently available as part of an early access program with leaders in the immuno-oncology field. A kitted research product format of the underlying technology began proof-of-concept development in 2023. The application of immunotherapy is a global problem, so we expect partnering opportunities for each of our products as they reach clinical maturity.

We also perform other assay development and clinical testing services for pharmaceutical and biotechnology companies through our Pharma Services operations.

The inherent uncertainties of developing and commercializing new diagnostic tests for medical use make it impossible to predict the amount of time and expense that will be required to complete the development and commercialization of those tests. There is no assurance that we will be successful in developing new technology or diagnostic tests, nor that any technology or diagnostic tests that we may develop will be proven safe and effective in diagnosis of cancer in humans or will be successfully commercialized. We expect that our operating expenses will continue to increase if we successfully complete the development of DetermaIO and commercialize this test.

Recent Developments

Collaboration Agreement

On April 5, 2024, we entered into an agreement with a global strategic partner to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products. See Note 10, "Collaborative Arrangements," to our consolidated financial statements included elsewhere in this Report for additional information.

April 2024 Offering

On April 11, 2024, we entered into a private placement securities purchase agreement with certain accredited investors. The gross proceeds from the private placement were approximately $15.8 million. See Note 7, "Common Stock – April 2024 Offering," to our consolidated financial statements included elsewhere in this Report for additional information.

Results of Operations

Summary Results of Operations

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)							
Net revenue	$ 104	$ 463	$ (359)	-78%	$ 280	$ 760	$ (480)	-63%
Cost of revenues	32	169	(137)	-81%	141	434	(293)	-68%
Cost of revenues – amortization of acquired intangibles	22	22	-	0%	44	44	-	0%
Research and development	2,453	2,435	18	1%	4,765	4,562	203	4%
Sales and marketing	853	805	48	6%	1,699	1,500	199	13%
General and administrative	2,407	3,531	(1,124)	-32%	5,080	6,943	(1,863)	-27%
Change in fair value of contingent consideration	(1,031)	1,795	(2,826)	-157%	2,281	(16,512)	18,793	-114%
Impairment loss	-	-	-	-	-	4,950	(4,950)	-100%
Impairment loss on held for sale assets	-	-	-	-	169	1,283	(1,114)	-87%
Loss from operations	(4,632)	(8,294)	3,662	-44%	(13,899)	(2,444)	(11,455)	469%
Total other income (expenses)	102	(39)	141	-362%	240	70	170	243%
Loss from continuing operations	(4,530)	(8,333)	3,803	-46%	(13,659)	(2,374)	(11,285)	475%
Loss from discontinued operations (Note 11)	-	-	-	-	-	(2,926)	2,926	-100%
Net loss	$ (4,530)	$ (8,333)	$ 3,803	-46%	$ (13,659)	$ (5,300)	$ (8,359)	158%

Results of Operations – Three Months Ended June 30, 2024 Compared with the Three Months Ended June 30, 2023

Revenues decreased to $104,000 for the three months ended June 30, 2024, as compared to $463,000 in the prior period, due to decreased revenues in Pharma Services.

Loss from continuing operations was $4.5 million for the three months ended June 30, 2024, compared to $8.3 million for the comparable prior period. The loss from continuing operations decrease of $3.8 million was mainly due to the change in fair value of contingent consideration, and the changes in Pharm Services revenue, operating expenses and other income and expenses from continuing operations as follows:

- Pharma Services revenue decreased by $336,000 due to a decreased number of contracts performed during the period. See below for additional information.

- Cost of revenues decreased by $137,000, primarily related to labor and allocated overhead associated with performing our Pharma Services. See below for additional information.

- Cost of revenues - amortization of acquired intangibles was unchanged, and relates to noncash amortization of acquired intangible assets such as our customer relationship intangible assets acquired as part of the Insight merger.

- Research and development expenses increased by $18,000, as we continue development of VitaGraft, DetermaIO and DetermaCNI. The main drivers of the increase were personnel-related expenses and laboratory costs, partially offset by depreciation and amortization, stock-based compensation and severance costs (see below for additional details).

- Sales and marketing expenses increased by $48,000, primarily attributable to continued ramp in sales, marketing and advertising activities related to the transplant business, as well as supporting the commercialization efforts within oncology. The main drivers of the increase were personnel-related expenses, professional fees and other sales related expenses, partially offset by facilities costs and stock-based compensation (see below for additional details).

- General and administrative expenses decreased by $1.1 million, primarily due to decreases in severance costs, stock-based compensation and facilities costs. See below for additional details.

- Change in fair value of contingent consideration was a gain of $1.0 million in 2024 compared to a loss of $1.8 million in 2023. This change was due to changes in the fair value model inputs and revised estimates on if and when future payouts will occur. The change is also driven by the Chronix Amendment during the first quarter of 2023, which amended the earnout considerations, and eliminated the Chronix Milestone Payments, 15% Royalty Payments and Sale Payment obligations (see Note 3 to our consolidated financial statements included elsewhere in this Report). See below for additional information.

- Total other income increased by $141,000, primarily due to additional interest income and miscellaneous income in 2024, compared to an unrealized loss on marketable equity securities in 2023. See below for additional information.

Results of Operations – Six Months Ended June 30, 2024 Compared with the Six Months Ended June 30, 2023

Revenues decreased to $280,000 for the six months ended June 30, 2024, as compared to $760,000 in the prior period, due to decreased revenues in Pharma Services.

Loss from continuing operations was $13.7 million for the six months ended June 30, 2024, compared to $2.4 million for the comparable prior period. The loss from continuing operations increase of $11.3 million was mainly due to the change in fair value of contingent consideration, and the changes in Pharm Services revenue, operating expenses and other income and expenses from continuing operations as follows:

- Pharma Services revenue decreased by $479,000 due to a decreased number of contracts performed during the period. See below for additional information.

- Cost of revenues decreased by $293,000, primarily related to labor and allocated overhead associated with performing our Pharma Services. See below for additional information.

- Cost of revenues - amortization of acquired intangibles was unchanged, and relates to noncash amortization of acquired intangible assets such as our customer relationship intangible assets acquired as part of the Insight merger.

- Research and development expenses increased by $203,000, as we continue development of VitaGraft, DetermaIO and DetermaCNI. The main drivers of the increase were personnel-related expenses, laboratory costs and professional fees, partially offset by depreciation and amortization, stock-based compensation and severance costs (see below for additional details).

- Sales and marketing expenses increased by $199,000, primarily attributable to continued ramp in sales, marketing and advertising activities related to the transplant business, as well as supporting the commercialization efforts within oncology. The main drivers of the increase were personnel-related expenses and other sales related expenses, partially offset by facilities costs and stock-based compensation (see below for additional details).

- General and administrative expenses decreased by $1.9 million, primarily due to decreases in stock-based compensation, severance costs, facilities costs, professional fees and personnel-related expenses. See below for additional details.

- Change in fair value of contingent consideration was a loss of $2.3 million in 2024 compared to a gain of $16.5 million in 2023. This change was due to changes in the fair value model inputs and revised estimates on if and when future payouts will occur. The change is also driven by the Chronix Amendment during the first quarter of 2023, which amended the earnout considerations, and eliminated the Chronix Milestone Payments, 15% Royalty Payments and Sale Payment obligations (see Note 3 to our consolidated financial statements included elsewhere in this Report). See below for additional information.

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

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

- Total other income increased by $170,000, primarily due to additional interest income and miscellaneous income in 2024, compared to net other expenses in 2023. See below for additional information.

Revenues

The following table shows our service revenues:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)							
Pharma Services	$ 104	$ 440	$ (336)	-76%	$ 258	$ 737	$ (479)	-65%
Laboratory developed test services	-	23	(23)	-100%	22	23	(1)	-4%
Total	$ 104	$ 463	$ (359)	-78%	$ 280	$ 760	$ (480)	-63%

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

Laboratory Developed Test Services generally relate to payments received from sales prior to the Razor Sale Transaction. We generated revenue from performing DetermaRx tests on clinical samples through orders received from physicians, hospitals, and other healthcare providers. For all payers other than Medicare, we must consider the novelty of the test, the uncertainty of receiving payment, or being subject to claims for a refund, from payers with whom it does not have a sufficient payment collection history or contractual reimbursement agreements. Accordingly, for those payers, we have recognized revenue upon payment. Refer to Note 2, "Revenue Recognition – Laboratory Developed Test Services," to our consolidated financial statements included elsewhere in this Report for additional information.

Cost of Revenues

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

Research and Development Expenses

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)							
Personnel-related expenses	$ 1,210	$ 1,004	$ 206	21%	$ 2,382	$ 1,927	$ 455	24%
Depreciation and amortization	235	352	(117)	-33%	472	715	(243)	-34%
Share-based compensation	202	309	(107)	-35%	409	632	(223)	-35%
Laboratory supplies and expenses	542	333	209	63%	802	575	227	39%
Facilities and insurance	194	174	20	11%	380	312	68	22%
Professional fees, legal, and outside services	35	65	(30)	-46%	269	168	101	60%
Severance	-	159	(159)	-100%	-	159	(159)	-100%
Other	33	29	4	14%	49	41	8	20%
Clinical trials	2	10	(8)	-80%	2	33	(31)	-94%
Total	$ 2,453	$ 2,435	$ 18	1%	$ 4,765	$ 4,562	$ 203	4%
% of Net Revenue	2359%	526%		1833%	1702%	600%		1102%

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

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

Sales and Marketing Expenses

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)							
Personnel-related expenses	$ 600	$ 579	$ 21	4%	$ 1,215	$ 1,008	$ 207	21%
Share-based compensation	41	62	(21)	-34%	83	139	(56)	-40%
Facilities and insurance	17	65	(48)	-74%	49	116	(67)	-58%
Professional fees, legal, and outside services	48	18	30	167%	121	112	9	8%
Marketing & Advertising	44	43	1	2%	82	63	19	30%
Other	103	38	65	171%	149	62	87	140%
Total	$ 853	$ 805	$ 48	6%	$ 1,699	$ 1,500	$ 199	13%
% of Net Revenue	820%	174%		646%	607%	197%		409%

We expect to continue to incur sales and marketing expenses during the foreseeable future as we complete product development and begin commercialization efforts for DetermaIO as a clinical test. Sales and marketing expenses will also increase if we successfully develop and begin commercializing VitaGraft and DetermaCNI, or if we acquire and commercialize other diagnostic tests. Our commercialization efforts and expenses will also depend on the amount of capital that we are able to raise to finance commercialization of our tests. Our future expenditures on sales and marketing will also depend on the amount of revenue

that those efforts are likely to generate. Because physicians are more likely to prescribe a test for their patients if the cost is covered by Medicare or health insurance, demand for our diagnostic and other tests and our expenditures on sales and marketing are likely to increase if our diagnostic or other tests qualify for reimbursement by Medicare or private health insurance companies.

General and Administrative Expenses

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
	(In thousands, except percentage change values)							
Personnel-related expenses and board fees	$ 901	$ 899	$ 2	0%	$ 1,917	$ 2,090	$ (173)	-8%
Professional fees, legal, and outside services	880	929	(49)	-5%	1,738	1,946	(208)	-11%
Facilities and insurance	350	546	(196)	-36%	825	1,219	(394)	-32%
Share-based compensation	147	460	(313)	-68%	314	867	(553)	-64%
Severance	-	481	(481)	-100%	-	481	(481)	-100%
Other	129	216	(87)	-40%	286	340	(54)	-16%
Total	$ 2,407	$ 3,531	$ (1,124)	-32%	$ 5,080	$ 6,943	$ (1,863)	-27%
% of Net Revenue	2314%	763%		1552%	1814%	914%		901%

Change in Fair Value of Contingent Consideration

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

Other Income and Expenses

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

Income Taxes

We did not record any provision or benefit for income taxes for the three and six months ended June 30, 2024 and 2023, as we had a full valuation allowance for the periods presented (see Note 2 to our consolidated financial statements included elsewhere in this Report).

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

Inflation

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

Liquidity and Capital Resources

Our foreseeable material cash requirements as of June 30, 2024, are recognized as liabilities or generally are otherwise described in Note 6, "Commitments and Contingencies," to our consolidated financial statements included elsewhere in this Report. Cash requirements are generally derived from our operating and investing activities including expenditures for working capital, human capital, business development, investments in intellectual property, and business combinations. Our office lease obligations, net of sublease payments, and contingent consideration obligations are further described in Note 6 and Note 3, respectively. Historically, we have not entered into any off-balance sheet arrangements. As of June 30, 2024 and December 31, 2023, we had unrecognized tax benefits totaling $2.3 million (see Note 2, "Income Taxes").

Since formation, we have financed our operations primarily through the sale of our common stock, preferred stock and warrants. We have incurred operating losses and negative cash flows since inception and had an accumulated deficit of $303.5 million as of June 30, 2024. At June 30, 2024, we had $9.3 million of cash and cash equivalents. We expect to continue to incur operating losses and negative cash flows for the near future. Our expectation to generate operating losses and negative operating cash flows in the future and the need for additional funding to support our planned operations raise substantial doubt regarding our ability to continue as a going concern for a period of one year after the date that the financial statements are issued (see Note 1).

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

On April 11, 2024, we entered into a private placement securities purchase agreement with certain accredited investors. The resulting net proceeds were approximately $9.9 million, after deducting offering expenses of $538,000 and deducting $5.4 million for the redemption of all remaining shares of our Series A Redeemable Convertible Preferred Stock. These net proceeds are inclusive of an investment from Bio-Rad, our global strategic partner. See Note 7, "Common Stock – April 2024 Offering," to our consolidated financial statements included elsewhere in this Report for additional information.

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

On April 5, 2024, we entered into an agreement with Bio-Rad to collaborate in the development and the commercialization of research use only and in vitro diagnostics kitted transplant products. See Note 10, "Collaborative Arrangements," to our consolidated financial statements included elsewhere in this Report for additional information.

In addition to sales and marketing expenses, we will incur expenses from leasing and improving our offices and laboratory facilities in Nashville, Tennessee. During the third quarter of 2023, we entered into a sublease arrangement for our main office in Irvine, California. On January 1, 2024, we expanded our Nashville facility by adding one new office lease and renewing and extending our existing leases. During the second and third quarters of 2024, we added four financing leases for certain laboratory equipment to be used in our Nashville facility. See Note 6, "Commitments and Contingencies," to our consolidated financial statements included elsewhere in this Report for additional leasing information.

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

We will need to continue to raise additional capital to finance our operations, including the development and commercialization of our diagnostic tests, and making payments that may become due under our obligations to former Chronix shareholders and former Insight shareholders, until such time as we are able to generate sufficient revenues to cover our operating expenses. Delays in our collaborative arrangement for the development and the commercialization of research use only and in vitro diagnostics kitted transplant products, or delays in obtaining regulatory approval to distribute our products for clinical use, or delays in the development of, or in obtaining reimbursement coverage from Medicare for DetermaIO and other future laboratory tests that we may develop or acquire, could prevent us from raising sufficient additional capital to finance the completion of development and commercial launch of those tests. Investors may be reluctant to provide us with capital until our tests are approved for reimbursement by Medicare or reimbursement by private healthcare insurers or healthcare providers, or until we begin generating significant amounts of revenue from performing those tests.

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

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

Cash Used in Operations

During the six months ended June 30, 2024, our total research and development expenses were $4.8 million, our sales and marketing expenses were $1.7 million, and our general and administrative expenses were $5.1 million. We also incurred $185,000 in total cost of revenues, including $44,000 amortization of intangible expenses. Consolidated net loss for the period was $13.7 million, and our consolidated net cash used in operating activities amounted to $9.8 million. Our cash used in operating activities during 2024 did not include the following noncash items: $661,000 in depreciation and amortization expenses, $804,000 in stock-based compensation, $96,000 in other equity compensation expenses, $2.3 million loss from change in fair value of contingent consideration, and $169,000 impairment loss on held for sale assets. Net changes in operating assets and liabilities for the period were $160,000 as an additional use of cash.

During the six months ended June 30, 2023, our total research and development expenses were $4.6 million, our sales and marketing expenses were $1.5 million, and our general and administrative expenses were $6.9 million. We also incurred $478,000 in total cost of revenues, including $44,000 amortization of intangible expenses. Consolidated net loss for the period was $5.3 million, and our consolidated net cash used in operating activities amounted to $15.1 million. Our cash used in operating activities during 2023 did not include the following noncash items: $929,000 in depreciation and amortization expenses, $1.7 million in stock-based compensation, $97,000 in unrealized gain on marketable equity securities, $16.5 million gain from change in fair value of contingent consideration, $5.0 million loss from an intangible asset impairment, $1.5 million loss on disposal of discontinued operations, and $1.3 million impairment loss on held for sale assets. Net changes in operating assets and liabilities for the period were $3.6 million as an additional use of cash.

Cash Used in Investing Activities

During the six months ended June 30, 2024, net cash used in investing activities was $215,000 from cash paid for construction in progress and purchase of furniture and equipment.

During the six months ended June 30, 2023, net cash used in investing activities was $1.2 million primarily from cash sold in discontinued operations, partially offset by proceeds from the sale of equipment.

Cash Provided by Financing Activities

During the six months ended June 30, 2024, net cash provided by financing activities was $9.8 million from $15.3 million of net cash proceeds from the sale of shares of common stock, partially offset by the redemption of our remaining Series A Preferred Stock of $5.4 million and repayments of financing lease obligations of $33,000.

During the six months ended June 30, 2023, net cash provided by financing activities was $12.2 million from $13.4 million of net cash proceeds from the sale of shares of common stock, partially offset by the partial redemption of Series A Preferred Stock of $1.1 million and repayments of financing lease obligations of $57,000.

Critical Accounting Estimates

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

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

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

Going Concern Assessment

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

Contingent Consideration Liabilities

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

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

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

The fair value of contingent consideration after the acquisition date is reassessed by us as changes in circumstances and conditions occur, with the subsequent change in fair value recorded in our consolidated statements of operations. Changes in key assumptions can materially affect the estimated fair value of contingent consideration liabilities and, accordingly, the resulting gain or loss that we record in our consolidated financial statements. During the six months ended June 30, 2024 and 2023, we recorded a loss of $2.3 million and a gain of $16.5 million, respectively, related to the fair value of contingent consideration. As of June 30, 2024 and December 31, 2023, contingent consideration liabilities were $42.2 million and $39.9 million, respectively. For additional information, refer to Note 3 to our consolidated financial statements included elsewhere in this Report.

Intangible Assets

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

During the first quarter of 2023, due to changes in management and our economic condition, management shifted our business strategy to direct efforts on fewer studies and to transition from tests that are laboratory developed tests ("LDTs") to research use only sales. Due to the change in strategy, our long range plan forecasts were updated and anticipated future benefits derived from our assets. The change in strategy represent a significant indicator for change in value of our long-lived assets. The original IPR&D balances were reassessed based on the updated long range plan, using the multi-period excess earnings method approach, the results of the valuation noted that the carrying value of certain IPR&D intangible assets was greater than the fair market value. Accordingly, we recorded an impairment of approximately $5.0 million as of March 31, 2023. We have not recorded any additional impairment adjustments as of June 30, 2024. For additional information, refer to Note 5 to our consolidated financial statements included elsewhere in this Report.

Impairment of Long-Lived Assets

We assess the impairment of long-lived assets, which consists primarily of long-lived intangible assets, right-of-use assets, and machinery and equipment, whenever events or changes in circumstances indicate that such assets might be impaired and the carrying value may not be recoverable. When such events or changes in circumstances are present, we estimate the future cash flows expected to result from the use of the asset (or asset group) and its eventual disposition. If the sum of the expected undiscounted future cash flows is less than the carrying amount, we recognize an impairment based on the fair value of such assets. During the six months ended June 30, 2024 and 2023, we recognized impairment losses on held for sales assets of $169,000 and $1.3 million, respectively. For additional information, refer to Note 2, "Assets Held for Sale and Discontinued Operations," to our consolidated financial statements included elsewhere in this Report.

Revenue Recognition and Allowance for Credit Losses

Pharma Services revenue

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

We establish an allowance for credit losses based on the evaluation of the collectability of its Pharma Services accounts receivables after considering a variety of factors, including the length of time receivables are past due, significant events that may impair the customer's ability to pay, such as a bankruptcy filing or deterioration in the customer's operating results or financial position, reasonable and supportable forecast that affect the collectability of the reported amount, and historical experience. We continuously monitor collections and payments from customers and maintains a provision for estimated credit losses and uncollectible accounts, if any, based upon its historical experience and any specific customer collection issues that have been identified. Amounts determined to be uncollectible are written off against the credit loss reserve accounts. As of June 30, 2024 and December 31, 2023, we had an allowance for credit losses of $1,000 and $5,000, respectively, related to Pharma Services.

Laboratory Developed Test Services

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

We maintained an allowance for credit losses related to Laboratory Developed Test Services at an amount we estimated to be sufficient to provide adequate protection against losses resulting from extending credit to our customers. We based this allowance, in the aggregate, on historical collection experience, age of receivables and general economic conditions, as well as specific identification of uncollectible accounts. We initially established an allowance in 2022 in connection with remaining Medicare and Medicare Advantage account balances and continued to add to the allowance as appropriate. In the first quarter of 2023, in connection with the adoption of the new current expected credit loss model, the Company determined that the Medicare and Medicare Advantage accounts receivable net balance of approximately $1.4 million was uncollectible and should therefore be written-off as of the adoption date, January 1, 2023. As of June 30, 2024 and December 31, 2023, we had no receivables nor allowance for credit losses related to Laboratory Developed Test Services.

Stock-Based Compensation

We recognize compensation expense related to share-based payment awards made to employees, board directors and other non-employees based on estimated fair values. We estimate the fair value of stock-based payment awards on the grant date and recognize the resulting fair value over the requisite service period on a straight-line basis. For stock-based awards that vest only upon the attainment of one or more performance goals, compensation cost is recognized if and when we determine that it is probable that the performance condition or conditions will be, or have been, achieved. For grants with market-based and time-based vesting conditions, the fair value is estimated using the Monte Carlo simulation model, which includes the estimated period to achievement of the performance and market conditions, which are subject to the achievement of the market-based goals established by us and continued employment. We utilize the Black-Scholes option pricing model for determining the fair value of standard time-based stock options. Our determination of fair value of share-based payment awards on the date of grant using an option pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. We estimate the expected volatility using our own stock price volatility for a period equal to the expected term of the options. The expected term of options granted is based on our own experience. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. Key inputs and assumptions may change as we continue to develop our own company estimates, experience and key inputs including our expected term, and stock price volatility based on the trading history of our stock in the public market. Changes in these subjective assumptions can materially affect the estimated value of equity grants and the stock-based compensation that we record in our consolidated financial statements. During the six months ended June 30, 2024 and 2023, we recognized total stock-based compensation of $804,000 and $1.7 million, respectively. For additional information, refer to Note 8 to our consolidated financial statements included elsewhere in this Report.

Income Taxes

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

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Controls

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

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

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

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

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

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

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

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

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

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

Recent Sales of Unregistered Securities

On April 23, 2024, we issued to PCG Advisory, Inc. 14,664 shares of our common stock (the "PCG Shares"). The PCG Shares were issued without registration under the Securities Act in reliance on the exemption from registration under Section 4(a)(2).

Repurchases

None.

Item 3. Default Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.

(b) None.

(c) None.

Item 6. Exhibits.

Exhibit Numbers	Exhibit Description
4.1	Form of Pre-Funded Warrant (Incorporated by reference to Oncocyte Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2024)
10.1	Lease Agreement for Suite 103, dated January 1, 2024, between Insight Genetics, Inc. and MPC Holdings, LLC (Incorporated by reference to Oncocyte Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 16, 2024)
10.2	Lease Agreement for Suite 410, dated January 1, 2024, between Insight Genetics, Inc. and MPC Holdings, LLC (Incorporated by reference to Oncocyte Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 16, 2024)
10.3	Lease Agreement for Suite 510, dated January 1, 2024, between Insight Genetics, Inc. and MPC Holdings, LLC (Incorporated by reference to Oncocyte Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 16, 2024)
10.4	Securities Purchase Agreement, dated April 11, 2024, by and among the Company and the investors signatory thereto (Incorporated by reference to Oncocyte Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2024)
10.5	Registration Rights Agreement, dated April 11, 2024, by and among the Company and the investors signatory thereto (Incorporated by reference to Oncocyte Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2024)
10.6	Collaboration Agreement, dated April 5, 2024, between the Company and Bio-Rad Laboratories, Inc. (Incorporated by reference to Oncocyte Corporation's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 15, 2024)
10.7*#	Employment Agreement, dated May 20, 2024, by and between Oncocyte Corporation and Ekkehard Schütz
10.8*#	Employment Agreement, dated June 17, 2024, by and between Oncocyte Corporation and Andrea James
31.1*	Certification of the Principal Executive Officer of Oncocyte Corporation pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Rule 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer of Oncocyte Corporation pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Rule 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive Data Files. The following financial statements from the Company's Report for the three and six months ended June 30, 2024 and 2023, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Series A Redeemable Convertible Preferred Stock and Shareholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104*	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)

*Filed herewith

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

The referenced exhibit is a management contract, compensatory plan or arrangement.

SIGNATURES

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

ONCOCYTE CORPORATION

Date: August 8, 2024

/s/ Joshua Riggs

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

Date: August 8, 2024

/s/ Andrea James

Andrea James
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.7

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is entered into as of May 20, 2024, by and between Oncocyte, Corporation (the "Company"), a California corporation located at 15 Cushing, Irvine, California 92618 and Ekkehard Schütz, M.D., Ph.D. ("Executive").

WITNESSETH:

WHEREAS, Executive currently serves as Chief Science Officer of the Company;

WHEREAS, the Company desires to continue to employ Executive on the terms and conditions set forth herein; and

WHEREAS, Executive desires to be employed by the Company on such terms and conditions.

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. Engagement; Position and Duties.

(a) Position and Duties. During the Term (as defined below), the Company agrees to employ Executive in the position of Chief Science Officer of the Company ("CSO"). In such position, Executive shall have such duties and responsibilities attendant to the position of head of research and development, and shall render services consistent with such position, as applicable and appropriate and such services as the Chief Executive Officer of the Company (the "CEO") or the Board of Directors of the Company (the "Board") may from time to time direct or require. As CSO, Executive shall report to the CEO. During the Term, Executive shall devote best efforts, skills and abilities, on a full-time basis, exclusively to the Company's business. Executive covenants and agrees to faithfully adhere to and fulfill such policies as are established from time to time by the Board ("Policies").

(b) Place of Performance. Executive's principal place of employment with the Company shall be at the Company's office in Nashville, Tennessee or as otherwise determined from time to time by Executive, provided that Executive shall perform Executive's duties and responsibilities hereunder with due care and in accordance with all Company policies (including any remote-working policies as in effect from time to time), and provided further that Executive understands and agrees that Executive may be required to travel from time to time for business purposes.

(c) Performance of Services for Subsidiaries. In addition to the performance of services for the Company, Executive shall, to the extent so required by the Company, also perform services for one or more members of a consolidated group of which the Company is a part, provided that such services are consistent with the kind of services Executive performs or may be required to perform for the Company under this Agreement. If Executive performs any services for any subsidiary that is wholly-owned or partially owned by Oncocyte (each a "Subsidiary"), Executive shall not be entitled to receive any compensation or remuneration in addition to or in lieu of the compensation and remuneration provided under this Agreement on account of such services for the Subsidiary. The Policies will govern Executive's employment by the Company and any Subsidiaries for which Executive is asked to provide Services. In addition, Executive covenants and agrees that Executive will faithfully adhere to and fulfill such additional policies as may be established from time to time by the board of directors of any Subsidiary for which Executive performs services, including to the extent that such policies and procedures differ from or are in addition to the Policies adopted by the Company.

(d) No Conflicting Obligations. Executive represents and warrants to Company that Executive is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with Executive's obligations under this Agreement or that would prohibit Executive, contractually or otherwise, from performing Executive's duties as under this Agreement and the Policies.

(e) No Unauthorized Use of Third Party Intellectual Property. Executive represents and warrants to the Company that Executive will not use or disclose, in connection with Executive's employment by the Company or any Subsidiary, any patents, trade secrets, confidential information, or other proprietary information or intellectual property as to which any other person has any right, title or interest, except to the extent that the Company or a Subsidiary holds a valid license or other written permission for such use from the owner(s) thereof. Executive represents and warrants to the Company that Executive has returned all property and confidential information belonging to any prior employer.

(f) Term. The "Term" shall mean the period commencing as of May 20, 2024 (the "Effective Date") and continuing until the earlier of (i) such time as Executive's employment is terminated in accordance with Section 5, or (ii) four (4) years after the effective date (the "Term Expiration"). If the Agreement is not terminated in accordance with Section 5 and the Parties reach the Term Expiration, Executive and Company may mutually agree to extend the Term on the same or different terms and conditions beyond the Term Expiration. If the Parties do not mutually agree to extend the Term beyond the Term Expiration, the Executive's employment with the Company will end upon the Term Expiration.

2. Compensation

(a) Salary. During the Term, Executive's annual base salary shall be Three Hundred Fifty-One Thousand Five Hundred and Twenty-Five Dollars and Twenty Cents ($351,525.20) (pro-rated for partial years), less applicable taxes and deductions (such annual base salary, "Base Salary"). Executive's Base Salary shall be paid in accordance with the Company's regular salary payment practices, as in effect from time to time.

(b) Bonus. During the Term, Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus") with a target bonus opportunity equal to fifty percent (50%) of base salary. Executive's Annual Bonus, if any, shall be based on and subject to the achievement of the Company and/or individual performance objectives established (in consultation with Executive), approved, assessed and determined by the Board (or a committee thereof). The Annual Bonus shall not be earned until paid and shall not be paid unless Executive remains an employee (and has not received notice of termination of employment for Cause) of the Company on the date of payment.

(c) Expense Reimbursements. During the Term, the Company or a Subsidiary shall reimburse Executive for reasonable and necessary travel and other business expenses incurred by Executive in the performance of Executive's duties under this Agreement, subject to necessary documentation and in accordance with the Company's Policies and procedures in effect from time to time.

(d) Benefit Plans. During the Term, Executive may be eligible (to the extent Executive qualifies) to participate in certain retirement, pension, life, health, accident and disability insurance, equity incentive plan or other similar employee benefit plans, which may be adopted by the Company for its executive officers or other employees. The Company and the Subsidiaries have the right, at any time and without any amendment of this Agreement, and without prior notice to or consent from Executive, to adopt, amend, change, or terminate any such benefit plans that may now be in effect or that may be adopted in the future, in each case without any further financial obligation to Executive; provided that such unilateral change does apply to Executive in a manner different than other Company executives or employees of a comparable executive level, except for changes required by applicable federal, state, or local law, or implemented in response to any change of federal, state or local law or regulation. Any benefits to which Executive may be entitled under any benefit plan shall be governed by the terms and conditions of the applicable benefit plan, and any related plan documents, as in effect from time to time. If Executive receives any grant of stock options or stock or stock related equity awards ("Awards") under any stock option plan, stock purchase plan, or other equity incentive plan of the Company (an "Equity Plan"), the terms and conditions of the Award, and Executive's rights with respect to the Award, shall be governed by (i) the terms of the Equity Plan, as the same may be amended from time to time, and (ii) the terms and conditions of any stock option agreement, stock purchase agreement, or other agreement that Executive may sign or be required to sign with respect to any Award.

(e) Vacation; Sick Leave. During the Term, Executive shall be entitled to paid time off and sick leave in accordance with the Policies of the Company. Executive's vacation shall be taken at such time as is consistent with the needs and Policies of the Company and its Subsidiaries. All vacation days and sick leave days shall accrue annually based upon days of service. Executive's right to leave from work due to illness is subject to the Policies and the provisions of this Agreement governing termination due to disability, sickness or illness. The Policies governing the disposition of unused vacation days and sick leave days remaining at the end of the Company's fiscal year shall govern whether unused vacation days or sick leave days will be paid, lost, or carried over into subsequent fiscal years.

(f) Indemnification. The Company shall enter into the Company's standard form indemnification agreement for officers and directors with Executive. Executive shall be entitled to coverage under any existing D&O insurance policy of the Company.

3. Inventions/Intellectual Property/Confidential Information. Executive acknowledges the execution and delivery to the Company of an Employee Confidential Information and Inventions Assignment Agreement" (the "Confidentiality and IP Agreement"), attached hereto as **Exhibit A.**

4. Additional Restrictive Covenants.

(a) **Cooperation**. Executive agrees that during Executive's employment with the Company and thereafter (regardless of whether Executive resigns or is terminated, or the reason for such resignation or termination), Executive shall, without any additional consideration, provide reasonable and timely cooperation in connection with (i) any actual or threatened litigation, inquiry, review, investigation, process, or other matter, action, or proceeding (whether conducted by or before any arbitrator, court, regulatory, or governmental entity, or otherwise, or by or on behalf of the Company, any Subsidiary, or any of their respective affiliates), that relates to events occurring during Executive's employment with the Company or about which the Company otherwise believes Executive may have relevant information; (ii) the transitioning of Executive's role and responsibilities to other personnel; and (iii) the provision of information in response to the Company's requests and inquiries in connection with Executive's separation and/or relating to topics about which the Company otherwise believes Executive may have relevant information. Executive's cooperation shall include being available to (1) meet with and provide information to the Company and each of the Company Entities (as defined below) and each and all of their respective shareholders, interest holders, unit holders, advisors, managers, officers, directors, partners, principals, members, employees, fiduciaries, representatives, and agents (each a "Company Party") and their counsel or other agents in connection with fact-finding, investigatory, discovery, and/or pre-litigation or other proceeding issues, and (2) provide truthful testimony (including via affidavit, deposition, at trial, or otherwise) in connection with any such matter, all without the requirement of being subpoenaed. The Company shall try to schedule Executive's cooperation pursuant to this Section so as not to unduly interfere with Executive's other personal or professional pursuits

(b) **Non-Disparagement; Non-Publicity.** Except as provided in Section 1.6 of the Confidentiality and IP Agreement, Executive agrees that, both during and after Executive's employment, Executive will not, whether in private or in public, directly or indirectly, make, publish, encourage, ratify, or authorize, or aid, assist, or direct any other person or entity in making or publishing, whether in written, oral, digital, or any other form: (i) any statements, postings, or other communications that are defamatory, malicious, or slanderous about, or that are misrepresentative of any of the Company, any Subsidiary, or any of their respective agents, affiliates, customers, directors, employees, executives, investors, officers, members, or representatives, or (ii) any statements, postings, or other communications that in any way defame, damage, or disparage the Company and its current former or future parents, subsidiaries, affiliates, or related entities (the "Company Entities") or their respective investors, products, employees, partners, or services. Further, Executive agrees not to do any of the following except as within the performance of Executive's lawful and authorized duties within the scope of Executive's employment with the Company or pursuant to the explicit written approval of the Company: (A) communicate with any member of the media concerning any Company Party, (B) make any statement, posting, or other communication in, on, to, or through any media (whether print, television, radio, the internet, social media, or with or through any reporter, blogger, "app" (such as TikTok, Instagram, Snapchat, or the like), or otherwise (collectively "Media")) that purports to be on behalf of any Company Party, or which a third party may perceive (x) has been authorized, approved, or endorsed by a Company Party or (y) reflects the views of any Company Party, or otherwise includes any Confidential Information, (C) conduct any Company business activity on any Media, (iv) provide any Company Party's promotional material to any person or entity, or (D) direct, aid, encourage, or assist any other person or entity to do any of the foregoing; provided that nothing in this Section 4(c) shall be construed in a manner that would violate any law. Nothing in this Agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. Further, nothing in this Agreement prevents Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

5. Termination of Employment. During the Term:

(a) Resignation by Executive. Executive may resign Executive's employment at any time, for any reason, or for no reason upon at least thirty (30) days prior written notice to the Company; provided, however that the notice requirements upon a resignation for Good Reason shall be the notice required pursuant to the definition of Good Reason (as defined below), provided further that the Company may, at any time during such 30-day period, relieve Executive from all or any of Executive's duties for all or part of the remainder of such 30-day period (including a requirement that Executive must stay away from all or any of the Company's premises and/or will not be provided with any work and/or will have no business contact with all or any of the Company's agents, employees, customers, clients, distributors and suppliers) and provided further that the Company may, in its sole discretion, waive all or part of such notice period, in which case Executive's employment shall terminate on such date as directed by the Company.

(b) Termination by the Company without Cause. The Company may terminate Executive's employment without Cause (as defined below) at any time.

(c) Termination by the Company for Cause. The Company may terminate Executive's employment with Cause at any time upon written notice to Executive**.**

(d) Termination Upon Death or Disability. Executive's employment shall terminate automatically upon Executive's death. If Executive sustains a Disability (as defined below) while Executive is employed by the Company, the Company may terminate Executive's employment by giving Executive thirty (30) days written notice of the Company's intent to terminate Executive's employment**.** Notwithstanding the foregoing, nothing in this Section 5(d) shall be construed to waive Executive's rights, if any, under applicable law.

6. Payments Due Upon Termination of Employment. Except as otherwise provided in this Agreement, upon termination of Executive's employment, the Company and the Subsidiaries shall have no further obligation to Executive, by way of compensation or otherwise.

(a) Upon termination of Executive's employment with the Company at any time and for any reason, in the event of the termination of Executive's employment by the Company for Cause, or termination of Executive's employment as a result of death, Disability, Executive's resignation for Good Reason or without Good Reason, or upon the Term Expiration, Executive will be entitled to receive only the compensation and benefits set forth below, and Executive will not be entitled to any other compensation, award, or damages with respect to Executive's employment or termination of employment.

(i) Termination for Cause, Death, Disability, Upon Term Expiration, or Resignation without Good Reason. In the event of the termination of Executive's employment by the Company for Cause or due to Executive's Disability, or termination of Executive's employment as a result of death, or Executive's resignation, the Company shall provide Executive, as soon as reasonably practicable following the date of termination: (A) all accrued but unpaid Base Salary actually earned prior to or as of the date of termination of Executive's employment and any vacation or paid time off accrued as of the date of termination of Executive's employment, in each event, which shall be paid in accordance with the Company's policies for payment upon termination and in accordance with applicable law; and (B) any other vested benefits to which Executive or Executive's estate may be entitled under any of the Company's benefit plans or applicable law, in accordance with the terms of such plans or law (subsections (A)-(B), the "Accrued Obligations"). Except as provided in, and subject to the terms and conditions of, Section 6(a)(ii), Executive will not be entitled to any cash severance benefits, additional vesting of any stock options or other equity or equity-based incentives or cash awards, in the event of a termination of Executive's employment by the Company without Cause or if Executive resigns for Good Reason.

(ii) Termination Without Cause or Resignation for Good Reason Prior to the Term Expiration. In the event of a termination of Executive's employment by the Company without Cause (excluding due to death or Disability) or Executive resigns for Good Reason, in each case, in addition to the Accrued Obligations, subject to Section 6(b) and Executive's continued compliance with any restrictive covenants by which Executive is bound, including but not limited to those contained in Section 4 hereof and those set forth in the Confidentiality and IP Agreement, Executive will be entitled to receive the following:

(A) an amount equal to twelve (12) months of Executive's Base Salary, payable at the sole discretion of the Company either (x) in a lump sum on the first payroll date following the sixtieth (60th) day following Executive's date of termination or (y) in twelve (12) equal monthly installments during the twelve (12) month period following Executive's date of termination; provided, however, that the first payment shall be made on the first regularly scheduled payroll date following the sixtieth (60th) day following the Executive's date of termination and shall include payments of any amounts that would have otherwise been payable prior thereto;

(B) a pro-rated portion of the Annual Bonus, if any, for the year of termination, based on actual performance (determined by multiplying the amount of such Annual Bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that Executive is employed by the Company and the denominator of which is 365), paid on the later of (x) the first regularly scheduled payroll date following the sixtieth (60th) day following Executive's termination of employment and (y) on the date in the calendar year following the calendar year to which the Annual Bonus relates on the date such Annual Bonus would have been paid if Executive's employment had not terminated;

(C) subject to Executive's and Executive's spouse and eligible dependents, as applicable, eligibility and Executive's and Executive's spouse and eligible dependents, as applicable, timely and valid election of continuation coverage under the Company's group health plan pursuant to and in accordance with the Consolidated Omnibus Reconciliation Act of 1985, as amended ("COBRA"), reimbursement for an amount equal to the monthly portion of the premium cost of participation in such group health plan that the Company paid for Executive and, to the extent applicable, Executive's spouse and covered dependents (to the extent Executive's spouse and any covered dependents were covered under the applicable group health plan immediately prior to the date of Executive's termination of employment) as in effect for the month immediately preceding the month in which the termination occurs (the "Monthly COBRA Amount") for a period of up to twelve (12) months following the date of termination, provided, that, notwithstanding anything herein to the contrary, Executive's and Executive's spouse and eligible dependents eligibility for the Monthly COBRA Amount as provided for under this Section 6(a)(ii)(C) shall, to the extent applicable, end (y) in the event Executive or Executive's spouse or any of Executive's eligible dependents becomes eligible to receive any group health coverage, including as a result of subsequent employment or service (and, in the case of any of Executive's spouse and eligible dependents becoming eligible to receive comparable group health coverage, then only to such spouse and/or dependents), and Executive shall have an obligation to notify the Company promptly of such event(s), (z) if COBRA continuation coverage is no longer required to be provided to Executive or Executive's spouse or any of Executive's eligible dependents in accordance with COBRA or the applicable plan document (such period from the date of termination through the date of the earliest of the foregoing to occur, the "COBRA Period"). Reimbursements for the Monthly COBRA Amount shall be made by the Company to Executive consistent with the Company's normal expense reimbursement policy, provided that Executive timely submits reasonably acceptable documentation to the Company substantiating Executive's payments for COBRA coverage; and provided, further, that the Company shall not provide reimbursement for any Monthly COBRA Amount until the first regularly scheduled payroll date following the sixtieth (60th) day following the date of termination, and the first reimbursement provided to Executive shall be inclusive of any reimbursements owed through such date. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot pay the Monthly COBRA Amount without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of the Monthly COBRA Amount, the Company shall pay a taxable cash payment to Executive each month over the remaining COBRA Period, in a gross amount equal to the applicable Monthly COBRA Amount for that month ("Alternative Payments"). Any Alternative Payments will cease to be provided when, and under the same terms and conditions as, the Monthly COBRA Premiums would have ceased under this Section 6(a)(ii)(C);

(D) with respect to each outstanding time-based equity award (excluding, for the avoidance of doubt, the Performance Equity Award), if any, accelerated vesting of the next tranche of time-based equity that would have vested had Executive remained employed through the next applicable vesting date; and

(E) with respect to the Performance Equity Award, accelerated time vesting of any options that are performance vested as of the date of termination (the payments and benefits under this Section 6(a)(ii)(A)-(E) collectively, the "Severance Benefits").

(b) Release. The Company's obligation to provide the Severance Benefits shall be contingent upon Executive's execution of a release in a form and containing such substance as reasonably acceptable to the Company (the "Release"), which Release must be signed and any applicable revocation period with respect thereto must have expired by the fifty-ninth (59th) day following Executive's termination of employment. The Release will not waive any of Executive's rights, or obligations of the Company or its successor in interest and the Subsidiaries, regarding: (i) any right to indemnification and/or contribution, advancement or payment of related expenses Executive may have pursuant to the Company's Bylaws, Articles of Incorporation, under any written indemnification or other agreement between the parties, and/or under applicable law; (ii) any rights that Executive may have to insurance coverage under any directors and officers liability insurance, other insurance policies of the Company, COBRA or any similar state law; (iii) any claims for worker's compensation, state disability or unemployment insurance benefits, or any other claims that cannot be released as a matter of applicable law; (iv) rights to any vested benefits under any stock, compensation or other employee benefit plan of the Company; (v) any rights Executive may have as an existing shareholder of the Company; and (vi) any claims arising after the effective date of the Release. Nothing in the Release or any other agreement between Executive and the Company will prohibit or prevent Executive from providing truthful testimony or otherwise responding accurately and fully to any question, inquiry or request for information or documents when required by legal process, subpoena, notice, court order or law (including, without limitation, in any criminal, civil, or regulatory proceeding or investigation), or as necessary in any action for enforcement or claimed breach of this Agreement or any other legal dispute with the Company.

(c) Severance Benefits. In addition to the rights and remedies available to the Company under this Agreement and the Confidentiality and IP Agreement, and not in any way in limitation of any right or remedy otherwise available to the Company, in the event that Executive violates any material term of this Agreement, including, for the avoidance of doubt, the covenants set forth in Section 4 hereof or in the Confidentiality and IP Agreement, or any other agreement between the Company or its subsidiaries and Executive, any Severance Benefits then or thereafter due from the Company to Executive shall be terminated immediately and the Company's obligation to pay and Executive's right to receive such Severance Benefits shall terminate and be of no further force or effect, and Executive shall be required to promptly repay to the Company (or any applicable subsidiary) an amount equal to the portion of the Severance Benefits previously paid to Executive.

(d) Section 280G of the Code.

(i) Notwithstanding anything in this Agreement to the contrary, if any payment, distribution, or other benefit provided by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (collectively, the "Payments"), (x) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (y) but for this Section 6(d) would be subject to the excise tax imposed by Section 4999 of the Code or any similar or successor provision thereto (the "Excise Tax"), then the Payments shall be either: (A) delivered in full pursuant to the terms of this Agreement, or (B) delivered to such lesser extent as would result in no portion of the payment being subject to the Excise Tax, as determined in accordance with this Section 6(d).

(ii) The determination of whether Section 6(d)(i)(A) or Section 6(d)(i)(B) shall be given effect shall be made by the Company on the basis of which of such clauses results in the receipt by Executive of the greater Net After-Tax Receipt (as defined herein) of the aggregate Payments. The term "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Section 280G of the Code) of the payments net of all applicable federal, state and local income, employment, and other applicable taxes and the Excise Tax.

(iii) If Section 6(d)(i)(B) is given effect, the reduction shall be accomplished in accordance with Section 409A of the Code and the following: first by reducing, on a pro rata basis, cash Payments that are exempt from Section 409A of the Code; second by reducing, on a pro rata basis, other cash Payments; and third by forfeiting any equity-based awards that vest and become payable, starting with the most recent equity-based awards that vest, to the extent necessary to accomplish such reduction.

(iv) Unless the Company and Executive otherwise agree in writing, any determination required under this Section 6(d) shall be made by the Company's independent accountants or compensation consultants (the "Third Party"), and all such determinations shall be conclusive, final and binding on the parties hereto. The Company and Executive shall furnish to the Third Party such information and documents as the Third Party may reasonably request in order to make a determination under this Section 6(d). The Third Party shall provide detailed supporting calculations both to the Company and Executive. The Company shall bear all fees and costs of the Third Party with respect to all determinations under or contemplated by this Section 6(d).

(v) If, at the time of a transaction giving rise to Payments that could constitute "parachute payments" within the meaning of Section 280G of the Code, the stock of the Company is not readily tradable on an established securities market and the Company determines that the exemption described in Section 280G(b)(5) of the Code would apply to the Payments if the requisite shareholder approval is obtained in accordance with the terms and conditions of Section 280G of the Code, the Company shall use commercially reasonable efforts to seek the requisite shareholder approval of the Payments such that no Payments would constitute "excess parachute payments."

(e) Definitions. For purposes of this Section, the following definitions shall apply:

(i) "Cause" means, as determined by the Board of Directors in its sole discretion, the occurrence of one of the following events with respect to Executive: (i) substantial or repeated failure or refusal to perform, or gross negligence in the performance of, Executive's duties and responsibilities (with or without any accommodation in accordance with applicable law) or refusal or failure to comply with a lawful direction or order of the Board of Directors; (ii) misconduct that has, or could reasonably be expected to have, a material and adverse effect upon the Company, including on the Company's business or reputation; (iii) breach of a fiduciary duty or duty of loyalty to the Company or any of its affiliates; (iv) engagement in fraud, theft, embezzlement or misappropriation of any material amount of money or other assets of the Company or its affiliates, or any other act of material dishonesty by Executive involving the Company or its affiliates; (v) indictment for (or the procedural equivalent thereof) or conviction of, or plea of guilty or nolo contendere to, any felony or any other crime involving moral turpitude (in accordance with applicable law); (vi) Executive's material breach of any of the terms of this Agreement or obligations under any other agreement entered into between Executive and the Company or any of its affiliates (including any restrictive covenant agreement); or (vii) Executive's material breach of the written policies or procedures of the Company (including, without limitation, policies related to sexual harassment, sexual misconduct or sex-based discrimination). Any voluntary resignation of Executive's employment in anticipation of a termination of Executive's employment by the Company for Cause following the occurrence of any event(s) that could reasonably constitute Cause shall be deemed to be a termination by the Company for Cause. Further, Executive's employment shall be deemed to have been terminated for Cause if, following termination of Executive's employment, an act or omission is discovered of which the Board of Directors was previously unaware that if known at the time of termination would have justified a termination for Cause. Any termination for "Cause" will not limit any other right or remedy the Company may have under this Agreement or otherwise.

(ii) "Disability" shall mean a physical or mental incapacity or disability which, despite any reasonable accommodation required by applicable law, has rendered, or is likely to render, Executive unable to perform the essential functions of Executive's position for a period of either (i) 120 non-consecutive days in any twelve-month period, or (ii) 90 consecutive days, as determined by a medical physician selected by the Company (the "Company Selected Physician"). If Executive disagrees with such determination, Executive may obtain a second opinion from a medical physician of his choice (the "Executive Selected Physician"). If the Executive Selected Physician disagrees with the Company Selected Physician's determination, Company and Executive shall select a third, mutually agreeable medical physician (the "Mutually Selected Physician"), whose determination will be final and conclusive for all purposes of this Agreement. If Company and Executive are unable to agree on the choice of a Mutually Selected Physician, they shall select a medical physician located in Executive's city of residence by lot (after excluding the Company Selected Physician and Executive Selected Physician).

(iii) "Good Reason" means voluntary resignation after any of the following actions taken by the Company without Executive's written consent: (1) an adverse change in Executive's title or material diminution in Executive's responsibilities, duties, title, or authority (collectively, "Responsibilities"), provided that a change in Executive's reporting relationships, including but not limited to a change in the number of direct or indirect reports to Executive, will not constitute a material diminution in Executive's Responsibilities so long as Executive's Responsibilities remain commensurate with Executive's title (as determined by the size of the Company and the industry in which it operates) and the number of direct reports is not zero (0), and provided further that a change that does not affect Executive's responsibilities, duties or authority as head of research and development in an area within Executive's expertise, as determined by the Chief Executive Officer, will not constitute a material diminution; (2) Executive incurs a material diminution in Base Salary, unless reductions of comparable amount and duration are concurrently made for all other senior executive management Company employees; or (3) there shall have occurred a relocation of Executive's principal workplace to a location more than thirty-five (35) miles from Executive's workplace as of the date of this Agreement, if such change significantly increases Executive's commute; provided, that, Executive may not terminate Executive's employment for Good Reason unless (x) Executive has provided notice to the Board of Directors setting forth in reasonable detail the specific conduct purporting to constitute Good Reason within thirty (30) days of the first occurrence of any such event or condition, (y) the Company has failed to cure such conduct within thirty (30) days following the date of receipt of such notice (the "Cure Period"), and (z) Executive has terminated Executive's employment within five (5) days following the end of the Cure Period. Failure to timely provide such written notice to the Company or failure to timely resign Executive's employment for Good Reason means that Executive will be deemed to have consented and waived the Good Reason event. Notwithstanding the foregoing, during the Term, in the event that the Board of Directors reasonably believes that Executive may have engaged in conduct that could constitute Cause hereunder, the Company may, in its sole discretion, suspend Executive from performing Executive's duties hereunder, and in no event shall any such suspension constitute an event pursuant to which Executive may terminate employment for Good Reason or otherwise constitute a breach hereunder.

7. Turnover of Property and Documents on Termination. Executive agrees that on or before termination of Executive's employment, or at any other time at the Company's or Board of Director's request, Executive will return to the Company, and all Subsidiaries, all equipment and other property belonging to the Company and the Subsidiaries, and all originals and copies of confidential information (in any and all media and formats, and including any document or other item containing Confidential Information as defined in **Exhibit A**) in Executive's possession or control, and all of the following (in any and all media and formats, and whether or not constituting or containing confidential information) in Executive's possession or control: (a) lists and sources of customers; (b) proposals or drafts of proposals for any research grant, research or development project or program, marketing plan, licensing arrangement, or other arrangement with any third party; (c) reports, notations of the Executive, laboratory notes, specifications, and drawings pertaining to the research, development, products, patents, and technology of the Company and any Subsidiaries; (d) any and all intellectual property developed by Executive during the course of employment; and (e) the manual and memoranda related to the Policies. To the extent there is a conflict between this Section 6 and the Confidentiality and IP Agreement executed by the Executive, the Confidentiality and IP Agreement provisions control.

8. Resignation from Offices on Termination of Employment. Upon termination of Executive's employment for any reason by either party, Executive hereby agrees that Executive shall automatically be treated as having resigned from any offices or positions related to the Company or any of its affiliates, and shall timely execute any documents required to effectuate the same.

9. Arbitration. It is the intention of Executive and the Company that the Federal Arbitration Act and the California Arbitration Act shall apply with respect to the arbitration of disputes, claims, and controversies pursuant to, arising under, or in connection with this Agreement (including its **Exhibit A** Confidentiality and IP Agreement). Except for injunctive proceedings against unauthorized disclosure of confidential information or other actual or threatened breach of this Agreement or its **Exhibit A** Confidentially and IP Agreement that may cause irreparable and continuing injury to the Company or its subsidiaries or affiliates for which there is no adequate remedy at law (and upon the issuance or denial of an injunction the underlying merits of any dispute will be resolved in accordance with the remainder of this Section), any and all claims or controversies between the Company or any Subsidiary and Executive, including but not limited to (a) those involving the construction or application of any of the terms, provisions, or conditions of this Agreement or the Policies; (b) all contract or tort claims of any kind; and (c) any claim based on any federal, state, or local law, statute, regulation, or ordinance, shall be settled by arbitration in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association ("AAA") or the Employment Arbitration Rules & Procedures of the Judicial Arbitration and Mediation Service ("JAMS"), as selected by the Company or a Subsidiary. Judgment on the award rendered by the arbitrator(s) may be entered by any court having jurisdiction over the Company and Executive. The location of the arbitration shall be San Francisco, California. Unless the Company or a Subsidiary and Executive mutually agree otherwise, the arbitrator shall be a retired judge selected from a panel provided by the AAA or the JAMS. The Company, or a Subsidiary, if the Subsidiary is a party to the arbitration proceeding, shall pay the arbitrator's fees and costs. Executive shall pay for Executive's own costs and attorneys' fees, if any. The Company and any Subsidiary that is a party to an arbitration proceeding shall pay for its own costs and attorneys' fees, if any. However, if any party prevails on a statutory claim which affords the prevailing party attorneys' fees, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party. Notwithstanding the foregoing, nothing in this Section shall be construed in a manner that would violate any law.

EXECUTIVE UNDERSTANDS AND AGREES THAT THIS AGREEMENT TO ARBITRATE CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A TRIAL BY JURY OF ANY MATTERS COVERED BY THIS AGREEMENT TO ARBITRATE.

10. Severability. In the event that any of the provisions of this Agreement or the Policies shall be held to be invalid or unenforceable in whole or in part, those provisions to the extent enforceable and all other provisions shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Agreement or the Policies. In the event that any provision relating to a time period of restriction shall be declared by an arbitrator or court of competent jurisdiction to exceed the maximum time period such arbitrator or court deems reasonable and enforceable, then the time period of restriction deemed reasonable and enforceable by the arbitrator or court shall become and shall thereafter be the maximum time period.

11. Agreement Read and Understood. Executive acknowledges that Executive has carefully read the terms of this Agreement, that Executive has had an opportunity to consult with an attorney or other representative of Executive's own choosing regarding this Agreement, that Executive understands the terms of this Agreement and that Executive is entering this Agreement of Executive's own free will.

12. Complete Agreement, Modification. This Agreement and the Confidentiality and IP Agreement annexed hereto as Exhibit A are the complete agreement between Executive and the Company on the subjects contained in this Agreement. This Agreement supersedes and replaces all previous correspondence, promises, representations, and agreements, if any, either written or oral with respect to Executive's employment by the Company or any Subsidiary and any matter covered by this Agreement, including, but not limited to, that certain Managing Director Service Agreement dated April 26, 2021. No provision of this Agreement may be modified, amended, or waived except by a written document signed both by the Company and Executive.

13. Governing Law. This Agreement shall be construed and enforced according to the laws of the State of California.

14. Assignability. This Agreement, and the rights and obligations of Executive and the Company under this Agreement, may not be assigned by Executive. The Company may assign any of its rights and obligations under this Agreement to any successor or surviving corporation, limited liability company, or other entity resulting from a merger, consolidation, sale of assets, sale of stock, sale of membership interests, or other reorganization, upon condition that the assignee shall assume, either expressly or by operation of law, all of the Company's obligations under this Agreement.

15. Taxes.

(a) Generally. The Company or any Subsidiary may withhold from any payments made under this Agreement all applicable taxes, including, but not limited to, income, employment and social insurance taxes as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to Executive in connection with this Agreement and that Executive has been advised by the Company to seek tax advice from Executive's own tax advisors regarding this Agreement and payments that may be made to Executive pursuant to this Agreement.

(b) Section 409A. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and applied so that the payments and benefits set forth herein shall either be exempt from the requirements of Section 409A of the Code, and the rules and regulations promulgated thereunder ("Section 409A"), or shall comply with the requirements of such provision and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be exempt from or in compliance with Section 409A. To the extent the Company determines that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A, the Company shall be entitled to reform such provision to attempt to comply with or be exempt from Section 409A through good faith modifications. To the extent that any provision hereof is modified in order to comply with Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company without violating the provisions of Section 409A. Notwithstanding anything in this Agreement or elsewhere to the contrary, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that constitute "non-qualified deferred compensation" within the meaning of Section 409A upon or following a termination of Executive's employment unless such termination is also a "separation from service" within the meaning of Section 409A. For purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean a "separation from service" and the date of such separation from service shall be the date of termination for purposes of any such payment or benefits. Each payment under this Agreement or otherwise in a series of payments shall be treated as a separate payment for purposes of Section 409A. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement or otherwise which constitutes a "deferral of compensation" within the meaning of Section 409A. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A. To the extent that any reimbursements pursuant to this Agreement or otherwise are taxable to Executive, any reimbursement payment due to Executive shall be paid to Executive on or before the last day of Executive's taxable year following the taxable year in which the related expense was incurred; provided, that, Executive has provided the Company written documentation of such expenses in a timely fashion and such expenses otherwise satisfy the Company's or one of its subsidiaries' expense reimbursement policies. Reimbursements pursuant to this Agreement or otherwise are not subject to liquidation or exchange for another benefit and the amount of such reimbursements that Executive receives in one taxable year shall not affect the amount of such reimbursements that Executive receives in any other taxable year. Notwithstanding any provision in this Agreement to the contrary, if on the date of Executive's termination from employment with the Company Executive is deemed to be a "specified employee" within the meaning of Section 409A using the identification methodology selected by the Company from time to time, or if none, the default methodology under Section 409A, any payments or benefits due upon a termination of Executive's employment under any arrangement that constitutes a "deferral of compensation" within the meaning of Section 409A shall be delayed and paid or provided (or commence, in the case of installments) on the first payroll date on or following the earlier of (i) the date which is six (6) months and one (1) day after Executive's termination of employment for any reason other than death, and (ii) the date of Executive's death, and any remaining payments and benefits shall be paid or provided in accordance with the normal payment dates specified for such payment or benefit. Each payment under this Agreement will be treated as a separate payment for purposes of Section 409A and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. Notwithstanding any of the foregoing to the contrary, the Company and its affiliates and its and their respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with, or are exempt from, the provisions of Section 409A, and none of the foregoing shall have any liability for the failure of the terms of this Agreement as written to comply with, or be exempt from, the provisions of Section 409A.

16. Clawback Provisions. Notwithstanding any other provisions in this Agreement to the contrary, any compensation paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company or any of the Company's Subsidiaries is and shall remain subject to any clawback or recoupment policy currently in effect or as may be adopted by the Board of Directors and, in each case, as may be amended from time to time. No such policy, adoption or amendment shall in any event require the prior consent of Executive. No recovery of compensation under such a clawback or recoupment policy will be an event giving rise to a right to resign for Good Reason under this Agreement or any other agreement with the Company or any of its affiliates.

17. Survival. The covenants and agreements contained in Sections 3, 4, 7, and 9-16 of this Agreement, as well as the Confidentiality and IP Agreement, shall survive termination of this Agreement and Executive's employment.

18. Notices. Any notices or other communication required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or sent by next business day air courier service, personally delivered to the party to whom it is to be given, or transmitted via electronic mail. Notices will be deemed to have been given hereunder and received when delivered personally, when received if transmitted via electronic mail, five (5) days after deposit in the U.S. mail and one (1) day business after deposit for next business day. Notices shall be addressed as follows (or to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 18):

If to the Company:

Oncocyte Corporation
15 Cushing
Irvine, California 92618
Attention: General Counsel

If to Executive, to Executive's physical and/or email address most recently on file with the Company.

[Signatures to the Employment Agreement Are Found on the Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

EXECUTIVE:

/s/ Ekkehard Schütz
Ekkehard Schütz

COMPANY:

ONCOCYTE CORPORATION

By: */s/ Joshua Riggs*

Title: President and Chief Executive Officer

Exhibit A

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT

In consideration of my continued employment as Chief Science Officer by **ONCOCYTE CORPORATION** its subsidiaries, parents, affiliates, successors and assigns (together "***Company***") pursuant to the Employment Agreement effective as of May 20, 2024 (the "***Employment Agreement***") and the compensation paid to me now and during my employment with the Company, I, Ekkehard Schütz, hereby enter into this Employee Confidential Information and Invention Assignment Agreement (the "***Agreement***") and agree as follows:

1. Confidential Information Protections.

1.1 Recognition of the Company's Rights; Nondisclosure. I understand and acknowledge that my employment by the Company creates a relationship of confidence and trust with respect to the Company's Confidential Information (as defined below) and that the Company has a protectable interest therein. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any of the Company's Confidential Information, except as such disclosure, use or publication may be required in connection with my work for the Company, or unless an officer of the Company expressly authorizes such disclosure. I will obtain the Company's written approval before publishing or submitting for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. I hereby assign to the Company any rights I may have or acquire in such Confidential Information and recognize that all Confidential Information shall be the sole and exclusive property of the Company and its assigns. I will take all reasonable precautions to prevent the inadvertent accidental disclosure of Confidential Information.

1.2 Confidential Information. The term "***Confidential Information***" shall mean any and all confidential knowledge, data or information of the Company. By way of illustration but not limitation, "***Confidential Information***" includes (a) trade secrets, inventions, algorithms, mask works, ideas, processes, formulas, software in source or object code, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all Intellectual Property Rights (as defined below) therein (collectively, "***Inventions***"), and genetic and protein biomarkers of any and all kinds used in or related to Company diagnostic tests, products, or research, even if not patented or patentable; (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding customers and potential customers of the Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by the Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Company and other non-public information relating to customers and potential customers; (d) information regarding any of the Company's business partners and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of the Company could use to the competitive disadvantage of the Company. For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act by me or any of my agents; (ii) was available to the me on a non-confidential basis before its disclosure by a member of the Company; (iii) becomes available to me on a non-confidential basis from a source other than a member of the Company; provided that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company; (iv) is required to be disclosed by applicable law; or (v) where a prohibition on the disclosure of such information would act as a blanket prohibition on me working in any industry.

1.3 Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties their confidential and/or proprietary knowledge, data or information ("***Third Party Information***") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold Third Party Information in confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, Third Party Information or unless expressly authorized by an officer of the Company in writing.

1.4 Term of Nondisclosure Restrictions. I understand that Confidential Information and Third Party Information is never to be used or disclosed by me, as provided in this Section 1, except in connection with my lawful and authorized duties as an employee of the Company during my employment or as otherwise provided in Section 1.6 below.

1.5 No Improper Use of Information of Prior Employers and Others. During my employment by the Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person.

1.6 Notwithstanding anything herein to the contrary, in accordance with the Defend Trade Secrets Act, 18 U.S.C. § 1833(b), and other applicable law, nothing in this Section 1, the Employment Agreement to which it is an Exhibit, or any other agreement or Company policy shall prevent me from, or expose me to criminal or civil liability under federal or state trade secrets law for (i) directly or indirectly, sharing any Company Party's (as defined in the Employment Agreement) trade secrets or other Confidential Information (except information protected by any Company Party's attorney-client or work product privilege) with law enforcement, an attorney, or any federal, state, or local government agencies, regulators, or officials (including the Equal Employment Opportunity Commission, the Securities and Exchange Commission, the National Labor Relations Board, the California Labor & Workforce Development Agency, or any other analogous state or local agencies), for the purpose of investigating or reporting a suspected violation of law (including but not limited to any whistleblower retaliation claim), whether in response to a subpoena or otherwise, without notice to the Company; (ii) disclosing any Company Party's trade secrets in a filing in connection with a legal claim including but not limited to any whistleblower retaliation claim), provided that the filing is made under seal; (iii) discussing or disclosing information related to my general job duties or responsibilities; and/or (iv) in any way participating in any action seeking to rectify or address sexual harassment or other illegal conduct, or from making such good faith based allegations relating to sexual harassment, harassment, discrimination, or any other conduct prohibited by law, in accordance with the terms of this Agreement.

1.7 Legal Process. Except as provided in Section 1.6 above, I agree that in the event I am served with a subpoena, document request, interrogatory, or any other legal process that will or may require me to disclose any Confidential Information, whether during my employment or thereafter, I will immediately notify the Company's General Counsel of such fact, in writing, and provide a copy of such subpoena, document request, interrogatory, or other legal process, and shall thereafter cooperate with the Company in any lawful response to such subpoena, document request, interrogatory, or legal process as the Company may request, unless such subpoena, document request, interrogatory, or other legal process (a) is from a court or governmental agency, and (b) explicitly prohibits me from doing so.

2. Assignments of Inventions.

2.1 Definitions. As used in this Agreement, the term "***Intellectual Property Rights***" means all trade secrets, Copyrights, trademarks, mask work rights, patents and other intellectual property rights recognized by the laws of any jurisdiction or country; the term "***Copyright***" means the exclusive legal right to reproduce, perform, display, distribute and make derivative works of a work of authorship (as a literary, musical, or artistic work) recognized by the laws of any jurisdiction or country; and the term "***Moral Rights***" means all paternity, integrity, disclosure, withdrawal, special and any other similar rights recognized by the laws of any jurisdiction or country.

2.2 Excluded Inventions and Other Inventions. Attached hereto as **Annex A** is a list describing all existing Inventions, if any, (a) that are owned by me or in which I have an interest and were made or acquired by me prior to my date of first employment by the Company, (b) that may relate to the Company's business or actual or demonstrably anticipated research or development, and (c) that are not to be assigned to the Company ("***Excluded Inventions***"). If no such list is attached, I represent and agree that it is because I have no Excluded Inventions. For purposes of this Agreement, "***Other Inventions***" means Inventions in which I have or may have an interest, as of the commencement of my employment or thereafter, other than Company Inventions (as defined below) and Excluded Inventions. I acknowledge and agree that if I use any Excluded Inventions or any Other Inventions in the scope of my employment, or if I include any Excluded Inventions or Other Inventions in any product or service of the Company, or if my rights in any Excluded Inventions or Other Inventions may block or interfere with, or may otherwise be required for, the exercise by the Company of any rights assigned to the Company under this Agreement, I will immediately so notify the Company in writing. Unless the Company and I agree otherwise in writing as to particular Excluded Inventions or Other Inventions, I hereby grant to the Company, in such circumstances (whether or not I give the Company notice as required above), a non-exclusive, perpetual, transferable, fully-paid and royalty-free, irrevocable and worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium, whether now known or later developed, make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Excluded Inventions and Other Inventions. To the extent that any third parties have rights in any such Other Inventions, I hereby represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above.

2.3 Assignment of Company Inventions. Inventions assigned to the Company or to a third party as directed by the Company pursuant to Section 2.6 are referred to in this Agreement as "***Company Inventions***." Subject to Section 2.4 and except for Excluded Inventions set forth in **Annex A** and Other Inventions, I hereby assign to the Company all my right, title, and interest in and to any and all Inventions (and all Intellectual Property Rights with respect thereto) made, conceived, reduced to practice, or learned by me, either alone or with others, during the period of my employment by the Company. To the extent required by applicable Copyright laws, I agree to assign in the future (when any copyrightable Inventions are first fixed in a tangible medium of expression) my Copyright rights in and to such Inventions. Any assignment of Company Inventions (and all Intellectual Property Rights with respect thereto) hereunder includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to the Company and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against the Company or related to the Company's customers, with respect to such rights. I further acknowledge and agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Company Inventions (and any Intellectual Property Rights with respect thereto).

2.4 Unassigned or Nonassignable Inventions. I recognize that this Agreement will not be deemed to require assignment of any Invention that is covered under California Labor Code section 2870(a) (the "***Specific Inventions Law***") except for those Inventions that are covered by a contract between the Company and the United States or any of its agencies that require full title to such patent or Invention to be in the United States.

2.5 Obligation to Keep the Company Informed. During the period of my employment, I will promptly and fully disclose to the Company in writing all Inventions authored, conceived, or reduced to practice by me, either alone or jointly with others. At the time of each such disclosure, I will advise the Company in writing of any Inventions that I believe fully qualify for protection under the provisions of the Specific Inventions Law; and I will at that time provide to the Company in writing all evidence necessary to substantiate that belief. The Company will keep in confidence and will not use for any purpose or disclose to third parties without my consent any confidential information disclosed in writing to the Company pursuant to this Agreement relating to Inventions that qualify fully for protection under the Specific Inventions Law. I will preserve the confidentiality of any Invention that does not fully qualify for protection under the Specific Inventions Law.

2.6 Government or Third Party. I agree that, as directed by the Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention.

2.7 Ownership of Work Product. I agree that the Company will exclusively own all work product that is made by me (solely or jointly with others) within the scope of my employment, and I hereby irrevocably and unconditionally assign to the Company all right, title and interest worldwide in and to such work product. I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by Copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101). I understand and agree that I have no right to publish on, submit for publishing, or use for any publication any work product protected by this Section, except as necessary to perform services for the Company.

2.8 Enforcement of Intellectual Property Rights and Assistance. I will assist the Company in every proper way to obtain, and from time to time enforce, United States and foreign Intellectual Property Rights and Moral Rights relating to Company Inventions in any and all countries. To that end I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Intellectual Property Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Intellectual Property Rights to the Company or its designee, including the United States or any third party designated by the Company. My obligation to assist the Company with respect to Intellectual Property Rights relating to such Company Inventions in any and all countries will continue beyond the termination of my employment, but the Company will compensate me at a reasonable rate after my termination for the time actually spent by me at the Company's request on such assistance. In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in the preceding paragraph, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I hereby waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned under this Agreement to the Company.

2.9 Incorporation of Software Code. I agree that I will not incorporate into any Company software or otherwise deliver to the Company any software code licensed under the GNU General Public License or Lesser General Public License or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company except in strict compliance with the Company's policies regarding the use of such software.

3. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by the Company) of all Confidential Information developed by me and all Company Inventions made by me during the period of my employment at the Company, which records will be available to and remain the sole property of the Company at all times.

4. Duty of Loyalty During Employment. I agree that during the period of my employment by the Company, I will not, without the Company's express written consent, directly or indirectly engage in any employment or business activity which is directly or indirectly competitive with, or would otherwise conflict with, my employment by the Company.

5. No Solicitation of Employees, Consultants or Contractors. I agree that during the period of my employment and for the one (1) year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by the Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of the Company, solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company (or individual who was an employee or contractor of the Company at any point during the twelve (12) months preceding the date of such solicitation or other similar act), with whom I had direct contact with or had access to Confidential Information about by virtue of the my employment with the Company, to terminate or lessen his, her or its employment or engagement with the Company.

6. Reasonableness of Restrictions.

6.1 I agree that I have read this entire Agreement and understand it. I agree that this Agreement does not prevent me from earning a living or pursuing my career. I agree that the restrictions contained in this Agreement are reasonable, proper, and necessitated by the Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely and with knowledge of its contents with the intent to be bound by the Agreement and the restrictions contained in it.

6.2 To the extent permitted by applicable law, in the event that an arbitrator or court finds this Agreement, or any of its restrictions, to be ambiguous, unenforceable, or invalid, I and the Company agree that the arbitrator or court will read the Agreement as a whole and interpret the restriction(s) at issue to be enforceable and valid to the maximum extent allowed by law.

6.3 To the extent permitted by applicable law, if the arbitrator or court declines to enforce this Agreement in the manner provided in subsection 6.2, the Company and I agree that this Agreement will be automatically modified to provide the Company with the maximum protection of its business interests allowed by law and I agree to be bound by this Agreement as modified.

7. No Conflicting Agreement or Obligation. I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement.

8. Return of Company Property. When I leave the employ of the Company, or at any other time as requested by the Company or the Board of Directors, I will deliver to the Company any and all drawings, notes, memoranda, specifications, devices, formulas and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Confidential Information of the Company. I agree that I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to the Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide the Company with a computer-useable copy of all such Confidential Information and then permanently delete and expunge such Confidential Information from those systems; and I agree to provide the Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on the Company's premises and owned by the Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by the Company's personnel at any time with or without notice. Prior to leaving, I will cooperate with the Company in attending an exit interview and completing and signing the Company's termination statement if required to do so by the Company.

9. Legal and Equitable Remedies.

9.1 I agree that my breach or threatened breach of any of the restrictions set forth this Agreement will result in irreparable and continuing damage to the Company for which there is no adequate remedy at law. Thus, in addition to the Company's right to arbitrate disputes relating to this Agreement (as set forth in the Employment Agreement), the Company shall be entitled to obtain emergency equitable relief, including a temporary restraining order and/or preliminary injunction, in aid of arbitration, from any state or federal court of competent jurisdiction, without first posting a bond, to restrain any such breach or threatened breach. Such relief shall be in addition to any and all other remedies, including damages, available to the Company and its affiliates against me for such breaches or threatened breaches. Upon the issuance (or denial) of an injunction, the underlying merits of any dispute will be resolved in accordance with the arbitration provisions contained in the Employment Agreement.

9.2 In the event the Company enforces this Agreement through an arbitration or court order, I agree that the restrictions of Section 5 will be tolled during the period of such breach and remain in effect for a period of 12 months from the effective date of the Order enforcing the Agreement.

10. Notices. Any notices required or permitted under this Agreement will be given to the Company in accordance with the notice provisions contained in the Employment Agreement.

11. Publication of This Agreement to Subsequent Employer or Business Associates of Employee.

11.1 If I am offered employment or the opportunity to enter into any business venture as owner, partner, consultant or other capacity while the restrictions described in Section 5 of this Agreement are in effect I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business with which I have an opportunity to be associated of my obligations under this Agreement and also agree to provide such person or persons with a copy of this Agreement.

11.2 I agree to inform the Company of all employment and business ventures which I enter into while the restrictions described in Section 5 of this Agreement are in effect and I also authorize the Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business with which I am employed or associated and to make such persons aware of my obligations under this Agreement.

12. General Provisions.

12.1 Governing Law; Dispute Resolution. This Agreement will be governed by and construed according to the laws of the State of California as such laws are applied to agreements entered into and to be performed entirely within California between residents of California. Any disputes arising form or relating to this Agreement shall be resolved in accordance with the arbitration clause contained in the Employment Agreement.

12.2 Severability. In case any one or more of the provisions, subsections, or sentences contained in this Agreement will, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. If moreover, any one or more of the provisions contained in this Agreement will for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it will then appear.

12.3 Successors and Assigns. This Agreement is for my benefit and the benefit of the Company, its successors, assigns, parent corporations, Subsidiaries, affiliates, and purchasers, and will be binding upon my heirs, executors, administrators and other legal representatives.

12.4 Survival. This Agreement shall survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by the Company to any successor in interest or other assignee.

12.5 Employment At-Will. I agree and understand that nothing in this Agreement will change my at-will employment status or confer any right with respect to continuation of employment by the Company for any specific period of time.

12.6 Waiver. No waiver by the Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement will be construed as a waiver of any other right. The Company will not be required to give notice to enforce strict adherence to all terms of this Agreement.

12.7 Export. I agree not to export, reexport, or transfer, directly or indirectly, any U.S. technical data acquired from the Company or any products utilizing such data, in violation of the United States export laws or regulations.

12.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be taken together and deemed to be one instrument. This Agreement may also be executed and delivered by facsimile signature, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (e.g., www.docusign.com).

12.9 Advice of Counsel. I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT WILL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT.

This Agreement shall be effective as of May 20, 2024.

EMPLOYEE:

/s/ Ekkehard Schütz

(Signature)

Ekkehard Schütz

COMPANY:

ACCEPTED AND AGREED

ONCOCYTE CORPORATION

By: */s/ Joshua Riggs*

Joshua Riggs
President & Chief Executive Officer

Address: 15 Cushing
Irvine, California 92618

ANNEX A
TO THE
EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT

EXCLUDED INVENTIONS

TO: **Oncocyte Corporation**
FROM: Ekkehard Schütz
DATE: May 20, 2024

1. Excluded Inventions Disclosure. Except as listed in Section 2 below, the following is a complete list of all Excluded Inventions:

☐ No Excluded Inventions.

☐ See below:

Inventions listed in that certain Agreement on the Assignment of IP Rights between Executive and Chronix Biomedial Inc.

☐ Additional sheets attached.

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to the Excluded Inventions generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies):

Excluded Invention	Party(ies)	Relationship
1.		
2.		
3.		

☐ Additional sheets attached.

3. Limited Exclusion Notification.

This is to notify you in accordance with Section 2872 of the California Labor Code that the foregoing Agreement between you and the Company does not require you to assign or offer to assign to the Company any Invention that you develop entirely on your own time without using the Company's equipment, supplies, facilities or trade secret information, except for those Inventions that either:

a. Relate at the time of conception or reduction to practice to the Company's business, or actual or demonstrably anticipated research or development; or

b. Result from any work performed by you for the Company.

To the extent a provision in the foregoing Agreement purports to require you to assign an Invention otherwise excluded from the preceding paragraph, the provision is against the public policy of this state and is unenforceable.

This limited exclusion does not apply to any patent or Invention covered by a contract between the Company and the United States or any of its agencies requiring full title to such patent or Invention to be in the United States.

Exhibit 10.8

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is entered into as of June 17, 2024, by and between Oncocyte, Corporation (the "Company"), a California corporation located at 15 Cushing, Irvine, California 92618, and Andrea James ("Executive").

1. Engagement; Position and Duties.

(a) Position and Duties. During the Term (as defined below), the Company agrees to employ Executive in the position of Chief Financial Officer of the Company ("CFO"). In such position, Executive shall have such duties and responsibilities attendant to the position of Chief Financial Officer and shall render services consistent with such position, as applicable and appropriate and such services as the Chief Executive Officer of the Company ("CEO") or the Board of Directors of the Company (the "Board") may from time to time direct or require. As CFO, Executive shall report to the CEO. During the Term, Executive shall devote best efforts, skills and abilities, on a full-time basis, exclusively to the Company's business. Executive covenants and agrees to faithfully adhere to and fulfill such policies as are established from time to time by the Board ("Policies").

(b) Place of Performance. Executive's principal place of employment with the Company shall be primarily remote, based in Seattle, Washington, or as otherwise determined from time to time by the Board, provided that Executive shall perform Executive's duties and responsibilities hereunder with due care and in accordance with all Company policies (including any remote-working policies as in effect from time to time), and provided further that Executive understands and agrees that Executive may be required to travel from time to time for business purposes.

(c) Performance of Services for Subsidiaries. In addition to the performance of services for the Company, Executive shall, to the extent so required by the Company, also perform services for one or more members of a consolidated group of which the Company is a part, provided that such services are consistent with the kind of services Executive performs or may be required to perform for the Company under this Agreement. If Executive performs any services for any subsidiary that is wholly-owned or partially owned by Oncocyte (each a "Subsidiary"), Executive shall not be entitled to receive any compensation or remuneration in addition to or in lieu of the compensation and remuneration provided under this Agreement on account of such services for the Subsidiary. The Policies will govern Executive's employment by the Company and any Subsidiaries for which Executive is asked to provide Services. In addition, Executive covenants and agrees that Executive will faithfully adhere to and fulfill such additional policies as may be established from time to time by the board of directors of any Subsidiary for which Executive performs services, including to the extent that such policies and procedures differ from or are in addition to the Policies adopted by the Company.

(d) Exclusivity; No Conflicting Obligations. Executive shall devote Executive's full working and business time, attention, skill and efforts to the business and affairs of the Company and its subsidiaries and affiliates and Executive shall use best efforts to promote the success of the Company's and its subsidiaries' and affiliates' business(es). Executive shall not engage in any other business, profession or occupation for compensation or otherwise without the prior written consent of the Board which may be withheld, conditioned or delayed in the Board's sole and absolute discretion. At the time of the start of this agreement, Executive has the Board and CEO's approval to continue to serve in three advisory board roles requiring minimal time commitment that will not conflict with Executive's roles, responsibilities and obligations as CFO to Oncocyte. Executive shall disclose such advisory board roles to the Company in writing on or before the Effective Date. Executive further hereby represents, warrants, and covenants that: (i) Executive's employment does not conflict with or violate the terms of (A) any agreement by which Executive is bound, including any post-employment covenants or obligations to any other employer, entity, or person, or (B) any order, rule, law, regulation, or other legal requirement or obligation applicable to Executive; (ii) Executive will abide, and has abided, by all fiduciary duties and contractual or common law obligations that Executive may have to all prior employers or other persons or entities; and (iii) Executive did not engage in, conceal, or aid others in, any misconduct, and was not subject to any disciplinary action, while employed by any former employer that could reasonably be expected to cause any damage to the Company's business or reputation or the Company's employees, including but not limited to any conduct constituting sexual misconduct, sexual harassment, harassment, or discrimination. Executive agrees to immediately notify the Board, in writing, if any representation in this Section 1(d) is or becomes untrue or inaccurate at any time. In addition, should Executive become aware of any reason that Executive cannot remain employed by the Company or fully execute Executive's responsibilities for the Company, or should a former employer or any other person or entity allege that Executive is in violation of any obligation to such person or entity, Executive promises to immediately so notify the Board in writing.

(e) No Unauthorized Use of Third Party Intellectual Property. Executive represents and warrants to the Company that Executive will not use or disclose, in connection with Executive's employment by the Company or any Subsidiary, any patents, trade secrets, confidential information, or other proprietary information or intellectual property as to which any other person has any right, title or interest, except to the extent that the Company or a Subsidiary holds a valid license or other written permission for such use from the owner(s) thereof. Executive represents and warrants to the Company that Executive has returned all property and confidential information belonging to any prior employer.

(f) Term. The "Term" shall mean the period commencing as of June 17, 2024 (the "Effective Date") and continuing until such time as Executive's employment is terminated in accordance with Section 5.

2. Compensation

(a) Salary. During the Term, Executive's annual base salary shall be Three Hundred Twenty-Five Thousand Dollars ($325,000) (pro-rated for partial years), less applicable taxes and deductions (such annual base salary, "Base Salary"). Executive's Base Salary shall be paid in accordance with the Company's regular salary payment practices, as in effect from time to time.

(b) Bonus. During the Term, Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus") with a target bonus opportunity equal to fifty percent (50%) of base salary. Executive's Annual Bonus, if any, shall be based on and subject to the achievement of the Company and/or individual performance objectives established (in consultation with Executive), approved, assessed and determined by the Board (or a committee thereof). The Annual Bonus shall not be earned until paid and shall not be paid unless Executive remains an employee (and has not received notice of termination of employment for Cause) of the Company on the date of payment.

(c) Equity.

(i) CFO Stock Option Grant. The Company shall grant Executive a one-time award under the Company's 2018 Equity Incentive Plan, as amended from time to time (the "Plan") of options to purchase 200,000 shares of Company "Common Stock," as defined in the Plan, effective two business days following the Effective Date (the "CFO Equity Grant"). The CFO Equity Grant shall be made subject to shareholder approval of an amendment to Section 4.1 of the Plan increasing the total number of shares of Common Stock available for the grant of awards under the Plan ("Shareholder Approval"). The options in the CFO Equity Grant shall vest as follows, subject to Executive's continued compliance with any restrictive covenants by which Executive may be bound and continuous service as an employee of the Company or a Subsidiary from the Effective Date through the applicable vesting date: (A) twenty-five percent (25%) of the CFO Equity Grant will vest and thereby become exercisable upon the one-year anniversary of the date of grant, and (B) 75% of the CFO Equity Grant will vest in thirty-six (36) substantially equal monthly installments thereafter.

(ii) Performance Equity Grant. The Company shall grant Executive a one-time award under the Plan of 100,000 "Restricted Stock Units," as defined in the Plan, effective two business days following the Effective Date (the "Performance Equity Grant"). The Performance Equity Grant shall be made subject to Shareholder Approval. The Restricted Stock Units in the Performance Equity Grant shall be subject to both time vesting and performance vesting. Subject to Executive's continued compliance with any restrictive covenants by which Executive may be bound and continuous service as an employee of the Company or a Subsidiary from the Effective Date through the applicable vesting date, the Restricted Stock Units in the Performance Equity Grant will (A) with respect to a Performance Vesting Condition (as defined below), vest on the last day of the month in which such Performance Vesting Condition is met, and (B) performance vest as follows: (i) fifty percent (50%) will vest upon the Company's achievement of an aggregate market value of voting and non-voting common equity held by non-affiliates of the Company of $75 million or more, such that the Company is no longer subject to the "Baby Shelf Rules" of Form S-3 (the "Baby Shelf Performance Vesting Condition"), and (ii) fifty percent (50%) will vest upon the Company's achievement of a market capitalization of $200 million, which shall be determined based on the 30-day volume weighted average price of the Common Stock measured as of the end of each full calendar month following the date of grant (the "Market Cap Performance Vesting Condition" and together with the Baby Shelf Performance Vesting Condition, "the Performance Vesting Conditions"); provided, that (X) for the avoidance of doubt, no restricted stock units in the Performance Equity Grant will vest solely based on the passage of time, (Y) no restricted units in the Performance Equity Grant will vest prior to the date that is one year after the date of grant, and (Z) any restricted stock units in the Performance Equity Grant that are not performance vested on December 31, 2026 shall automatically be forfeited.

(iii) Generally. The exercise price of the options in the CFO Equity Grant shall be the fair market value of a share of Company Common Stock on the applicable effective date of grant, determined in accordance with the Plan. Except to the extent that provisions of the Plan relating to termination of continuous service as an employee apply to the termination of options, to the extent not exercised, the options shall expire ten years from the effective date of grant. Executive shall execute a stock option agreement provided by the Company consistent with the terms of the option grant and the Plan. The options shall be incentive stock options to the extent permitted by Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

(d) Expense Reimbursements. During the Term, the Company or a Subsidiary shall reimburse Executive for reasonable and necessary travel and other business expenses incurred by Executive in the performance of Executive's duties under this Agreement, subject to necessary documentation and in accordance with the Company's Policies and procedures in effect from time to time.

(e) Benefit Plans. During the Term, Executive may be eligible (to the extent Executive qualifies) to participate in certain retirement, pension, life, health, accident and disability insurance, equity incentive plan or other similar employee benefit plans, which may be adopted by the Company for its executive officers or other employees. The Company and the Subsidiaries have the right, at any time and without any amendment of this Agreement, and without prior notice to or consent from Executive, to adopt, amend, change, or terminate any such benefit plans that may now be in effect or that may be adopted in the future, in each case without any further financial obligation to Executive; provided that such unilateral change does apply to Executive in a manner different than other Company executives or employees of a comparable executive level, except for changes required by applicable federal, state, or local law, or implemented in response to any change of federal, state or local law or regulation. Any benefits to which Executive may be entitled under any benefit plan shall be governed by the terms and conditions of the applicable benefit plan, and any related plan documents, as in effect from time to time. If Executive receives any grant of stock options or stock or stock related equity awards ("Awards") under any stock option plan, stock purchase plan, or other equity incentive plan of the Company (an "Equity Plan"), the terms and conditions of the Award, and Executive's rights with respect to the Award, shall be governed by (i) the terms of the Equity Plan, as the same may be amended from time to time, and (ii) the terms and conditions of any stock option agreement, stock purchase agreement, or other agreement that Executive may sign or be required to sign with respect to any Award.

(f) Vacation; Sick Leave. During the Term, Executive shall be entitled to paid time off and sick leave in accordance with the Policies of the Company. Executive's vacation shall be taken at such time as is consistent with the needs and Policies of the Company and its Subsidiaries. All vacation days and sick leave days shall accrue annually based upon days of service. Executive's right to leave from work due to illness is subject to the Policies and the provisions of this Agreement governing termination due to disability, sickness or illness. The Policies governing the disposition of unused vacation days and sick leave days remaining at the end of the Company's fiscal year shall govern whether unused vacation days or sick leave days will be paid, lost, or carried over into subsequent fiscal years.

(g) Indemnification. The Company shall enter into the Company's standard form indemnification agreement for officers and directors with Executive.

3. Inventions/Intellectual Property/Confidential Information. Executive acknowledges the execution and delivery to the Company of an Employee Confidential Information and Inventions Assignment Agreement" (the "Confidentiality and IP Agreement"), attached hereto as **Exhibit A.**

4. Additional Restrictive Covenants.

(a) **Cooperation**. Executive agrees that during Executive's employment with the Company and thereafter (regardless of whether Executive resigns or is terminated, or the reason for such resignation or termination), Executive shall, without any additional consideration, provide reasonable and timely cooperation in connection with (i) any actual or threatened litigation, inquiry, review, investigation, process, or other matter, action, or proceeding (whether conducted by or before any arbitrator, court, regulatory, or governmental entity, or otherwise, or by or on behalf of the Company, any Subsidiary, or any of their respective affiliates), that relates to events occurring during Executive's employment with the Company or about which the Company otherwise believes Executive may have relevant information; (ii) the transitioning of Executive's role and responsibilities to other personnel; and (iii) the provision of information in response to the Company's requests and inquiries in connection with Executive's separation and/or relating to topics about which the Company otherwise believes Executive may have relevant information. Executive's cooperation shall include being available to (1) meet with and provide information to the Company and each of the Company Entities (as defined below) and each and all of their respective shareholders, interest holders, unit holders, advisors, managers, officers, directors, partners, principals, members, employees, fiduciaries, representatives, and agents (each a "Company Party") and their counsel or other agents in connection with fact-finding, investigatory, discovery, and/or pre-litigation or other proceeding issues, and (2) provide truthful testimony (including via affidavit, deposition, at trial, or otherwise) in connection with any such matter, all without the requirement of being subpoenaed. The Company shall try to schedule Executive's cooperation pursuant to this Section so as not to unduly interfere with Executive's other personal or professional pursuits.

(b) **Non-Disparagement; Non-Publicity.** Except as provided in Section 1.6 of the Confidentiality and IP Agreement, Executive agrees that, both during and after Executive's employment, Executive will not, whether in private or in public, directly or indirectly, make, publish, encourage, ratify, or authorize, or aid, assist, or direct any other person or entity in making or publishing, whether in written, oral, digital, or any other form: (i) any statements, postings, or other communications that are defamatory, malicious, or slanderous about, or that are misrepresentative of any of the Company, any Subsidiary, or any of their respective agents, affiliates, customers, directors, employees, executives, investors, officers, members, or representatives, or (ii) any statements, postings, or other communications that in any way defame, damage, or disparage the Company and its current former or future parents, subsidiaries, affiliates, or related entities (the "Company Entities") or their respective investors, products, employees, partners, or services. Further, Executive agrees not to do any of the following except as within the performance of Executive's lawful and authorized duties within the scope of Executive's employment with the Company or pursuant to the explicit written approval of the Company: (A) communicate with any member of the media concerning any Company Party, (B) make any statement, posting, or other communication in, on, to, or through any media (whether print, television, radio, the internet, social media, or with or through any reporter, blogger, "app" (such as TikTok, Instagram, Snapchat, or the like), or otherwise (collectively "Media")) that purports to be on behalf of any Company Party, or which a third party may perceive (x) has been authorized, approved, or endorsed by a Company Party or (y) reflects the views of any Company Party, or otherwise includes any Confidential Information, (C) conduct any Company business activity on any Media, (iv) provide any Company Party's promotional material to any person or entity, or (D) direct, aid, encourage, or assist any other person or entity to do any of the foregoing; provided that nothing in this Section 4(b) shall be construed in a manner that would violate any law. Nothing in this Agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. Further, nothing in this Agreement prevents Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

5. Termination of Employment. During the Term:

(a) Resignation by Executive. Executive may resign Executive's employment at any time, for any reason, or for no reason upon at least thirty (30) days prior written notice to the Company; provided, however that the notice requirements upon a resignation for Good Reason shall be the notice required pursuant to the definition of Good Reason (as defined below), provided further that the Company may, at any time during such 30-day period, relieve Executive from all or any of Executive's duties for all or part of the remainder of such 30-day period (including a requirement that Executive must stay away from all or any of the Company's premises and/or will not be provided with any work and/or will have no business contact with all or any of the Company's agents, employees, customers, clients, distributors and suppliers) and provided further that the Company may, in its sole discretion, waive all or part of such notice period, in which case Executive's employment shall terminate on such date as directed by the Company.

(b) Termination by the Company without Cause. The Company may terminate Executive's employment without Cause (as defined below) at any time.

(c) Termination by the Company for Cause. The Company may terminate Executive's employment with Cause at any time upon written notice to Executive**.**

(d) Termination Upon Death or Disability. Executive's employment shall terminate automatically upon Executive's death. If Executive sustains a Disability (as defined below) while Executive is employed by the Company, the Company may terminate Executive's employment by giving Executive thirty (30) days written notice of the Company's intent to terminate Executive's employment**.** Notwithstanding the foregoing, nothing in this Section 5(d) shall be construed to waive Executive's rights, if any, under applicable law.

6. Payments Due Upon Termination of Employment. Except as otherwise provided in this Agreement, upon termination of Executive's employment, the Company and the Subsidiaries shall have no further obligation to Executive, by way of compensation or otherwise.

(a) Upon termination of Executive's employment with the Company at any time and for any reason, in the event of the termination of Executive's employment by the Company for Cause, or termination of Executive's employment as a result of death, Disability, Executive's resignation for Good Reason or without Good Reason, Executive will be entitled to receive only the compensation and benefits set forth below, and Executive will not be entitled to any other compensation, award, or damages with respect to Executive's employment or termination of employment, unless otherwise specified by the Board and CEO.

(i) Termination for Cause, Death, Disability, or Resignation without Good Reason. In the event of the termination of Executive's employment by the Company for Cause or due to Executive's Disability, or termination of Executive's employment as a result of death, or Executive's resignation, the Company shall provide Executive, as soon as reasonably practicable following the date of termination: (A) all accrued but unpaid Base Salary actually earned prior to or as of the date of termination of Executive's employment and any vacation or paid time off accrued as of the date of termination of Executive's employment, in each event, which shall be paid in accordance with the Company's policies for payment upon termination and in accordance with applicable law; and (B) any other vested benefits to which Executive or Executive's estate may be entitled under any of the Company's benefit plans or applicable law, in accordance with the terms of such plans or law (subsections (A)-(B), the "Accrued Obligations"). Except as provided in, and subject to the terms and conditions of, Section 6(a)(ii), Executive will not be entitled to any cash severance benefits, additional vesting of any stock options or other equity or equity-based incentives or cash awards, in the event of a termination of Executive's employment by the Company without Cause or if Executive resigns for Good Reason.

(ii) Termination Without Cause or Resignation for Good Reason. In the event of a termination of Executive's employment by the Company without Cause (excluding due to Disability) or Executive resigns for Good Reason or Executive dies in connection with services performed on behalf of the Company (ie; Executive death due to a vehicular or aviation accident while traveling on Oncocyte business), in each case, in addition to the Accrued Obligations, subject to Section 6(b) and Executive's continued compliance with any restrictive covenants by which Executive is bound, including but not limited to those contained in Section 4 hereof and those set forth in the Confidentiality and IP Agreement, Executive will be entitled to receive the following:

(A) an amount equal to twelve (12) months of Executive's Base Salary, payable at the sole discretion of the Company either (x) in a lump sum on the first payroll date following the sixtieth (60th) day following Executive's date of termination or (y) in twelve (12) equal monthly installments during the twelve (12) month period following Executive's date of termination; provided, however, that the first payment shall be made on the first regularly scheduled payroll date following the sixtieth (60th) day following the Executive's date of termination and shall include payments of any amounts that would have otherwise been payable prior thereto;

(B) a pro-rated portion of the Annual Bonus, if any, for the year of termination, based on actual performance (determined by multiplying the amount of such Annual Bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that Executive is employed by the Company and the denominator of which is 365), paid on the later of (x) the first regularly scheduled payroll date following the sixtieth (60th) day following Executive's termination of employment and (y) on the date in the calendar year following the calendar year to which the Annual Bonus relates on the date such Annual Bonus would have been paid if Executive's employment had not terminated;

(C) subject to Executive's and Executive's spouse and eligible dependents, as applicable, eligibility and Executive's and Executive's spouse and eligible dependents, as applicable, timely and valid election of continuation coverage under the Company's group health plan pursuant to and in accordance with the Consolidated Omnibus Reconciliation Act of 1985, as amended ("COBRA"), reimbursement for an amount equal to the monthly portion of the premium cost of participation in such group health plan that the Company paid for Executive and, to the extent applicable, Executive's spouse and covered dependents (to the extent Executive's spouse and any covered dependents were covered under the applicable group health plan immediately prior to the date of Executive's termination of employment) as in effect for the month immediately preceding the month in which the termination occurs (the "Monthly COBRA Amount") for a period of up to twelve (12) months following the date of termination, provided, that, notwithstanding anything herein to the contrary, Executive's and Executive's spouse and eligible dependents eligibility for the Monthly COBRA Amount as provided for under this Section 6(a)(ii)(C) shall, to the extent applicable, end (y) in the event Executive or Executive's spouse or any of Executive's eligible dependents becomes eligible to receive any group health coverage, including as a result of subsequent employment or service (and, in the case of any of Executive's spouse and eligible dependents becoming eligible to receive comparable group health coverage, then only to such spouse and/or dependents), and Executive shall have an obligation to notify the Company promptly of such event(s), (z) if COBRA continuation coverage is no longer required to be provided to Executive or Executive's spouse or any of Executive's eligible dependents in accordance with COBRA or the applicable plan document (such period from the date of termination through the date of the earliest of the foregoing to occur, the "COBRA Period"). Reimbursements for the Monthly COBRA Amount shall be made by the Company to Executive consistent with the Company's normal expense reimbursement policy, provided that Executive timely submits reasonably acceptable documentation to the Company substantiating Executive's payments for COBRA coverage; and provided, further, that the Company shall not provide reimbursement for any Monthly COBRA Amount until the first regularly scheduled payroll date following the sixtieth (60th) day following the date of termination, and the first reimbursement provided to Executive shall be inclusive of any reimbursements owed through such date. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot pay the Monthly COBRA Amount without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of the Monthly COBRA Amount, the Company shall pay a taxable cash payment to Executive each month over the remaining COBRA Period, in a gross amount equal to the applicable Monthly COBRA Amount for that month ("Alternative Payments"). Any Alternative Payments will cease to be provided when, and under the same terms and conditions as, the Monthly COBRA Premiums would have ceased under this Section 6(a)(ii)(C);

(D) with respect to each outstanding time-based equity award (excluding, for the avoidance of doubt, the Performance Equity Grant), if any, accelerated vesting of the next tranche of time-based equity that would have vested had Executive remained employed through the next applicable vesting date; and

(E) with respect to the Performance Equity Grant, accelerated time vesting of any options that are performance vested as of the date of termination (the payments and benefits under this Section 6(a)(ii)(A)-(E) collectively, the "Severance Benefits").

(b) Release. The Company's obligation to provide the Severance Benefits shall be contingent upon Executive's execution of a release in a form and containing such substance as reasonably acceptable to the Company (the "Release"), which Release must be signed and any applicable revocation period with respect thereto must have expired by the fifty-ninth (59th) day following Executive's termination of employment. The Release will not waive any of Executive's rights, or obligations of the Company or its successor in interest and the Subsidiaries, regarding: (i) any right to indemnification and/or contribution, advancement or payment of related expenses Executive may have pursuant to the Company's Bylaws, Articles of Incorporation, under any written indemnification or other agreement between the parties, and/or under applicable law; (ii) any rights that Executive may have to insurance coverage under any directors and officers liability insurance, other insurance policies of the Company, COBRA or any similar state law; (iii) any claims for worker's compensation, state disability or unemployment insurance benefits, or any other claims that cannot be released as a matter of applicable law; (iv) rights to any vested benefits under any stock, compensation or other employee benefit plan of the Company; (v) any rights Executive may have as an existing shareholder of the Company; and (vi) any claims arising after the effective date of the Release. Nothing in the Release or any other agreement between Executive and the Company will prohibit or prevent Executive from providing truthful testimony or otherwise responding accurately and fully to any question, inquiry or request for information or documents when required by legal process, subpoena, notice, court order or law (including, without limitation, in any criminal, civil, or regulatory proceeding or investigation), or as necessary in any action for enforcement or claimed breach of this Agreement or any other legal dispute with the Company.

(c) Severance Benefits. In addition to the rights and remedies available to the Company under this Agreement and the Confidentiality and IP Agreement, and not in any way in limitation of any right or remedy otherwise available to the Company, in the event that Executive violates any material term of this Agreement, including, for the avoidance of doubt, the covenants set forth in Section 4 hereof or in the Confidentiality and IP Agreement, or any other agreement between the Company or its subsidiaries and Executive, any Severance Benefits then or thereafter due from the Company to Executive shall be terminated immediately and the Company's obligation to pay and Executive's right to receive such Severance Benefits shall terminate and be of no further force or effect, and Executive shall be required to promptly repay to the Company (or any applicable subsidiary) an amount equal to the portion of the Severance Benefits previously paid to Executive.

(d) Section 280G of the Code.

(i) Notwithstanding anything in this Agreement to the contrary, if any payment, distribution, or other benefit provided by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (collectively, the "Payments"), (x) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (y) but for this Section 6(d) would be subject to the excise tax imposed by Section 4999 of the Code or any similar or successor provision thereto (the "Excise Tax"), then the Payments shall be either: (A) delivered in full pursuant to the terms of this Agreement, or (B) delivered to such lesser extent as would result in no portion of the payment being subject to the Excise Tax, as determined in accordance with this Section 6(d).

(ii) The determination of whether Section 6(d)(i)(A) or Section 6(d)(i)(B) shall be given effect shall be made by the Company on the basis of which of such clauses results in the receipt by Executive of the greater Net After-Tax Receipt (as defined herein) of the aggregate Payments. The term "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Section 280G of the Code) of the payments net of all applicable federal, state and local income, employment, and other applicable taxes and the Excise Tax.

(iii) If Section 6(d)(i)(B) is given effect, the reduction shall be accomplished in accordance with Section 409A of the Code and the following: first by reducing, on a pro rata basis, cash Payments that are exempt from Section 409A of the Code; second by reducing, on a pro rata basis, other cash Payments; and third by forfeiting any equity-based awards that vest and become payable, starting with the most recent equity-based awards that vest, to the extent necessary to accomplish such reduction.

(iv) Unless the Company and Executive otherwise agree in writing, any determination required under this Section 6(d) shall be made by the Company's independent accountants or compensation consultants (the "Third Party"), and all such determinations shall be conclusive, final and binding on the parties hereto. The Company and Executive shall furnish to the Third Party such information and documents as the Third Party may reasonably request in order to make a determination under this Section 6(d). The Third Party shall provide detailed supporting calculations both to the Company and Executive. The Company shall bear all fees and costs of the Third Party with respect to all determinations under or contemplated by this Section 6(d).

(v) If, at the time of a transaction giving rise to Payments that could constitute "parachute payments" within the meaning of Section 280G of the Code, the stock of the Company is not readily tradable on an established securities market and the Company determines that the exemption described in Section 280G(b)(5) of the Code would apply to the Payments if the requisite shareholder approval is obtained in accordance with the terms and conditions of Section 280G of the Code, the Company shall use commercially reasonable efforts to seek the requisite shareholder approval of the Payments such that no Payments would constitute "excess parachute payments."

(e) Definitions. For purposes of this Section, the following definitions shall apply:

(i) "Cause" means, as determined by the Board of Directors in its sole discretion, the occurrence of one of the following events with respect to Executive: (i) substantial or repeated failure or refusal to perform, or gross negligence in the performance of, Executive's duties and responsibilities (with or without any accommodation in accordance with applicable law) or refusal or failure to comply with a lawful direction or order of the Board of Directors; (ii) misconduct that has, or could reasonably be expected to have, a material and adverse effect upon the Company, including on the Company's business or reputation; (iii) breach of a fiduciary duty or duty of loyalty to the Company or any of its affiliates; (iv) engagement in fraud, theft, embezzlement or misappropriation of any material amount of money or other assets of the Company or its affiliates, or any other act of material dishonesty by Executive involving the Company or its affiliates; (v) indictment for (or the procedural equivalent thereof) or conviction of, or plea of guilty or nolo contendere to, any felony or any other crime involving moral turpitude (in accordance with applicable law); (vi) Executive's material breach of any of the terms of this Agreement or obligations under any other agreement entered into between Executive and the Company or any of its affiliates (including any restrictive covenant agreement); or (vii) Executive's material breach of the written policies or procedures of the Company (including, without limitation, policies related to sexual harassment, sexual misconduct or sex-based discrimination). Any voluntary resignation of Executive's employment in anticipation of a termination of Executive's employment by the Company for Cause following the occurrence of any event(s) that could reasonably constitute Cause shall be deemed to be a termination by the Company for Cause. Further, Executive's employment shall be deemed to have been terminated for Cause if, following termination of Executive's employment, an act or omission is discovered of which the Board of Directors was previously unaware that if known at the time of termination would have justified a termination for Cause. Any termination for "Cause" will not limit any other right or remedy the Company may have under this Agreement or otherwise.

(ii) "Disability" shall mean a physical or mental incapacity or disability which, despite any reasonable accommodation required by applicable law, has rendered, or is likely to render, Executive unable to perform the essential functions of Executive's position for a period of either (i) 120 non-consecutive days in any twelve-month period, or (ii) 90 consecutive days, as determined by a medical physician selected or approved by the Company. The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

(iii) "Good Reason" means voluntary resignation after any of the following actions taken by the Company without Executive's written consent: (1) an adverse change in Executive's title or direct reporting relationship to the Board; (2) Executive incurs a material diminution in Base Salary, unless reductions of comparable amount and duration are concurrently made for all other senior executive management Company employees; or (3) there shall have occurred a relocation of Executive's principal workplace to a location more than thirty-five (35) miles from Executive's workplace as of the date of this Agreement, if such change significantly increases Executive's commute; provided, that, Executive may not terminate Executive's employment for Good Reason unless (x) Executive has provided notice to the Board of Directors setting forth in reasonable detail the specific conduct purporting to constitute Good Reason within thirty (30) days of the first occurrence of any such event or condition, (y) the Company has failed to cure such conduct within thirty (30) days following the date of receipt of such notice (the "Cure Period"), and (z) Executive has terminated Executive's employment within five (5) days following the end of the Cure Period. Failure to timely provide such written notice to the Company or failure to timely resign Executive's employment for Good Reason means that Executive will be deemed to have consented and waived the Good Reason event. Notwithstanding the foregoing, during the Term, in the event that the Board of Directors reasonably believes that Executive may have engaged in conduct that could constitute Cause hereunder, the Company may, in its sole discretion, suspend Executive from performing Executive's duties hereunder, and in no event shall any such suspension constitute an event pursuant to which Executive may terminate employment for Good Reason or otherwise constitute a breach hereunder.

7. Turnover of Property and Documents on Termination. Executive agrees that on or before termination of Executive's employment, or at any other time at the Company's or Board of Director's request, Executive will return to the Company, and all Subsidiaries, all equipment and other property belonging to the Company and the Subsidiaries, and all originals and copies of confidential information (in any and all media and formats, and including any document or other item containing Confidential Information as defined in **Exhibit A**) in Executive's possession or control, and all of the following (in any and all media and formats, and whether or not constituting or containing confidential information) in Executive's possession or control: (a) lists and sources of customers; (b) proposals or drafts of proposals for any research grant, research or development project or program, marketing plan, licensing arrangement, or other arrangement with any third party; (c) reports, notations of the Executive, laboratory notes, specifications, and drawings pertaining to the research, development, products, patents, and technology of the Company and any Subsidiaries; (d) any and all intellectual property developed by Executive during the course of employment; and (e) the manual and memoranda related to the Policies. To the extent there is a conflict between this Section 6 and the Confidentiality and IP Agreement executed by the Executive, the Confidentiality and IP Agreement provisions control.

8. Resignation from Offices on Termination of Employment. Upon termination of Executive's employment for any reason by either party, Executive hereby agrees that Executive shall automatically be treated as having resigned from any offices or positions related to the Company or any of its affiliates, and shall timely execute any documents required to effectuate the same.

9. Arbitration. It is the intention of Executive and the Company that the Federal Arbitration Act and the California Arbitration Act shall apply with respect to the arbitration of disputes, claims, and controversies pursuant to, arising under, or in connection with this Agreement (including its **Exhibit A** Confidentiality and IP Agreement). Except for injunctive proceedings against unauthorized disclosure of confidential information or other actual or threatened breach of this Agreement or its **Exhibit A** Confidentially and IP Agreement that may cause irreparable and continuing injury to the Company or its subsidiaries or affiliates for which there is no adequate remedy at law (and upon the issuance or denial of an injunction the underlying merits of any dispute will be resolved in accordance with the remainder of this Section), any and all claims or controversies between the Company or any Subsidiary and Executive, including but not limited to (a) those involving the construction or application of any of the terms, provisions, or conditions of this Agreement or the Policies; (b) all contract or tort claims of any kind; and (c) any claim based on any federal, state, or local law, statute, regulation, or ordinance, shall be settled by arbitration in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association ("AAA") or the Employment Arbitration Rules & Procedures of the Judicial Arbitration and Mediation Service ("JAMS"), as selected by the Company or a Subsidiary. Judgment on the award rendered by the arbitrator(s) may be entered by any court having jurisdiction over the Company and Executive. The location of the arbitration shall be San Francisco, California. Unless the Company or a Subsidiary and Executive mutually agree otherwise, the arbitrator shall be a retired judge selected from a panel provided by the AAA or the JAMS. The Company, or a Subsidiary, if the Subsidiary is a party to the arbitration proceeding, shall pay the arbitrator's fees and costs. Executive shall pay for Executive's own costs and attorneys' fees, if any. The Company and any Subsidiary that is a party to an arbitration proceeding shall pay for its own costs and attorneys' fees, if any. However, if any party prevails on a statutory claim which affords the prevailing party attorneys' fees, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party. Notwithstanding the foregoing, nothing in this Section shall be construed in a manner that would violate any law.

EXECUTIVE UNDERSTANDS AND AGREES THAT THIS AGREEMENT TO ARBITRATE CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A TRIAL BY JURY OF ANY MATTERS COVERED BY THIS AGREEMENT TO ARBITRATE.

10. Severability. In the event that any of the provisions of this Agreement or the Policies shall be held to be invalid or unenforceable in whole or in part, those provisions to the extent enforceable and all other provisions shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Agreement or the Policies. In the event that any provision relating to a time period of restriction shall be declared by an arbitrator or court of competent jurisdiction to exceed the maximum time period such arbitrator or court deems reasonable and enforceable, then the time period of restriction deemed reasonable and enforceable by the arbitrator or court shall become and shall thereafter be the maximum time period.

11. Agreement Read and Understood. Executive acknowledges that Executive has carefully read the terms of this Agreement, that Executive has had an opportunity to consult with an attorney or other representative of Executive's own choosing regarding this Agreement, that Executive understands the terms of this Agreement and that Executive is entering this Agreement of Executive's own free will.

12. Complete Agreement, Modification. This Agreement and the Confidentiality and IP Agreement annexed hereto as Exhibit A are the complete agreement between Executive and the Company on the subjects contained in this Agreement. This Agreement supersedes and replaces all previous correspondence, promises, representations, and agreements, if any, either written or oral with respect to Executive's employment by the Company or any Subsidiary and any matter covered by this Agreement. No provision of this Agreement may be modified, amended, or waived except by a written document signed both by the Company and Executive.

13. Governing Law. This Agreement shall be construed and enforced according to the laws of the State of California.

14. Assignability. This Agreement, and the rights and obligations of Executive and the Company under this Agreement, may not be assigned by Executive. The Company may assign any of its rights and obligations under this Agreement to any successor or surviving corporation, limited liability company, or other entity resulting from a merger, consolidation, sale of assets, sale of stock, sale of membership interests, or other reorganization, upon condition that the assignee shall assume, either expressly or by operation of law, all of the Company's obligations under this Agreement.

15. Taxes.

(a) Generally. The Company or any Subsidiary may withhold from any payments made under this Agreement all applicable taxes, including, but not limited to, income, employment and social insurance taxes as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to Executive in connection with this Agreement and that Executive has been advised by the Company to seek tax advice from Executive's own tax advisors regarding this Agreement and payments that may be made to Executive pursuant to this Agreement.

(b) Section 409A. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and applied so that the payments and benefits set forth herein shall either be exempt from the requirements of Section 409A of the Code, and the rules and regulations promulgated thereunder ("Section 409A"), or shall comply with the requirements of such provision and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be exempt from or in compliance with Section 409A. To the extent the Company determines that any provision of this Agreement would cause Executive to incur any additional tax or interest under Section 409A, the Company shall be entitled to reform such provision to attempt to comply with or be exempt from Section 409A through good faith modifications. To the extent that any provision hereof is modified in order to comply with Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company without violating the provisions of Section 409A. Notwithstanding anything in this Agreement or elsewhere to the contrary, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that constitute "non-qualified deferred compensation" within the meaning of Section 409A upon or following a termination of Executive's employment unless such termination is also a "separation from service" within the meaning of Section 409A. For purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean a "separation from service" and the date of such separation from service shall be the date of termination for purposes of any such payment or benefits. Each payment under this Agreement or otherwise in a series of payments shall be treated as a separate payment for purposes of Section 409A. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement or otherwise which constitutes a "deferral of compensation" within the meaning of Section 409A. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A. To the extent that any reimbursements pursuant to this Agreement or otherwise are taxable to Executive, any reimbursement payment due to Executive shall be paid to Executive on or before the last day of Executive's taxable year following the taxable year in which the related expense was incurred; provided, that, Executive has provided the Company written documentation of such expenses in a timely fashion and such expenses otherwise satisfy the Company's or one of its subsidiaries' expense reimbursement policies. Reimbursements pursuant to this Agreement or otherwise are not subject to liquidation or exchange for another benefit and the amount of such reimbursements that Executive receives in one taxable year shall not affect the amount of such reimbursements that Executive receives in any other taxable year. Notwithstanding any provision in this Agreement to the contrary, if on the date of Executive's termination from employment with the Company Executive is deemed to be a "specified employee" within the meaning of Section 409A using the identification methodology selected by the Company from time to time, or if none, the default methodology under Section 409A, any payments or benefits due upon a termination of Executive's employment under any arrangement that constitutes a "deferral of compensation" within the meaning of Section 409A shall be delayed and paid or provided (or commence, in the case of installments) on the first payroll date on or following the earlier of (i) the date which is six (6) months and one (1) day after Executive's termination of employment for any reason other than death, and (ii) the date of Executive's death, and any remaining payments and benefits shall be paid or provided in accordance with the normal payment dates specified for such payment or benefit. Each payment under this Agreement will be treated as a separate payment for purposes of Section 409A and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. Notwithstanding any of the foregoing to the contrary, the Company and its affiliates and its and their respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with, or are exempt from, the provisions of Section 409A, and none of the foregoing shall have any liability for the failure of the terms of this Agreement as written to comply with, or be exempt from, the provisions of Section 409A.

16. Clawback Provisions. Notwithstanding any other provisions in this Agreement to the contrary, any compensation paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company or any of the Company's Subsidiaries is and shall remain subject to any clawback or recoupment policy currently in effect or as may be adopted by the Board of Directors and, in each case, as may be amended from time to time. No such policy, adoption or amendment shall in any event require the prior consent of Executive. No recovery of compensation under such a clawback or recoupment policy will be an event giving rise to a right to resign for Good Reason under this Agreement or any other agreement with the Company or any of its affiliates.

17. Survival. The covenants and agreements contained in Sections 3, 4, 7, and 9-16 of this Agreement, as well as the Confidentiality and IP Agreement, shall survive termination of this Agreement and Executive's employment.

18. Notices. Any notices or other communication required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or sent by next business day air courier service, personally delivered to the party to whom it is to be given, or transmitted via electronic mail. Notices will be deemed to have been given hereunder and received when delivered personally, when received if transmitted via electronic mail, five (5) days after deposit in the U.S. mail and one (1) day business after deposit for next business day. Notices shall be addressed as follows (or to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 18):

If to the Company:

Oncocyte Corporation
15 Cushing

Irvine, California 92618
Attention: General Counsel

If to Executive, to Executive's physical and/or email address most recently on file with the Company.

[Signatures to the Employment Agreement Are Found on the Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

EXECUTIVE:

/s/ Andrea James
Andrea James

COMPANY:

ONCOCYTE CORPORATION

By: */s/ Joshua Riggs*

Title: President and Chief Executive Officer

Exhibit A

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT

In consideration of my employment or continued employment by **ONCOCYTE CORPORATION** its subsidiaries, parents, affiliates, successors and assigns (together "***Company***") pursuant to the Employment Agreement effective as of June 17, 2024 (the "***Employment Agreement***") and the compensation paid to me now and during my employment with the Company, I, Andrea James, hereby enter into this Employee Confidential Information and Invention Assignment Agreement (the "***Agreement***") and agree as follows:

1. Confidential Information Protections.

1.1 Recognition of the Company's Rights; Nondisclosure. I understand and acknowledge that my employment by the Company creates a relationship of confidence and trust with respect to the Company's Confidential Information (as defined below) and that the Company has a protectable interest therein. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any of the Company's Confidential Information, except as such disclosure, use or publication may be required in connection with my work for the Company, or unless an officer of the Company expressly authorizes such disclosure. I will obtain the Company's written approval before publishing or submitting for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. I hereby assign to the Company any rights I may have or acquire in such Confidential Information and recognize that all Confidential Information shall be the sole and exclusive property of the Company and its assigns. I will take all reasonable precautions to prevent the inadvertent accidental disclosure of Confidential Information.

1.2 Confidential Information. The term "***Confidential Information***" shall mean any and all confidential knowledge, data or information of the Company. By way of illustration but not limitation, "***Confidential Information***" includes (a) trade secrets, inventions, algorithms, mask works, ideas, processes, formulas, software in source or object code, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all Intellectual Property Rights (as defined below) therein (collectively, "***Inventions***"), and genetic and protein biomarkers of any and all kinds used in or related to Company diagnostic tests, products, or research, even if not patented or patentable; (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding customers and potential customers of the Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by the Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Company and other non-public information relating to customers and potential customers; (d) information regarding any of the Company's business partners and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of the Company could use to the competitive disadvantage of the Company. For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act by me or any of my agents; (ii) was available to the me on a non-confidential basis before its disclosure by a member of the Company; (iii) becomes available to me on a non-confidential basis from a source other than a member of the Company; provided that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company; (iv) is required to be disclosed by applicable law; or (v) where a prohibition on the disclosure of such information would act as a blanket prohibition on me working in any industry.

1.3 Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties their confidential and/or proprietary knowledge, data or information ("***Third Party Information***") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold Third Party Information in confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, Third Party Information or unless expressly authorized by an officer of the Company in writing.

1.4 Term of Nondisclosure Restrictions. I understand that Confidential Information and Third Party Information is never to be used or disclosed by me, as provided in this Section 1, except in connection with my lawful and authorized duties as an employee of the Company during my employment or as otherwise provided in Section 1.6 below.

1.5 No Improper Use of Information of Prior Employers and Others. During my employment by the Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person.

1.6 Notwithstanding anything herein to the contrary, in accordance with the Defend Trade Secrets Act, 18 U.S.C. § 1833(b), and other applicable law, nothing in this Section 1, the Employment Agreement to which it is an Exhibit, or any other agreement or Company policy shall prevent me from, or expose me to criminal or civil liability under federal or state trade secrets law for (i) directly or indirectly, sharing any Company Party's (as defined in the Employment Agreement) trade secrets or other Confidential Information (except information protected by any Company Party's attorney-client or work product privilege) with law enforcement, an attorney, or any federal, state, or local government agencies, regulators, or officials (including the Equal Employment Opportunity Commission, the Securities and Exchange Commission, the National Labor Relations Board, the California Labor & Workforce Development Agency, or any other analogous state or local agencies), for the purpose of investigating or reporting a suspected violation of law (including but not limited to any whistleblower retaliation claim), whether in response to a subpoena or otherwise, without notice to the Company; (ii) disclosing any Company Party's trade secrets in a filing in connection with a legal claim including but not limited to any whistleblower retaliation claim), provided that the filing is made under seal; (iii) discussing or disclosing information related to my general job duties or responsibilities; and/or (iv) in any way participating in any action seeking to rectify or address sexual harassment or other illegal conduct, or from making such good faith based allegations relating to sexual harassment, harassment, discrimination, or any other conduct prohibited by law, in accordance with the terms of this Agreement.

1.7 Legal Process. Except as provided in Section 1.6 above, I agree that in the event I am served with a subpoena, document request, interrogatory, or any other legal process that will or may require me to disclose any Confidential Information, whether during my employment or thereafter, I will immediately notify the Company's General Counsel of such fact, in writing, and provide a copy of such subpoena, document request, interrogatory, or other legal process, and shall thereafter cooperate with the Company in any lawful response to such subpoena, document request, interrogatory, or legal process as the Company may request, unless such subpoena, document request, interrogatory, or other legal process (a) is from a court or governmental agency, and (b) explicitly prohibits me from doing so.

2. Assignments of Inventions.

2.1 Definitions. As used in this Agreement, the term "***Intellectual Property Rights***" means all trade secrets, Copyrights, trademarks, mask work rights, patents and other intellectual property rights recognized by the laws of any jurisdiction or country; the term "***Copyright***" means the exclusive legal right to reproduce, perform, display, distribute and make derivative works of a work of authorship (as a literary, musical, or artistic work) recognized by the laws of any jurisdiction or country; and the term "***Moral Rights***" means all paternity, integrity, disclosure, withdrawal, special and any other similar rights recognized by the laws of any jurisdiction or country.

2.2 Excluded Inventions and Other Inventions. Attached hereto as **Annex A** is a list describing all existing Inventions, if any, (a) that are owned by me or in which I have an interest and were made or acquired by me prior to my date of first employment by the Company, (b) that may relate to the Company's business or actual or demonstrably anticipated research or development, and (c) that are not to be assigned to the Company ("***Excluded Inventions***"). If no such list is attached, I represent and agree that it is because I have no Excluded Inventions. For purposes of this Agreement, "***Other Inventions***" means Inventions in which I have or may have an interest, as of the commencement of my employment or thereafter, other than Company Inventions (as defined below) and Excluded Inventions. I acknowledge and agree that if I use any Excluded Inventions or any Other Inventions in the scope of my employment, or if I include any Excluded Inventions or Other Inventions in any product or service of the Company, or if my rights in any Excluded Inventions or Other Inventions may block or interfere with, or may otherwise be required for, the exercise by the Company of any rights assigned to the Company under this Agreement, I will immediately so notify the Company in writing. Unless the Company and I agree otherwise in writing as to particular Excluded Inventions or Other Inventions, I hereby grant to the Company, in such circumstances (whether or not I give the Company notice as required above), a non-exclusive, perpetual, transferable, fully-paid and royalty-free, irrevocable and worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium, whether now known or later developed, make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Excluded Inventions and Other Inventions. To the extent that any third parties have rights in any such Other Inventions, I hereby represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above.

2.3 Assignment of Company Inventions. Inventions assigned to the Company or to a third party as directed by the Company pursuant to Section 2.6 are referred to in this Agreement as "***Company Inventions***." Subject to Section 2.4 and except for Excluded Inventions set forth in **Annex A** and Other Inventions, I hereby assign to the Company all my right, title, and interest in and to any and all Inventions (and all Intellectual Property Rights with respect thereto) made, conceived, reduced to practice, or learned by me, either alone or with others, during the period of my employment by the Company. To the extent required by applicable Copyright laws, I agree to assign in the future (when any copyrightable Inventions are first fixed in a tangible medium of expression) my Copyright rights in and to such Inventions. Any assignment of Company Inventions (and all Intellectual Property Rights with respect thereto) hereunder includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to the Company and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against the Company or related to the Company's customers, with respect to such rights. I further acknowledge and agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Company Inventions (and any Intellectual Property Rights with respect thereto).

2.4 Unassigned or Nonassignable Inventions. I recognize that this Agreement will not be deemed to require assignment of any Invention that is covered under California Labor Code section 2870(a) (the "***Specific Inventions Law***") except for those Inventions that are covered by a contract between the Company and the United States or any of its agencies that require full title to such patent or Invention to be in the United States.

2.5 Obligation to Keep the Company Informed. During the period of my employment, I will promptly and fully disclose to the Company in writing all Inventions authored, conceived, or reduced to practice by me, either alone or jointly with others. At the time of each such disclosure, I will advise the Company in writing of any Inventions that I believe fully qualify for protection under the provisions of the Specific Inventions Law; and I will at that time provide to the Company in writing all evidence necessary to substantiate that belief. The Company will keep in confidence and will not use for any purpose or disclose to third parties without my consent any confidential information disclosed in writing to the Company pursuant to this Agreement relating to Inventions that qualify fully for protection under the Specific Inventions Law. I will preserve the confidentiality of any Invention that does not fully qualify for protection under the Specific Inventions Law.

2.6 Government or Third Party. I agree that, as directed by the Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention.

2.7 Ownership of Work Product. I agree that the Company will exclusively own all work product that is made by me (solely or jointly with others) within the scope of my employment, and I hereby irrevocably and unconditionally assign to the Company all right, title and interest worldwide in and to such work product. I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by Copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101). I understand and agree that I have no right to publish on, submit for publishing, or use for any publication any work product protected by this Section, except as necessary to perform services for the Company.

2.8 Enforcement of Intellectual Property Rights and Assistance. I will assist the Company in every proper way to obtain, and from time to time enforce, United States and foreign Intellectual Property Rights and Moral Rights relating to Company Inventions in any and all countries. To that end I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Intellectual Property Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Intellectual Property Rights to the Company or its designee, including the United States or any third party designated by the Company. My obligation to assist the Company with respect to Intellectual Property Rights relating to such Company Inventions in any and all countries will continue beyond the termination of my employment, but the Company will compensate me at a reasonable rate after my termination for the time actually spent by me at the Company's request on such assistance. In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in the preceding paragraph, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I hereby waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned under this Agreement to the Company.

2.9 Incorporation of Software Code. I agree that I will not incorporate into any Company software or otherwise deliver to the Company any software code licensed under the GNU General Public License or Lesser General Public License or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company except in strict compliance with the Company's policies regarding the use of such software.

3. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by the Company) of all Confidential Information developed by me and all Company Inventions made by me during the period of my employment at the Company, which records will be available to and remain the sole property of the Company at all times.

4. Duty of Loyalty During Employment. I agree that during the period of my employment by the Company, I will not, without the Company's express written consent, directly or indirectly engage in any employment or business activity which is directly or indirectly competitive with, or would otherwise conflict with, my employment by the Company.

5. No Solicitation of Employees, Consultants or Contractors. I agree that during the period of my employment and for the one (1) year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by the Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of the Company, solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company (or individual who was an employee or contractor of the Company at any point during the twelve (12) months preceding the date of such solicitation or other similar act), with whom I had direct contact with or had access to Confidential Information about by virtue of the my employment with the Company, to terminate or lessen his, her or its employment or engagement with the Company.

6. Reasonableness of Restrictions.

6.1 I agree that I have read this entire Agreement and understand it. I agree that this Agreement does not prevent me from earning a living or pursuing my career. I agree that the restrictions contained in this Agreement are reasonable, proper, and necessitated by the Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely and with knowledge of its contents with the intent to be bound by the Agreement and the restrictions contained in it.

6.2 To the extent permitted by applicable law, in the event that an arbitrator or court finds this Agreement, or any of its restrictions, to be ambiguous, unenforceable, or invalid, I and the Company agree that the arbitrator or court will read the Agreement as a whole and interpret the restriction(s) at issue to be enforceable and valid to the maximum extent allowed by law.

6.3 To the extent permitted by applicable law, if the arbitrator or court declines to enforce this Agreement in the manner provided in subsection 6.2, the Company and I agree that this Agreement will be automatically modified to provide the Company with the maximum protection of its business interests allowed by law and I agree to be bound by this Agreement as modified.

7. No Conflicting Agreement or Obligation. I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement.

8. Return of Company Property. When I leave the employ of the Company, or at any other time as requested by the Company or the Board of Directors, I will deliver to the Company any and all drawings, notes, memoranda, specifications, devices, formulas and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Confidential Information of the Company. I agree that I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to the Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide the Company with a computer-useable copy of all such Confidential Information and then permanently delete and expunge such Confidential Information from those systems; and I agree to provide the Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on the Company's premises and owned by the Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by the Company's personnel at any time with or without notice. Prior to leaving, I will cooperate with the Company in attending an exit interview and completing and signing the Company's termination statement if required to do so by the Company.

9. Legal and Equitable Remedies.

9.1 I agree that my breach or threatened breach of any of the restrictions set forth this Agreement will result in irreparable and continuing damage to the Company for which there is no adequate remedy at law. Thus, in addition to the Company's right to arbitrate disputes relating to this Agreement (as set forth in the Employment Agreement), the Company shall be entitled to obtain emergency equitable relief, including a temporary restraining order and/or preliminary injunction, in aid of arbitration, from any state or federal court of competent jurisdiction, without first posting a bond, to restrain any such breach or threatened breach. Such relief shall be in addition to any and all other remedies, including damages, available to the Company and its affiliates against me for such breaches or threatened breaches. Upon the issuance (or denial) of an injunction, the underlying merits of any dispute will be resolved in accordance with the arbitration provisions contained in the Employment Agreement.

9.2 In the event the Company enforces this Agreement through an arbitration or court order, I agree that the restrictions of Section 5 will be tolled during the period of such breach and remain in effect for a period of 12 months from the effective date of the Order enforcing the Agreement.

10. Notices. Any notices required or permitted under this Agreement will be given to the Company in accordance with the notice provisions contained in the Employment Agreement.

11. Publication of This Agreement to Subsequent Employer or Business Associates of Employee.

11.1 If I am offered employment or the opportunity to enter into any business venture as owner, partner, consultant or other capacity while the restrictions described in Section 5 of this Agreement are in effect I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business with which I have an opportunity to be associated of my obligations under this Agreement and also agree to provide such person or persons with a copy of this Agreement.

11.2 I agree to inform the Company of all employment and business ventures which I enter into while the restrictions described in Section 5 of this Agreement are in effect and I also authorize the Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business with which I am employed or associated and to make such persons aware of my obligations under this Agreement.

12. General Provisions.

12.1 Governing Law; Dispute Resolution. This Agreement will be governed by and construed according to the laws of the State of California as such laws are applied to agreements entered into and to be performed entirely within California between residents of California. Any disputes arising form or relating to this Agreement shall be resolved in accordance with the arbitration clause contained in the Employment Agreement.

12.2 Severability. In case any one or more of the provisions, subsections, or sentences contained in this Agreement will, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. If moreover, any one or more of the provisions contained in this Agreement will for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it will then appear.

12.3 Successors and Assigns. This Agreement is for my benefit and the benefit of the Company, its successors, assigns, parent corporations, Subsidiaries, affiliates, and purchasers, and will be binding upon my heirs, executors, administrators and other legal representatives.

12.4 Survival. This Agreement shall survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by the Company to any successor in interest or other assignee.

12.5 Employment At-Will. I agree and understand that nothing in this Agreement will change my at-will employment status or confer any right with respect to continuation of employment by the Company for any specific period of time.

12.6 Waiver. No waiver by the Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement will be construed as a waiver of any other right. The Company will not be required to give notice to enforce strict adherence to all terms of this Agreement.

12.7 Export. I agree not to export, reexport, or transfer, directly or indirectly, any U.S. technical data acquired from the Company or any products utilizing such data, in violation of the United States export laws or regulations.

12.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be taken together and deemed to be one instrument. This Agreement may also be executed and delivered by facsimile signature, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (e.g., www.docusign.com).

12.9 Advice of Counsel. I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT WILL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT.

This Agreement shall be effective as of June 17, 2024.

EMPLOYEE:

/s/ Andrea James

(Signature)

Andrea James

COMPANY:

ACCEPTED AND AGREED

ONCOCYTE CORPORATION

By: */s/ Joshua Riggs*
Joshua Riggs
President & Chief Executive Officer

Address: 15 Cushing
Irvine, California 92618

ANNEX A
TO THE
EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT

EXCLUDED INVENTIONS

TO: **Oncocyte Corporation**
FROM: Andrea James
DATE: June 17, 2024

1. Excluded Inventions Disclosure. Except as listed in Section 2 below, the following is a complete list of all Excluded Inventions:

☒ No Excluded Inventions.

☐ See below:

☐ Additional sheets attached.

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to the Excluded Inventions generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies):

Excluded Invention	Party(ies)	Relationship
1.		
2.		
3.		

☐ Additional sheets attached.

3. Limited Exclusion Notification.

This is to notify you in accordance with Section 2872 of the California Labor Code that the foregoing Agreement between you and the Company does not require you to assign or offer to assign to the Company any Invention that you develop entirely on your own time without using the Company's equipment, supplies, facilities or trade secret information, except for those Inventions that either:

a. Relate at the time of conception or reduction to practice to the Company's business, or actual or demonstrably anticipated research or development; or

b. Result from any work performed by you for the Company.

To the extent a provision in the foregoing Agreement purports to require you to assign an Invention otherwise excluded from the preceding paragraph, the provision is against the public policy of this state and is unenforceable.

This limited exclusion does not apply to any patent or Invention covered by a contract between the Company and the United States or any of its agencies requiring full title to such patent or Invention to be in the United States.

Exhibit 31.1

CERTIFICATION

I, Josh Riggs, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 8, 2024

/s/ Josh Riggs

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

Exhibit 31.2

CERTIFICATION

I, Andrea James, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 8, 2024

/s/ Andrea James

Andrea James
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Oncocyte Corporation (the "Company") for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Josh Riggs, President and Chief Executive Officer of the Company, and Andrea James, 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, 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: August 8, 2024

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

/s/ Andrea James
Andrea James
Chief Financial Officer
(Principal Financial Officer)