UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2026

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: 001-38943



Personalis, Inc.

(Exact Name of registrant as specified in its charter)

Delaware	**27-5411038**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6600 Dumbarton Circle Fremont, California	**94555**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(650) 752-1300**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001	PSNL	The Nasdaq Global Market

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒ Emerging growth company ☐

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

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

The number of shares of registrant's Common Stock outstanding as of October 30, 2026 was 108,403,814.

PERSONALIS, INC.

Form 10-Q
For the Quarterly Period Ended September 30, 2026

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “objective,” “ongoing,” “plan,” “potential,” “predict,” “project,” “should,” “will,” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- the planned completion of the transactions contemplated by the Agreement and Plan of Merger by and among us, Tempus AI, Inc. (“Tempus”), Aviary Development, Inc., a Delaware corporation and a wholly owned subsidiary of Tempus and Toucan Development, LLC, a Nevada limited liability company and a wholly owned subsidiary of Tempus;
- the evolution of cancer therapies and market adoption of our testing services;
- estimates of our future revenue and the timing thereof, expenses, use of cash and other resources, cost savings, capital requirements, and our needs for additional financing and our ability to obtain financing when needed;
- future reimbursement and reimbursement rulings and the timing thereof;
- our business strategies, including our aim to focus on certain indications and the timing thereof;
- the benefits of our testing services, including their ability to increase the probability of clinical trial success;
- our ability to enter into and compete effectively in existing and new markets, with existing competitors and new market entrants;
- our ability to manage and grow our business by expanding our sales to existing customers or introducing our testing services to new customers;
- our sales, marketing and commercialization plans and strategies, including the expected benefits of and activities to be performed under our Commercialization and Reference Laboratory Agreement with Tempus;
- our future business with the U.S. Department of Veterans Affairs' Million Veteran Program ("VA MVP"), ModernaTX, Inc. ("Moderna"), Merck & Co., Inc. ("Merck"), and other collaboration partners and customers;
- our belief that approval of personalized cancer therapies by the U.S. Food and Drug Administration ("FDA") may drive benefits to our business;
- our ability to benefit from the scaling of our infrastructure and capacity at our headquarters facility in Fremont;
- the impact our collaboration agreements and key opinion leaders may have on the broader use of our testing services in the future;
- the potential impacts of inflation, macroeconomic conditions, and geopolitical conflicts on our business and operations;
- our ability to establish and maintain intellectual property protection for our testing services or avoid claims of infringement;
- our success in defending and enforcing our intellectual property rights, including patents;
- potential effects of government regulation;
- our ability to hire and retain key personnel; and
- our ability to maintain proper and effective internal controls.

Actual events or results may differ from those expressed in forward-looking statements. As such, you should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, prospects, strategy, and financial needs. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, assumptions, and other factors described in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a highly competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that such information provides a reasonable basis for these statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information, actual results, revised expectations, or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to the “Company,” “Personalis,” “we,” “us” and “our” refer to Personalis, Inc. and our subsidiary, Personalis (UK) Ltd.

Summary of Risk Factors

The following is a summary of the principal risks and uncertainties that could materially adversely affect our business, financial condition, or results of operations. You should read this summary together with the more detailed description of risk factors below under the heading "Risk Factors."

Risks Related to Our Pending Acquisition by Tempus

- The completion of the Merger is subject to a number of conditions, including certain conditions that are beyond our control, and may not be satisfied on a timely basis, or at all.
- The value of the per share stock consideration payable to our stockholders in the Merger is subject to changes based on fluctuations in the value of Tempus' Class A Common Stock, and our stockholders may receive per share stock consideration with a value that is less than $16.25 per share in certain circumstances.
- The announcement and pendency of the Merger, and uncertainty regarding the Merger, may adversely affect our relationships and our business.
- While the Merger Agreement is in effect, we are subject to restrictions on our business activities.
- Litigation may arise in connection with the Merger, which could be costly and divert management's attention and otherwise materially harm our business.

Operational, Strategic and Business Risks

- We have a history of losses and we expect to incur significant losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or sustain profitability.
- If we are unable to increase sales of our current testing services or successfully develop and commercialize other services, or if we are unable to execute our sales and marketing strategy for our testing services or unable to gain sufficient acceptance in the market, or if we are unable to generate sufficient reimbursement or coverage by insurance or governmental payors for our testing services, we may fail to generate sufficient revenue to achieve profitability and sustain our business.
- We have substantial customer concentration, with a limited number of customers accounting for a substantial portion of our revenue and accounts receivable; in particular, we currently derive a substantial portion of our revenue from three of our largest customers, Moderna, the VA MVP and Merck, and in the past have derived a substantial portion of our revenue from other large customers.
- Building our clinical diagnostic testing business is subject to a number of reimbursement challenges and we may not be able to establish the medical necessity of our tests for coverage or reimbursement rates that cover our costs.
- We are pursuing a partner-centric strategy and have key relationships with Tempus, Myriad Genetics, Inc., Moderna, and Merck, among others. These and any other partnering and/or collaboration agreements that we have entered into or may enter into in the future may not be successful, or may terminate, which could adversely impact our business or affect our ability to develop and commercialize our testing services.
- We rely on a limited number of suppliers, or in some cases, a sole supplier, for some laboratory instruments and materials, and we may not be able to replace or immediately transition to alternative suppliers should we need to do so.
- International trade policies, including tariffs, sanctions and trade barriers may adversely affect our business, financial condition, results of operations and prospects.
- We have a single facility and if it becomes damaged or inoperable, or we are required to vacate our facility, our ability to sell and provide our testing services and pursue research and development efforts may be jeopardized.
- If we cannot develop testing services to keep pace with rapid advances in technology, medicine, and science our operating results and competitive position could be harmed.
- Personalized cancer therapies represent new therapeutic approaches that could result in heightened regulatory scrutiny, delays in clinical development, or delays or inability to achieve regulatory approval, commercialization, or payor coverage, any of which could adversely affect our business.
- The loss of key members of our executive management team or the inability to hire, retain, or motivate highly skilled personnel could adversely affect our business.
- We may not be able to manage our future growth effectively, which could make it difficult to execute our business strategy.
- We may acquire businesses or assets, form joint ventures, or make investments in other companies or technologies that could harm our operating results, dilute stockholders' ownership, or cause us to incur debt or significant expense.

Regulatory, Legal and Cybersecurity Risks

- Our tests may be subject to regulatory action if regulatory agencies or authorities determine that our tests do not appropriately comply with statutory and regulatory requirements enforced by the FDA, or equivalent foreign regulatory authorities and/or CLIA requirements for quality laboratory testing or equivalent foreign requirements.
- Complying with numerous statutes and regulations pertaining to our business is an expensive and time-consuming process, and we may be subject to regulatory action if we or our testing service offerings do not comply with applicable requirements.
- Our internal information technology systems, or those of our third-party vendors, contractors, or consultants, may fail or suffer security breaches, loss or leakage of data, and other disruptions, which could adversely affect our business.
- Failure or perceived failure to comply with existing or future laws, regulations, contracts, self-regulatory schemes, standards, and other obligations related to data privacy and security (including security incidents) could harm our business. Compliance or the actual or perceived failure to comply with such obligations could increase the cost of our offerings, limit their use or adoption, and otherwise negatively affect our operating results and business.
- Our employees may engage in misconduct or other improper activities, such as noncompliance with regulatory standards and requirements, including the Foreign Corrupt Practices Act of 1977 and other anti-bribery laws, which could cause significant liability for us and harm our reputation.
- Changes in health care policy could increase our costs, decrease our revenue, and impact sales of and reimbursement for our tests. If we grow our business by developing additional in vitro diagnostic tests, we may be subject to reimbursement challenges.
- Competitors could take legal action against us for statements that are made by the Company and/or its representatives, which may require us to spend significant time and money, including damages, and could limit our ability to market our tests.

Intellectual Property Risks

- Litigation or other proceedings or claims of intellectual property infringement, misappropriation, breach of license terms or other violations may require us to spend significant time and money, including damages, and could prevent us from selling our tests.
- If we cannot license rights to use necessary technologies on reasonable terms, we may not be able to commercialize new services.
- If we are not able to obtain, maintain and enforce patent protection for our testing services or technologies, our competitors and other third parties could develop and commercialize products, services and technologies similar or identical to ours, and our ability to successfully commercialize testing services, and technologies may be adversely affected.
- If we are unable to protect the confidentiality of our trade secrets and know-how, our business would be harmed.
- Our use of “open source” software could subject our proprietary software to general release, adversely affect our ability to sell our testing services, and subject us to possible litigation.
- If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Financial and Market Risks and Risks Related to Owning Our Common Stock

- Our inability to raise additional capital on acceptable terms in the future may limit our ability to continue to operate our business and further expand our operations.
- The market price of our common stock may be volatile or may decline steeply or suddenly regardless of our operating performance, we may not be able to meet investor or analyst expectations, and you may lose all or part of your investment.
- Our quarterly results may fluctuate significantly, which could adversely impact our common stock’s value.
- Insiders or holders of greater than five percent of our outstanding common stock may exercise significant control over our company and will be able to influence corporate matters.
- Future sales of shares by existing stockholders, or the perception that such sales could occur, could cause the stock price of our common stock to decline.
- We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our common stock.
- If securities or industry analysts do not publish research or reports about our business, or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.
- Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock; our amended and restated certificate of incorporation has an exclusive forum provision, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.
- Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

PERSONALIS, INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands, except share and par value data)

	September 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 98,271	$ 124,245
Short-term investments	92,331	115,708
Accounts receivable, net [1]	18,035	16,203
Inventory and other deferred costs	7,384	6,144
Prepaid expenses and other current assets	7,029	5,651
Total current assets	223,050	267,951
Property and equipment, net	50,316	44,815
Operating lease right-of-use assets	14,763	15,118
Other long-term assets	3,471	6,280
Total assets	$ 291,600	$ 334,164
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable [2]	$ 14,488	$ 12,989
Accrued and other current liabilities [2]	33,139	25,079
Contract liabilities	1,647	1,562
Total current liabilities	49,274	39,630
Long-term operating lease liabilities	29,296	31,866
Other long-term liabilities	360	1,483
Total liabilities	78,930	72,979
Commitments and contingencies (Note 11)		
Stockholders' equity		
Preferred stock, $0.0001 par value — 10,000,000 shares authorized; none issued	—	—
Common stock, $0.0001 par value — 200,000,000 shares authorized; 108,378,087 and 102,475,891 shares issued and outstanding, respectively	10	10
Additional paid-in capital	939,603	892,331
Accumulated other comprehensive income (loss)	(167)	104
Accumulated deficit	(726,776)	(631,260)
Total stockholders' equity	212,670	261,185
Total liabilities and stockholders' equity	$ 291,600	$ 334,164

(1) Includes related party accounts receivable of $4.2 million and $2.5 million as of September 30, 2026 and December 31, 2025, respectively.
(2) Includes related party liabilities of $5.0 million and $5.7 million as of September 30, 2026 and December 31, 2025, respectively.

See Notes to the Consolidated Financial Statements.

PERSONALIS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue [1]	$ 25,596	$ 14,495	$ 63,425	$ 52,303
Costs and expenses				
Cost of revenue	19,026	12,581	51,831	38,426
Research and development	16,074	12,171	46,949	37,192
Selling, general and administrative [2]	26,014	13,034	65,915	39,476
Total costs and expenses	61,114	37,786	164,695	115,094
Loss from operations	(35,518)	(23,291)	(101,270)	(62,791)
Interest income	1,760	1,680	5,898	5,585
Interest expense	(36)	(64)	(120)	(140)
Other income (expense), net	(4)	26	—	(100)
Loss before income taxes	(33,798)	(21,649)	(95,492)	(57,446)
Provision for income taxes	3	3	24	12
Net loss	$ (33,801)	$ (21,652)	$ (95,516)	$ (57,458)
Net loss per share, basic and diluted	$ (0.32)	$ (0.24)	$ (0.90)	$ (0.65)
Weighted-average shares outstanding, basic and diluted	107,206,827	88,699,131	105,607,799	88,226,838

(1) Includes related party revenue of $5.9 million and $1.1 million for the three months ended September 30, 2026 and 2025, respectively, and $17.4 million and $3.5 million for the nine months ended September 30, 2026 and 2025, respectively.
(2) Includes related party sales and marketing expenses of $4.8 million and $1.2 million for the three months ended September 30, 2026 and 2025, respectively, and $11.5 million and $2.7 million for the nine months ended September 30, 2026 and 2025, respectively.

See Notes to the Consolidated Financial Statements.

PERSONALIS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	$ (33,801)	$ (21,652)	$ (95,516)	$ (57,458)
Other comprehensive income (loss), net of tax				
Change in foreign currency translation adjustments during period	(2)	(33)	(21)	66
Change in unrealized gain (loss) on available-for-sale debt securities	(47)	95	(250)	39
Comprehensive loss	$ (33,850)	$ (21,590)	$ (95,787)	$ (57,353)

See Notes to the Consolidated Financial Statements.

PERSONALIS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
For the Three Months Ended September 30, 2026 and 2025
(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance—June 30, 2026	106,367,428	$ 10	$ 928,244	$ (118)	$ (692,975)	$ 235,161
Proceeds from exercise of stock options	1,900,537	—	7,448	—	—	7,448
Restricted stock units vested	110,122	—	—	—	—	—
Stock-based compensation	—	—	3,911	—	—	3,911
Foreign currency translation adjustment	—	—	—	(2)	—	(2)
Unrealized loss on available-for-sale debt securities	—	—	—	(47)	—	(47)
Net loss	—	—	—	—	(33,801)	(33,801)
Balance—September 30, 2026	108,378,087	$ 10	$ 939,603	$ (167)	$ (726,776)	$ 212,670
Balance—June 30, 2025	88,649,766	$ 9	$ 776,596	$ 20	$ (585,796)	$ 190,829
Proceeds from exercise of stock options	40,094	—	94	—	—	94
Restricted stock units vested	55,506	—	-	—	—	—
Stock-based compensation	—	—	2,082	—	—	2,082
Foreign currency translation adjustment	—	—	—	(33)	—	(33)
Unrealized gain on available-for-sale debt securities	—	—	—	95	—	95
Net loss	—	—	—	—	(21,652)	(21,652)
Balance—September 30, 2025	88,745,366	$ 9	$ 778,772	$ 82	$ (607,448)	$ 171,415

See Notes to the Consolidated Financial Statements.

PERSONALIS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
For the Nine Months Ended September 30, 2026 and 2025
(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance—December 31, 2025	102,475,891	$ 10	$ 892,331	$ 104	$ (631,260)	$ 261,185
Proceeds from sales of common stock under ATM facility, net of commissions	2,827,155	—	25,503	—	—	25,503
Proceeds from exercise of stock options	2,739,012	—	10,395	—	—	10,395
Restricted stock units vested	138,319	—	—	—	—	—
Proceeds from ESPP	197,710	—	929	—	—	929
Stock-based compensation	—	—	10,445	—	—	10,445
Foreign currency translation adjustment	—	—	—	(21)	—	(21)
Unrealized loss on available-for-sale debt securities	—	—	—	(250)	—	(250)
Net loss	—	—	—	—	(95,516)	(95,516)
Balance—September 30, 2026	108,378,087	$ 10	$ 939,603	$ (167)	$ (726,776)	$ 212,670
Balance—December 31, 2024	85,171,146	$ 9	$ 752,961	$ (23)	$ (549,990)	$ 202,957
Proceeds from sales of common stock under ATM facility, net of commissions	3,064,152	—	17,782	—	—	17,782
Proceeds from exercise of stock options	118,511	—	274	—	—	274
Restricted stock units vested	197,819	—	—	—	—	—
Proceeds from ESPP	193,738	—	624	—	—	624
Stock-based compensation	—	—	7,131	—	—	7,131
Foreign currency translation adjustment	—	—	—	66	—	66
Unrealized gain on available-for-sale debt securities	—	—	—	39	—	39
Net loss	—	—	—	—	(57,458)	(57,458)
Balance—September 30, 2025	88,745,366	$ 9	$ 778,772	$ 82	$ (607,448)	$ 171,415

See Notes to the Consolidated Financial Statements.

PERSONALIS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (95,516)	$ (57,458)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation expense	10,445	7,131
Depreciation and amortization	7,264	7,584
Noncash operating lease cost	355	1,204
Amortization of discount on short-term investments	(2,960)	(3,146)
Other	100	(229)
Changes in operating assets and liabilities		
Accounts receivable [1]	(1,832)	(6,236)
Inventories and other deferred costs	(1,241)	1,284
Prepaid expenses and other assets	(1,118)	(1,275)
Accounts payable [2]	1,208	2,731
Accrued and other current liabilities [2]	10,365	524
Contract liabilities	85	(1,644)
Operating lease liabilities	(2,475)	(3,020)
Other long-term liabilities	—	(150)
Net cash used in operating activities	(75,320)	(52,700)
Cash flows from investing activities:		
Purchases of available-for-sale debt securities	(114,100)	(156,447)
Proceeds from maturities of available-for-sale debt securities	140,189	152,685
Purchases of property and equipment	(10,047)	(4,427)
Proceeds from sales of property and equipment [3]	120	—
Net cash provided by (used in) investing activities	16,162	(8,189)
Cash flows from financing activities:		
Proceeds from sales of common stock under ATM facility, net of commissions	25,503	17,782
Payment of costs related to Tempus and Merck Investment Agreements	—	(106)
Proceeds from loans	—	2,587
Repayments of loans and finance lease	(1,515)	(1,718)
Payments for finance lease buyout	(2,125)	—
Proceeds from issuance of common stock under equity incentive plans	11,324	898
Net cash provided by financing activities	33,187	19,443
Effect of exchange rates on cash, cash equivalents and restricted cash	(3)	4
Net change in cash, cash equivalents and restricted cash	(25,974)	(41,442)
Cash, cash equivalents and restricted cash, beginning of period	126,035	93,205
Cash, cash equivalents and restricted cash, end of period	$ 100,061	$ 51,763
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets:		
Cash and cash equivalents	$ 98,271	$ 49,973
Restricted cash, included in other long-term assets	1,790	1,790
Total cash, cash equivalents and restricted cash	$ 100,061	$ 51,763
Supplemental cash flow information:		
Acquisition of property and equipment included in accounts payable and accrued liabilities	$ 2,838	$ 2,523
Finance lease assets were reclassified to property and equipment upon lease buyout	2,246	-
Right-of-use finance lease assets obtained in exchange for finance lease liabilities	-	3,153

(1) Includes a change in related party accounts receivable of $1.7 million and $0.1 million for the nine months ended September 30, 2026 and 2025, respectively.
(2) Includes a change in related party liabilities of $0.7 million and $2.7 million for the nine months ended September 30, 2026 and 2025, respectively.
(3) Includes proceeds from a related party of $0.1 million and nil for the nine months ended September 30, 2026 and 2025, respectively.

See Notes to the Consolidated Financial Statements.

PERSONALIS, INC.
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PERSONALIS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1. Company and Nature of Business

Personalis, Inc. (the "Company" or "Personalis") develops, markets, and sells advanced cancer genomic testing services. The testing services are used by physicians to detect residual or recurrent cancer in patients, monitor cancer response to therapy, and uncover insights for therapy selection. The testing services are also used by pharmaceutical companies for translational research, biomarker discovery, the development of personalized cancer therapies, and clinical trials. The Company also provides whole exome sequencing services for other diagnostic companies and whole genome sequencing services for population sequencing initiatives. The markets for the Company's testing services are in the United States, Europe and Asia-Pacific.

The Company was incorporated in Delaware in February 2011 and began operations in September 2011. The Company formed a wholly owned subsidiary, Personalis (UK) Ltd., in August 2013. The Company operates and manages its business as one reportable operating segment, which is to provide advanced cancer genomic testing services for precision oncology applications, personalized testing, and other tests.

The Company has incurred losses to date and expects to incur additional losses for the foreseeable future. The Company continues to invest the majority of its resources in the development and growth of its business, including investments in research and development and sales and marketing efforts. The Company's activities have been financed to date primarily through the sale of its equity securities and cash from operations.

Agreement and Plan of Merger

On July 20, 2026, the Company, Tempus AI, Inc. ("Tempus" or "Parent"), Aviary Development, Inc. (a wholly owned subsidiary of Tempus), and Toucan Development, LLC (a wholly owned subsidiary of Tempus) entered into a Merger Agreement. See Note 13 for further details.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim reporting. Certain note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to such rules and regulations. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

The consolidated financial statements include the accounts of Personalis, Inc. and its wholly owned subsidiary, Personalis (UK) Ltd. All intercompany balances and transactions have been eliminated in consolidation.

The consolidated financial statements reflect all normal recurring adjustments that are necessary to present fairly the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year ending December 31, 2026.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates include, but are not limited to, revenue recognition, useful lives assigned to long-lived assets, discount rates for lease accounting, the valuation of stock options, provisions for income taxes, and fair value of lease right-of-use assets. Actual results could differ from these estimates, and such differences could be material to the Company's consolidated financial position and results of operations.

Concentration of Credit Risk and Other Risks and Uncertainties

The Company is subject to credit risk from its portfolio of cash and cash equivalents. The Company's cash and cash equivalents are deposited with high-quality financial institutions. Deposits at these institutions may, at times, exceed federally insured limits. Management believes these financial institutions are financially sound and, accordingly, that minimal credit risk exists.

The Company also invests in investment-grade debt instruments and has policy limits for the amount it can invest in any one type of security, except for securities issued or guaranteed by the U.S. government. The goals of the Company's investment policy are as follows: preservation of principal; liquidity of investments sufficient to meet cash flow requirements; avoidance of inappropriate

concentration and credit risk; competitive after-tax rate of returns; and fiduciary control of cash and investments. Under its investment policy, the Company limits the amounts invested in such securities by credit rating, maturity, investment type, and issuer. As a result, management believes that these financial instruments do not expose the Company to any significant concentrations of credit risk.

The Company purchases various reagents and sequencing materials from sole-source suppliers. Any extended interruption in the supply of these materials could result in the Company's inability to secure sufficient materials to conduct business and meet customer demand.

The Company routinely assesses the creditworthiness of its customers and does not require collateral. Historically, the Company has not experienced significant credit losses from accounts receivable. Multiple customers have provided more than 10% of total revenue in the periods presented, or accounted for more than 10% of accounts receivable at each respective balance sheet date, as follows:

	Revenue				Accounts Receivable	
	Three Months Ended September 30,		Nine Months Ended September 30,		September 30, 2026	December 31, 2025
	2026	2025	2026	2025		
Merck & Co., Inc. [1]	22%	*	27%	*	22%	12%
VA MVP	16%	*	15%	15%	16%	24%
ModernaTX, Inc.	11%	19%	13%	25%	*	*
Regeneron Pharmaceuticals	*	19%	*	*	*	*
Pfizer Inc.	*	11%	*	*	*	*
Natera, Inc.	*	*	*	10%	*	*
AstraZeneca UK Limited	*	*	*	*	*	10%
Daiichi Sankyo, Inc.	*	*	*	*	12%	*

* Less than 10% of revenue or accounts receivable.
(1) Consists of related party revenue and related party accounts receivable, respectively.

Significant Accounting Policies

As of September 30, 2026, the Company's significant accounting policies are consistent with those discussed in Note 2 - "Summary of Significant Accounting Policies" in its consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

New Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement–Reporting Comprehensive Income–Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03")*, which requires the disclosure of additional information related to certain costs and expenses, including amounts of inventory purchases, employee compensation, and depreciation and amortization included in each income statement line item on an interim and annual basis. ASU 2024-03 also requires disclosure of the total amount of selling expenses and the Company's definition of selling expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. Although the new standard requires comparative disclosures for all periods presented, entities will be permitted to begin applying the guidance prospectively. Therefore, comparative disclosures are not required for reporting periods beginning before the effective date. Entities can elect to apply the new standard retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact that adoption of ASU 2024-03 will have on its consolidated financial statement disclosures.

Note 3. Revenue

The Company disaggregates revenue by the following five customer types:

- **Pharma testing services** includes sales of testing services and data analytics for clinical trials and research to pharmaceutical companies in support of their oncology drug development programs. Contracts typically contemplate a single project and involve a range of tests and analytics to fulfill the requirements of each particular project.

- **Enterprise sales** includes sales of tumor profiling and diagnostic tests directly to another business as an input to their products. The Company is typically contracted to deliver specified tests and analytics in high volume over time. Revenue from the Company's previous commercial relationship with Natera, Inc. ("Natera") to provide advanced tumor analysis for use in Natera's molecular residual disease ("MRD") test made up substantially all of the revenue in this category.

- **Population sequencing** includes sales of genomic sequencing services and data analytics to support large-scale genetic research programs. The Company is typically contracted to perform whole genome sequencing and provide data that can be used for analysis across a large volume of samples. All of the revenue within this category is from the Company's partnership with the VA MVP.

- **Clinical diagnostic** includes sales of ultrasensitive, tumor-informed diagnostics tests, ordered by healthcare providers for cancer patients, that can detect cancer recurrence earlier and aid in treatment decision-making. Revenue is derived from Medicare and private insurance reimbursements.

- **Other** includes sales of genomic tests and analytics to universities and non-profits.

The following table presents the Company's revenue disaggregated by customer type (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Pharma testing services [1]	$ 17,114	$ 13,137	$ 44,627	$ 37,754
Enterprise sales	8	650	401	5,430
Population sequencing	4,067	234	9,567	7,755
Clinical diagnostic	4,374	384	8,346	1,161
Other	33	90	484	203
Total revenue	$ 25,596	$ 14,495	$ 63,425	$ 52,303

(1) Includes related party revenue of $5.9 million and $1.1 million for the three months ended September 30, 2026 and 2025, respectively, and $17.4 million and $3.5 million for the nine months ended September 30, 2026 and 2025, respectively.

Contract Assets and Liabilities

The opening and closing balances of receivables and contract liabilities from contracts with customers are shown below (in thousands). Contract assets were immaterial for all periods presented.

	September 30, 2026	December 31, 2025
Opening balances:		
Accounts receivable, net [1]	$ 16,203	$ 8,140
Short-term contract liabilities	1,562	3,100
Total contract liabilities	1,562	3,100
Closing balances:		
Accounts receivable, net [2]	18,035	16,203
Short-term contract liabilities	1,647	1,562
Total contract liabilities	$ 1,647	$ 1,562

(1) Includes related party accounts receivable of $2.5 million as of December 31, 2025 and December 31, 2024, respectively.
(2) Includes related party accounts receivable of $4.2 million and $2.5 million as of September 30, 2026 and December 31, 2025, respectively.

Remaining Performance Obligations

Amounts collected in advance of services being provided are deferred as contract liabilities in the consolidated balance sheets. The associated revenue is recognized, and the contract liability is reduced, as the services are subsequently performed. Remaining performance obligations are comprised mainly of contract liabilities, and to a lesser extent, non-cancellable contracts for which the Company has not invoiced and has an obligation to perform, and for which revenue has not yet been recognized in the consolidated financial statements. As of September 30, 2026, amounts related to unfulfilled services under contracts with an original expected duration of more than one year were immaterial. Revenue recognized that was included in the contract liability balance at the beginning of each reporting period was $0.3 million and $0.4 million for the three months ended September 30, 2026 and 2025, and was $0.5 million and $1.9 million for the nine months ended September 30, 2026 and 2025, respectively.

Note 4. Balance Sheet Details

Inventory and other deferred costs consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	$ 6,468	$ 5,257
Other deferred costs	916	887
Total inventory and other deferred costs	$ 7,384	$ 6,144

Property and equipment, net consists of the following (in thousands):

	September 30, 2026	December 31, 2025
Machinery and equipment	$ 34,799	$ 29,647
Computer equipment	21,768	19,998
Computer software	5,024	5,024
Furniture and fixtures	2,380	2,310
Construction in progress	4,483	56
Leasehold improvements	42,800	41,691
Total	111,254	98,726
Less: accumulated depreciation and amortization	(60,938)	(53,911)
Property and equipment, net	$ 50,316	$ 44,815

Depreciation and amortization expense for the three months ended September 30, 2026 and 2025 was $2.4 million in each period, and was $7.0 million and $7.5 million for the nine months ended September 30, 2026 and 2025, respectively.

Accrued and other current liabilities consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Accrued compensation	$ 12,424	$ 6,961
Operating lease liabilities	6,986	6,892
Loans—current portion (Note 6)	918	1,190
Market Development Fees received from Tempus (Note 8)	1,050	4,200
Employee ESPP contributions	962	377
Other current liabilities	10,799	5,459
Total accrued and other current liabilities	$ 33,139	$ 25,079

Note 5. Fair Value Measurements

The following tables show the Company's financial assets measured at fair value on a recurring basis and the level of inputs used in such measurements as of September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026				
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Fair Value Level
Assets					
Cash and cash equivalents:					
Cash	$ 5,881	$ —	$ —	$ 5,881	
Money market funds	28,151	—	—	28,151	Level 1
Commercial paper	63,782	—	(14)	63,768	Level 2
U.S. government securities	470	1	—	471	Level 2
Total cash and cash equivalents	98,284	1	(14)	98,271	
Short-term investments:					
Commercial paper	735	—	—	735	Level 1
Commercial paper	9,748	—	(5)	9,743	Level 2
Corporate debt securities	497	—	(1)	496	Level 2
U.S. agency securities	11,822	—	(28)	11,794	Level 2
U.S. government securities	69,692	—	(129)	69,563	Level 2
Total short-term investments	92,494	—	(163)	92,331	
Total assets measured at fair value	$ 190,778	$ 1	$ (177)	$ 190,602	

	December 31, 2025				
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Fair Value Level
Assets					
Cash and cash equivalents:					
Cash	$ 4,919	$ —	$ —	$ 4,919	
Money market funds	45,349	—	—	45,349	Level 1
Commercial paper	498	—	—	498	Level 1
Commercial paper	73,491	—	(12)	73,479	Level 2
Total cash and cash equivalents	124,257	—	(12)	124,245	
Short-term investments:					
Commercial paper	498	—	—	498	Level 1
Commercial paper	12,734	—	(2)	12,732	Level 2
Corporate debt securities	4,680	1	(2)	4,679	Level 1
U.S. agency securities	14,138	1	(5)	14,134	Level 2
U.S. government securities	83,573	92	—	83,665	Level 2
Total short-term investments	115,623	94	(9)	115,708	
Total assets measured at fair value	$ 239,880	$ 94	$ (21)	$ 239,953	

The amortized costs and fair value of marketable debt securities (excluding cash and money market funds), by contractual maturity, at September 30, 2026 are as follows (in thousands):

	September 30, 2026	
	Amortized Cost	Fair Value
Less than 1 year	$ 156,746	$ 156,570
1 to 5 years	-	-
Total	$ 156,746	$ 156,570

Unrealized losses have not been recognized as losses in the consolidated statements of operations as the Company neither intends to sell, nor anticipates that it is more likely than not that the Company will be required to sell the securities before recovery of their amortized cost basis. The declines in fair value are due primarily to changes in market interest rates, rather than credit losses.

Note 6. Loans

Amounts outstanding under loans are as follows (in thousands):

	September 30, 2026	December 31, 2025
Principal	$ 944	$ 2,143
Less: unamortized discount	(26)	(91)
Total carrying amount	918	2,052
Less: current portion (included in accrued and other current liabilities)	(918)	(1,190)
Long-term portion (included in other long-term liabilities)	$ -	$ 862

Equipment and Software Loans

In July 2022, the Company entered into a secured payment agreement with a financing entity to finance the purchase of internal use software licenses and related ongoing support from a vendor. In January 2025, $0.4 million was outstanding and waived entirely as part of a settlement agreement with the vendor related to a service claim on the ongoing support component of the agreement. The $0.4 million settlement was recognized as a gain and presented as an offset to maintenance costs upon the settlement, included as part of selling, general and administrative in the consolidated statements of operations.

In January 2025, the Company entered into another secured payment agreement to finance the purchase of $2.8 million of internal use software licenses and related ongoing support (the "January 2025 Agreement"). The Company agreed to repay the financed amount in three payments of $0.7 million in February of 2025, $1.2 million in February 2026, and $0.9 million in February 2027. The financing entity and vendor are not related. The payment agreement is noninterest bearing and the Company concluded that the stated zero interest rate did not represent fair and adequate compensation to the financing entity for the use of the related funds. Accordingly, the Company approximated the rate at which it could obtain financing of a similar nature from other sources at the date of the transaction. The resulting imputed interest rate was 8.9% and was used to establish the present value of the payment agreement.

The total initial present value of the January 2025 Agreement was $2.6 million. The discount of $0.2 million is being recognized as interest expense in the consolidated statements of operations over the life of the payment agreement. The first repayment of $0.7 million was billed in March 2025 and paid in April 2025. The second repayment of $1.2 million was billed and paid in January 2026. Interest expense for the three and nine months ended September 30, 2026 and 2025 was immaterial.

Note 7. Leases

In 2021, the Company entered into a noncancelable operating lease for approximately 100,000 square feet in Fremont, California used for laboratory operations and its corporate headquarters. The lease term is 13.5 years and commenced in October 2022. The Company gained early access to the premises for the purpose of constructing and installing tenant improvements, for which the landlord contributed $15.1 million. Such contributions were accounted for as lease incentives and are recognized as reductions to lease expense over the lease term. The lease expires at the end of March 2036 and includes two options to extend the term for a period of five-years per option at market rates. The Company determined the extension options are not reasonably certain to be exercised. The lease includes escalating rent payments.

The Company has a noncancelable operating lease expiring in November 2027 for 31,280 square feet in Menlo Park, California previously used for laboratory operations and its former corporate headquarters. The lease includes escalating rent payments. The Company moved all laboratory operations to the Fremont facility during the third quarter of 2023, resulting in a lease impairment charge at that time. The Company is actively marketing the vacated Menlo Park space for sublease.

As of September 30, 2026, operating leases had a weighted-average remaining lease term of 8.9 years and a weighted-average discount rate of 10.6%. Discount rates are based on estimates of the Company's incremental borrowing rate, as the discount rates implicit

in the leases cannot be readily determined. Future lease payments under operating leases as of September 30, 2026 were as follows (in thousands):

	Amount
2026 (remaining three months)	$ 1,823
2027	7,189
2028	5,215
2029	5,371
2030	5,533
2031 and thereafter	31,894
Total future minimum lease payments	57,025
Less: imputed interest	(20,743)
Present value of future minimum lease payments	36,282
Less: current portion of operating lease liability (included in accrued and other current liabilities)	(6,986)
Long-term operating lease liabilities	$ 29,296

Cash paid for operating lease liabilities, included in cash flows from operating activities in the consolidated statements of cash flows, for the nine months ended September 30, 2026 and 2025, was $5.4 million and $6.2 million, respectively.

Components of lease costs were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Lease cost				
Operating lease cost	$ 1,062	$ 1,460	$ 3,286	$ 4,409
Short-term lease cost	1	1	2	3
Variable lease cost	802	537	2,308	1,444
Total lease cost	$ 1,865	$ 1,998	$ 5,596	$ 5,856

As of September 30, 2026, finance lease assets and liabilities were immaterial. As of December 31, 2025, finance lease assets and liabilities were $3.1 million and $3.2 million, respectively. Finance lease cost was immaterial for the three and nine months ended September 30, 2026 and immaterial for the three and nine months ended September 30, 2025, respectively.

Finance lease liabilities with payments due within one year are classified as short-term liabilities and reported within the "Accrued and other current liabilities" line in the consolidated balance sheets. Finance lease liabilities with payments due beyond one year are classified as long-term liabilities and reported with the "Other long-term liabilities" line in the consolidated balance sheets.

Note 8. Related Party Transactions

The Company determined that Tempus and Merck Sharp & Dohme LLC (“Merck”) are related parties because they own more than 10% of the Company's common stock.

Tempus

Tempus acquired its ownership stake in August 2024 by exercising two warrants issued to Tempus in November 2023 in consideration of Tempus' obligations to Personalis under the Tempus Agreement (as defined below), for an aggregate of 9,218,800 shares of Personalis' common stock at an average exercise price of $2.00 per share, and purchasing an additional 3,500,000 shares of Personalis' common stock at a price per share of $5.07 under an investment agreement entered into with Tempus in August 2024.

On July 20, 2026, the Company, Tempus, Aviary Development, Inc. (a wholly owned subsidiary of Tempus), and Toucan Development, LLC (a wholly owned subsidiary of Tempus) entered into a Merger Agreement. See Note 13 for further details.

Overview of Tempus Agreement

In November 2023, the Company entered into a Commercialization and Reference Laboratory Agreement (as amended by Amendment No. 1, dated August 16, 2024, Amendment No. 2, dated September 20, 2024, Amendment No. 3, dated December 13, 2024, Amendment No. 4, dated July 8, 2025 and Amendment No. 5 dated September 11, 2025, collectively, the “Tempus Agreement”) with Tempus pursuant to which Tempus markets the Company's NeXT Personal® Dx test in the United States. The Company performs tests ordered by patients through Tempus and the Company bills the patients or payors. The Company compensates Tempus for orders obtained and results delivered on a per-test basis. The term of the Tempus Agreement is six years, which may be extended for successive one-year terms. Either party may terminate the Tempus Agreement for convenience upon 30 months' prior written notice.

Under the Tempus Agreement, the Company conducted development activities to analytically validate NeXT Personal Dx in three indications: breast cancer, lung cancer and immuno-oncology monitoring. In consideration of the Company performing such development activities, in addition to the activation and first milestone fees, Tempus agreed to pay the Company a second milestone fee of $6.0 million (the "Market Development Fee"), payable in six equal quarterly installments.

Separately, the parties are performing co-promotion activities, and the Company is compensating Tempus for promotional and commercialization services through the end of 2026.

The Tempus Agreement also granted Tempus access to initial and longitudinal genomic data derived from performance of the tests and Tempus will have the right to use such data. If Tempus licenses such data to a third party and Tempus recognizes revenue from such license, Tempus will pay the Company a percentage of its gross revenues attributable to such license that is in the range of 10% to 20%. Such revenue share shall be payable during the term of the agreement and for 10 years thereafter. There was no revenue share recognized during the three and nine months ended September 30, 2026 and 2025, respectively.

Impact of Tempus Agreement on the Consolidated Financial Statements

The Company recognized revenue of $0.2 million and $0.1 million, respectively, for the three months ended September 30, 2026 and 2025 and $0.5 million and $0.2 million, respectively, for the nine months ended September 30, 2026 and 2025, related to the Tempus Agreement and recorded it in its consolidated statements of operations. As of September 30, 2026 and December 31, 2025, $0.2 million and $0.5 million, respectively, was outstanding as a receivable from Tempus and is included in accounts receivable in the consolidated balance sheets.

The Market Development Fee for the second milestone is recorded as a liability when received and offset against promotional fees as they are paid by the Company to Tempus. As of September 30, 2025, all of the $6.0 million Market Development Fee for the second milestone has been received.

Amounts of transactions with Tempus during each income statement period presented, along with amounts due from or to Tempus as of each balance sheet date, are as follows (in thousands):

	Income Statement			
	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Orders and results delivery fees and net promotional fees—Selling, general and administrative expenses	$ 4,777	$ 1,208	$ 11,484	$ 2,718

	Balance Sheet	
	September 30, 2026	December 31, 2025
Accounts payable and accrued and other current liabilities:		
Accounts payable and accrued liabilities to Tempus	$ 3,922	$ 1,542
Unamortized Market Development Fees	1,050	4,200
Total accounts payable and accrued and other current liabilities	$ 4,972	$ 5,742

Merck

Investment Agreement with Merck

On December 19, 2024, the Company entered into an investment agreement (the "Merck Investment Agreement") with Merck under which the Company issued and sold 14,044,943 shares of common stock at a price per share of $3.56, representing the last reported closing price of the common stock. The Company received $50.0 million of cash from the sale of the shares and incurred $0.3 million of issuance costs directly related to the sale. Pursuant to the terms of the Merck Investment Agreement, the Company agreed to reserve $10.0 million of the proceeds to open an ISO-certified laboratory in a region outside of the United States, with such region mutually agreed upon by the Company and Merck. This cash was not legally restricted under the Merck Investment Agreement and therefore included in cash and cash equivalents as of September 30, 2026 and December 31, 2025. Concurrently with the execution of the Merger Agreement, Merck entered into a Voting Agreement with the Company. See Note 13 for details.

Before Merck became a related party in December 2024, the Company entered into a Master Service Agreement (the “Master Agreement”), in June 2017, as amended from time to time, with Merck for the performance of DNA and RNA sequencing analysis and data interpretation services, as well as synthesis and/or analysis of chemical compounds, genetic material and related samples for preclinical research purposes. In February 2024, the Company entered into an amendment whereby Merck engaged the Company to provide clinical laboratory services in connection with Merck's clinical studies.

The Company invoiced $5.7 million and $1.0 million, respectively, for the three months ended September 30, 2026 and 2025, and $16.9 million and $3.3 million, respectively, for the nine months ended September 30, 2026 and 2025, pursuant to the terms of the Master Agreement and recorded as revenue in its consolidated statements of operations. As of September 30, 2026 and December 31, 2025, $4.0 million and $2.0 million, respectively, was outstanding as a receivable from Merck and included in accounts receivable in the consolidated balance sheets.

Note 9. Stock-Based Compensation

Shares of common stock reserved for issuance under the Company's equity incentive plans as of September 30, 2026 were as follows:

	September 30, 2026
Outstanding stock awards	14,544,429
Reserved for future award grants	6,074,015
Reserved for future ESPP	420,936
Total common stock reserved for stock awards	21,039,380

Service-Based Stock Option Activity

A summary of the Company's service-based stock option activity (excluding performance-based stock option activity, which is presented separately below) for the nine months ended September 30, 2026 is as follows:

	Outstanding Service-Based Options			
(in thousands, except share and per share data)	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Balance—December 31, 2025	12,521,560	$ 4.73	7.71	$ 51,539
Options granted	3,813,752	6.95		
Options exercised	(2,692,346)	3.83		
Options forfeited or expired	(334,809)	7.93		
Balance—September 30, 2026	13,308,157	$ 5.47	7.87	$ 147,187
Options vested and exercisable as of September 30, 2026	6,923,519	$ 5.36	6.89	$ 78,868

Options granted to new hires generally vest over a four-year period, with 25% vesting at the end of one year and the remaining vesting monthly thereafter. Options granted as merit awards generally vest monthly over a three- or four-year period.

The aggregate intrinsic value of unexercised stock options is calculated as the difference between the closing price of the Company's common stock of $16.28 on September 30, 2026 and the exercise prices of the underlying stock options. Out-of-the money stock options are excluded from aggregate intrinsic value.

The weighted-average grant date fair value of options granted was $12.57 and $4.47 per share for the three months ended September 30, 2026 and 2025, respectively, and $5.46 and $3.01 per share for the nine months ended September 30, 2026 and 2025, respectively. The total intrinsic value of options exercised was $23.5 million and $0.1 million for the three months ended September 30, 2026 and 2025, respectively, and $29.0 million and $0.3 million for the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, the unrecognized stock-based compensation cost of unvested options was $25.5 million, which is expected to be recognized over a weighted-average period of 2.1 years.

Valuation of Service-Based Stock Options

The Company estimated the fair value of service-based stock options using the Black-Scholes option-pricing model. Fair value of stock options is recognized as compensation expense on a straight-line basis over the requisite service periods of the awards. Fair value of stock options was estimated using the following range of assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Expected term (in years)	6.08	6.02 - 6.08	5.50 - 6.08	5.50 - 6.08
Volatility	96.82%	89.54 - 90.15%	90.51 - 98.40%	83.72 - 90.15%
Risk-free interest rate	4.33%	3.70 - 4.16%	3.71 - 4.35%	3.70 - 4.50%
Dividend yield	–%	–%	–%	–%

Performance-Based Stock Option Activity

During 2024, the Company granted performance-based stock options ("PSOs") to the executive leadership team. The PSOs were eligible to vest upon attainment of certain Medicare reimbursement coverages (as certified by the Compensation Committee) by the end of 2025 and subject to continuous service by the executives. Fair value was estimated using the Black-Scholes option-pricing model. Total grant-date fair value of the PSOs was $0.3 million. As of December 31, 2025, not all the Medicare reimbursement coverages were obtained and the Company canceled a portion of the PSOs. Accordingly, the Company reversed previously recognized stock-based compensation expense associated with the performance conditions that were not met. For the three and nine months ended September 30, 2026, the recognized stock-based compensation cost related to vested PSOs was nil and immaterial, respectively.

A summary of the Company's performance-based stock option activity for the nine months ended September 30, 2026 is as follows:

	Outstanding Performance-Based Options			
(in thousands, except share and per share data)	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Balance—December 31, 2025	90,499	$ 1.61	8.20	$ 575
Options exercised	(46,666)	1.60		
Balance—September 30, 2026	43,833	$ 1.61	7.45	$ 643
Options vested and exercisable as of September 30, 2026	43,833	$ 1.61	7.45	$ 643

Restricted Stock Units ("RSU") Activity and Valuation

A summary of the Company's RSU activity for the nine months ended September 30, 2026 is as follows:

	Unvested Service-Based Restricted Stock Units		
(in thousands, except share and per share data)	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Fair Value
Balance—December 31, 2025	131,257	$ 3.63	$ 1,045
RSUs granted	637,651	7.87	
RSUs vested	(138,319)	5.98	1,942
RSUs forfeited	(13,150)	6.14	
Balance—September 30, 2026	617,439	$ 7.43	$ 10,052

The Company grants RSUs to employees to receive shares of the Company's common stock. The RSUs awarded are subject to the individual's continued service to the Company through each applicable vesting date. RSUs granted to new hires generally vest either annually over a four-year period or with one-third vesting on the first anniversary of the vesting commencement date and the remaining two-thirds vesting in eight successive quarterly installments. RSUs granted as merit awards generally vest semi-annually over a three- or four-year period. The Company accounts for the fair value of RSUs using the closing market price of the Company's common stock on the date of grant.

The aggregate fair value of unvested RSUs is calculated using the closing price of the Company's common stock of $16.28 on September 30, 2026. The total fair value of shares vested were $1.7 million and $0.3 million for the three months ended September 30, 2026 and 2025, respectively, and $1.9 million and $1.0 million for the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, the unrecognized stock-based compensation cost of unvested RSUs was $4.2 million, which is expected to be recognized over a weighted-average period of 2.1 years.

The Company's default tax withholding method for RSUs is the sell-to-cover method, in which shares with a market value equivalent to the tax withholding obligation are sold on behalf of the holder of the RSUs upon vesting and settlement to cover the tax withholding liability and the cash proceeds from such sales are remitted by the Company to taxing authorities.

Performance-Based RSU Activity

In March 2025, the Company granted performance-based RSUs ("PSUs") to the executive leadership team. A percentage of the number of RSUs will vest based upon achieving the Company's operational target as of the end of 2026, and subject to continuous service by the executives throughout March 2028. Fifty percent of the aggregate number of achieved PSUs (if any) will vest upon certification in March 2027, with the remaining fifty percent vesting in March 2028. The total grant-date fair value of the PSUs was $2.1 million. As of December 31, 2025, the Company no longer considered the achievement of the operational target to be probable. Accordingly, the Company reversed previously recognized stock-based compensation expense and no stock-based compensation cost was recognized

for the year ended December 31, 2025, and the three and nine months ended September 30, 2026.

A summary of the Company's PSUs activity for the nine months ended September 30, 2026 is as follows:

	Unvested Performance-Based Restricted Stock Units		
(in thousands, except share and per share data)	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Fair Value
Balance—December 31, 2025	575,000	$ 3.63	$ 4,577
Balance—September 30, 2026	575,000	$ 3.63	$ 9,361

ESPP Activity and Valuation

During the three months ended September 30, 2026 and 2025, there were no shares of common stock purchased under the Employee Stock Purchase Plan ("ESPP"). During the nine months ended September 30, 2026 and 2025, 197,710 and 193,738 shares of common stock were purchased under the ESPP, respectively. The fair value of stock purchase rights granted under the ESPP was estimated using the following range of assumptions:

	Three and Nine Months Ended September 30,	
	2026	2025
Expected term (in years)	0.5	0.5
Volatility	78.55%	92.85%
Risk-free interest rate	3.79%	4.22%
Dividend yield	–%	–%
Fair value	$3.60	$1.59

Stock-Based Compensation Expense

The following is a summary of stock-based compensation expense by award type (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Service-based stock options	$ 3,321	$ 1,956	$ 8,700	$ 5,066
Performance-based stock options	—	35	7	105
Service-based RSUs	450	202	1,009	1,463
Performance-based RSUs	—	(259)	—	—
ESPP	140	148	729	497
Total stock-based compensation expense	$ 3,911	$ 2,082	$ 10,445	$ 7,131

The following is a summary of stock-based compensation expense by function (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 282	$ 156	$ 830	$ 537
Research and development	1,213	698	3,204	2,512
Selling, general and administrative	2,416	1,228	6,411	4,082
Total stock-based compensation expense	$ 3,911	$ 2,082	$ 10,445	$ 7,131

At-the-Market Equity Offerings

In December 2021, the Company entered into an At-the-Market ("ATM") Sales Agreement with BTIG, LLC (“BTIG”), as amended in December 2023 (the “Sales Agreement”), under which it was permitted to offer and sell its common stock from time to time through BTIG as its sales agent. BTIG agreed to use commercially reasonable efforts to sell the Company’s common stock from time to time, based upon instructions from the Company (including any price, time or size limits or other customary parameters or conditions the Company may impose). The Company agreed to pay BTIG a commission of up to 3% of the gross sales proceeds of any common stock sold through BTIG under the Sales Agreement. The Company was not obligated to make any sales of common stock under the Sales Agreement.

In December 2024, the Company entered into an Amended and Restated At-the-Market Sales Agreement (the "Amended Sales Agreement") with Piper Sandler & Co. (“Piper”) and BTIG. The Amended Sales Agreement amends and restates the Sales Agreement to add Piper as a sales agent (Piper and BTIG, together, the “Sales Agents”), among certain other changes. The Sales Agents have agreed to use commercially reasonable efforts to sell the Company's common stock from time to time, based upon instructions from the Company (including any price, time or size limits or other customary parameters or conditions the Company may impose). The Company agreed to pay the applicable Sales Agent a commission of up to 3% of the gross sales proceeds of any common stock sold through such Sales Agent under the Amended Sales Agreement. The Company is not obligated to make any sales of common stock under the Amended Sales Agreement.

During the three months ended September 30, 2026, there were no shares of common stock sold under the Amended Sales Agreement. During the nine months ended September 30, 2026, the Company issued and sold 2,827,155 shares of its common stock under the Amended Sales Agreement at a weighted-average price of $9.16 per share and received $25.5 million in proceeds, net of commissions.

Note 10. Segment and Geographic Information

The Company operates in one reportable segment, which is to provide advanced cancer genomic testing services for precision oncology and personalized testing. The Company develops, markets, and sells testing services to pharmaceutical companies, biopharmaceutical companies, diagnostic companies, universities, non-profits, government entities and cancer patients. It derives revenue primarily in the United States from the sale of genomic testing services and manages its business activities on a consolidated basis. The Company does not have intra-entity sales or transfers. The Company’s CODM is its CEO, who reviews consolidated operating results, accompanied by disaggregated information about net revenues by customer types, as presented below, to make decisions about allocating resources and assessing performance for the entire Company.

Consolidated net loss is used to monitor actual performance compared to plans and forecasts. The CODM assesses performance based on revenue growth which is reported on the consolidated statements of operations. The accounting policies of the segment are the same as those described in the summary of significant accounting policies. The measure of segment assets is reported on the consolidated balance sheet as total assets. Substantially all of the Company’s long-lived assets are located in the United States.

The Company attributes revenues to geographic region based on the billing addresses of customers. The following table presents net revenues by geographic region:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
United States	95%	87%	96%	90%
Others	5%	13%	4%	10%

The following table provides information about reported segment revenue, segment loss, and significant segment expenses (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 25,596	$ 14,495	$ 63,425	$ 52,303
Less:				
Payroll and related costs	25,173	16,528	71,940	52,589
Lab supplies and outside services	3,068	3,664	8,803	10,595
Facility costs	2,598	2,577	7,463	7,329
Professional services	7,726	2,969	16,296	8,341
Repairs and maintenance	3,084	2,441	8,455	6,381
Depreciation and amortization	2,479	2,405	7,264	7,523
Other segment items [(a)]	17,029	7,243	44,618	22,588
Interest income	(1,760)	(1,680)	(5,898)	(5,585)
Segment and consolidated net loss	$ (33,801)	$ (21,652)	$ (95,516)	$ (57,458)

(a) Other segment items included in segment net loss include materials cost related to cost of revenue, marketing expenses, office expenses, foreign currency exchange gain and losses, and other overhead expenses.

Note 11. Commitments and Contingencies

Contingencies

The Company is subject to claims and assessments from time to time in the ordinary course of business, including claims from customers and vendors, pending and potential legal actions for damages, governmental investigations and other matters. For example, the Company has received, and may in the future continue to receive letters, claims or complaints from others alleging false advertising, intellectual property infringement, and/or violation of employment practices. Accruals for litigation and contingencies are reflected in the consolidated financial statements based on management's assessment, including the advice of legal counsel, of the expected outcome of litigation or other dispute resolution proceedings and/or the expected resolution of contingencies. Liabilities for estimated losses are accrued if the potential losses from any claims or legal proceedings are considered probable and the amounts can be reasonably estimated. Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount can be reasonably estimated. Accruals are based only on information available at the time of the assessment due to the uncertain nature of such matters. As additional information becomes available, management reassesses potential liabilities related to pending claims and litigation and may revise its previous estimates, which could materially affect the Company's consolidated results of operations in a given period. As of September 30, 2026, the Company was not involved in any material legal proceedings.

Indemnification

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnifications. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but that have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.

In accordance with the Company's bylaws and/or pursuant to indemnification agreements entered into with directors, officers and certain employees, the Company has indemnification obligations to its directors, officers and employees for claims brought against these persons arising out of certain events or occurrences while they are serving in such a capacity. The Company maintains a director and officer liability insurance coverage to reduce its exposure to such obligations, and payments made under these agreements. To date, there have been no indemnification claims by these directors, officers and employees.

Note 12. Basic and Diluted Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is computed using net loss and the weighted-average number of common shares outstanding plus potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include the assumed exercise of outstanding stock options, assumed release of outstanding RSUs, and assumed issuance of common stock under the ESPP. The Company incurred net losses in the periods presented, and as a result, the potential issuance of common shares from stock options, RSUs, and ESPP were not included in the diluted shares used to calculate net loss per share, as their inclusion would have been anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	$ (33,801)	$ (21,652)	$ (95,516)	$ (57,458)
Weighted-average common shares outstanding—basic and diluted	107,206,827	88,699,131	105,607,799	88,226,838
Net loss per common share—basic and diluted	$ (0.32)	$ (0.24)	$ (0.90)	$ (0.65)

The following table sets forth the potentially dilutive shares excluded from the computation of diluted net loss per common share because their effect was anti-dilutive:

	As of September 30,	
	2026	2025
Options to purchase common stock	13,351,990	13,073,259
Unvested RSUs	1,192,439	799,768
ESPP	208,136	191,736
Total	14,752,565	14,064,763

Note 13. Pending Acquisition by Tempus

Agreement and Plan of Merger

On July 20, 2026, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, Tempus, Aviary Development, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub I") and Toucan Development, LLC, a Nevada limited liability company and a wholly owned subsidiary of Parent ("Merger Sub II" and, together with Merger Sub I, the "Merger Subs"). Pursuant to the Merger Agreement, and upon the terms and subject to the conditions therein, (a) Merger Sub I will be merged with and into the Company (the "First Merger"), with the Company surviving the First Merger as a wholly owned subsidiary of Parent (the "First Surviving Corporation"), and (b) as part of the same overall transaction, immediately after the First Merger, the First Surviving Corporation will merge with and into Merger Sub II (together with the First Merger, the "Mergers"), with Merger Sub II surviving as a wholly owned subsidiary of Parent. The parties to the Merger Agreement intend that the transaction qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended.

Consideration to Company Stockholders. At the time the First Merger becomes effective (the "Effective Time"), each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Company Common Stock that are owned or held in treasury by the Company or are owned by Parent, the Merger Subs or their other controlled affiliates (such shares, the "Cancelled Shares") and shares of Company Common Stock that are outstanding immediately prior to the Effective Time and which are held by stockholders who have exercised and perfected appraisal rights for such shares in accordance with the General Corporation Law of the State of Delaware) will be automatically converted into the right to receive in accordance with, and subject to the terms, conditions and procedures set forth in the Merger Agreement, the following consideration:

- a number of validly issued, fully paid and nonassessable shares of Parent Class A Common Stock equal to the Exchange Ratio (the "Stock Consideration"); *provided*, *however*, that Parent may elect (a "Parent Cash Election") to pay cash for up to 50% of the aggregate number of outstanding shares of Company Common Stock (which such amount may be automatically reduced to preserve the intended tax treatment of the Mergers). If Parent makes a Parent Cash Election, each holder will receive: (a) an amount in cash equal to the Per Share Cash Consideration of $16.25 per share, without interest (the "Cash Consideration") (which may include a fraction of an Eligible Share (as defined in the Merger Agreement) and, in that context, will be rounded to the nearest four decimal places), for such holder's pro rata portion of the Eligible Shares subject to the Parent Cash Election (determined by multiplying the holder's Eligible Shares by a fraction equal to the Cash Share Number (as defined in the Merger Agreement) divided by the total shares of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than Cancelled Shares)), and (b) the Stock Consideration for the holder's remaining Eligible Shares;

- cash in lieu of fractional shares of Parent Class A Common Stock in accordance with the Merger Agreement (the "Fractional Share Consideration"); and

- Post-Closing Distributions (as defined in the Merger Agreement), if any.

Pursuant to the Merger Agreement, the Exchange Ratio is determined as follows:

- if the Parent Stock Price (as defined below) is equal to or less than the Floor Price of $48.42, the Exchange Ratio will be fixed at 0.3356; and

- if the Parent Stock Price is greater than the Floor Price, the Exchange Ratio will be equal to $16.25 divided by the Parent Stock Price.

The "Parent Stock Price" means the volume-weighted average price of Parent Class A Common Stock on The Nasdaq Global Select Market ("Nasdaq") for the fifteen consecutive trading days prior to the last trading day prior to the Closing Date (as defined in the Merger Agreement). However, if Parent enters into or consummates a Parent Transaction (as defined in the Merger Agreement) prior to the closing, the Parent Stock Price will instead be based on the per-share consideration payable in the Parent Transaction.

The shares of Parent Class A Common Stock to be issued as Stock Consideration will be listed on Nasdaq.

*Treatment of Company Equity Awa*rds (as defined in the Merger Agreement). The Merger Agreement provides that, at the Effective Time:

- each In-the-Money Company Option (as defined in the Merger Agreement) (i) held by a former employee or any non-employee director (whether vested or unvested) or (ii) held by any current service provider that is vested and exercisable, in each case, that is outstanding and unexercised immediately prior to the Effective Time will be cancelled and converted into the right to receive the Stock Consideration in respect of each Net Option (as defined in the Merger Agreement) Share subject to such In-the-Money Company Option immediately prior to the Effective Time;

- each other In-the-Money Company Option that is outstanding and unexercised immediately prior to the Effective Time will be assumed by Parent and converted automatically into an option to purchase a number of shares of Parent Class A Common Stock equal to the product obtained by multiplying (x) the number of shares subject to such In-the-Money Company Option immediately prior to the Effective Time, by (y) the Exchange Ratio, with an exercise price per share of Parent Class A Common Stock equal to (i) the per share exercise price for each share subject to the corresponding Company Option immediately prior to the Effective Time divided by (ii) the Exchange Ratio;

- each Out-of-the-Money Company Option outstanding (as defined in the Merger Agreement) and unexercised immediately prior to the Effective Time (whether vested or unvested) will be cancelled without any consideration;

- each Company RSU (whether vested or unvested) that is held by a non-employee director of the Company outstanding as of immediately prior to the Effective Time will automatically accelerate to be fully vested as of immediately prior to the Effective Time and be cancelled in exchange for the Stock Consideration;

- each other Company RSU that is outstanding immediately prior to the Effective Time will be assumed and converted automatically into a restricted stock unit with respect to a number of shares of Parent Class A Common Stock equal to the product obtained by multiplying (i) the total number of shares of Company Common Stock subject to such Company RSU immediately prior to the Effective Time by (ii) the Exchange Ratio;

- the unvested portion of each Company PSU that is outstanding immediately prior to the Effective Time will accelerate and vest with respect to that number of Company PSUs equal to (i) the total outstanding Company PSUs multiplied by (ii) the quotient obtained by dividing (x) the number of full calendar quarters that have elapsed from (and including) the start of the applicable measurement period through (and including) the Closing Date by (y) the number of full calendar quarters in the measurement period. Such vested Company PSUs will automatically be cancelled in exchange for the Stock Consideration;

- after giving effect to the foregoing acceleration, the remaining unvested portion of each Company PSU that is outstanding immediately prior to the Effective Time will be assumed and converted automatically into a restricted stock unit award with respect to a number of shares of Parent Class A Common Stock equal to the product obtained by *multiplying* (i) the number of unvested Company PSUs by (ii) the Exchange Ratio. Following the Effective Time, the assumed PSUs shall be subject to only time-based vesting and will vest in successive, equal installments on the last day of each calendar quarter during the period beginning on (and including) the day immediately following the Closing Date and ending on the last day of the measurement period, subject to the holder's continued service through the applicable vesting date; and

- (i) with respect to any offering periods in effect as of the signing of the Merger Agreement under the Company ESPP (the "Current ESPP Offering Periods"), no employee who is not a participant in the Company ESPP may become a participant in the Company ESPP and no participant may increase the percentage amount of his or her payroll deduction election from that in effect on the date hereof for such Current ESPP Offering Periods; (ii) subject to the consummation of the Mergers, the Company ESPP will terminate, effective immediately prior to the Effective Time; (iii) if the Current ESPP Offering Periods terminate prior to the Effective Time, then the Company ESPP will be suspended and no new offering period shall be commenced under the Company ESPP prior to the termination of this Agreement; and (iv) if any Current ESPP Offering Period is still in effect at the Effective Time, then the last day of such current ESPP offering period will be accelerated to a date within ten (10) business days prior to the Closing Date.

Conditions to Closing. Under the terms of the Merger Agreement, the completion of the Mergers is subject to certain customary closing conditions, including, among others: (i) the approval of the Mergers and adoption of the Merger Agreement by the affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock entitled to vote thereon; (ii) the approval for listing on Nasdaq of the Parent Class A Common Stock to be issued in the Mergers; (iii) the effectiveness of a registration statement on Form S-4 filed by Parent registering the Parent Class A Common Stock to be issued in connection with the Mergers; (iv) the accuracy of the parties' respective representations and warranties in the Merger Agreement, subject to specified materiality qualifications; (v) compliance by the parties with their respective covenants in the Merger Agreement; (vi) the absence of any law or order restraining, enjoining or otherwise prohibiting the consummation of the Mergers; (vii) expiration or termination of the required waiting period applicable to the Mergers under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and the approval or issuance of any other filing or consent or the expiration or termination of any other waiting period applicable to the Mergers, in accordance with the Merger Agreement; (viii) the receipt by the Company of an opinion to the effect that the Mergers will qualify as a reorganization for U.S. federal income tax purposes; and (ix) the absence of a Company Material Adverse Effect (in the case of Parent's obligation to close) or a Parent Material Adverse Effect (in the case of the Company's obligation to close). On October 2, 2026 at 11:59 p.m., Eastern Time, the HSR waiting period applicable to the Mergers expired without issue. On August 13, 2026, the parties received confirmation from the United Kingdom Competition and Markets Authority that it had no further questions at that stage. On October 20, 2026, the registration statement on Form S-4 relating to the Mergers was declared effective by the SEC, and on October 21, 2026, the Company filed its definitive proxy statement/prospectus relating to the Mergers. The special meeting of the Company's stockholders to consider and vote on the adoption of the Merger Agreement is scheduled for November 30, 2026. Completion of the Mergers remains subject to the approval of the Company's stockholders and the satisfaction or waiver of the other applicable closing conditions.

Termination Rights. The Merger Agreement includes a remedy of specific performance for the Company and Parent. The Merger Agreement also includes customary termination provisions for both the Company and Parent and provides that, in connection with the termination of the Merger Agreement under specified circumstances, including a termination by Parent due to a Company Adverse Change Recommendation, the Company will be required to pay to Parent a termination fee (the "Termination Fee") of approximately $76.8 million. The Termination Fee is also payable if: (a) the Merger Agreement is terminated in certain circumstances, (b) after the date of the Merger Agreement and prior to such termination a bona fide proposal for an alternative acquisition transaction has been publicly disclosed and not withdrawn, and (c) within twelve months of such termination, the Company enters into a definitive agreement with respect to an alternative acquisition transaction that is subsequently consummated. The Company also has the right to terminate the Merger Agreement if the Parent Stock Price (as finally determined pursuant to the Merger Agreement) is less than the Lower Floor Price of $46.00, which right is only expected to be exercisable within a two business day period preceding the day the Closing would otherwise be required to occur.

The Merger Agreement further provides that Parent will be required to pay the Company a reverse termination fee of approximately $76.8 million in the event the Merger Agreement is terminated under certain specified circumstances, including if the Merger Agreement is terminated by Parent or the Company either (a) due to the existence of a permanent legal restraint under the HSR Act or another antitrust law (solely to the extent such restraint is primarily due to Parent's breach of certain of its obligations under the Merger Agreement), or (b) due to the Effective Time not having occurred by April 20, 2027 (the "Outside Date") (provided that the Outside Date will be automatically extended for an additional six months and an additional six months thereafter pursuant to the Merger Agreement), when, at the time of termination, the applicable regulatory conditions to the Closing under the HSR Act or another antitrust law have not been satisfied primarily due to Parent's breach of certain of its obligations under the Merger Agreement, and all other conditions to the Closing have been satisfied or waived.

Voting Agreement

Concurrently with the execution of the Merger Agreement, Merck, in its capacity as a stockholder of the Company, entered into a Voting Agreement (the "Voting Agreement"), pursuant to which Merck has agreed to vote its shares of Company Common Stock in favor of the adoption of the Merger Agreement and the transactions contemplated thereby, and to vote such shares against any competing acquisition proposal or any other action that would reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Mergers. As of July 20, 2026, Merck held approximately 13% of Company's outstanding voting power. The Voting Agreement will terminate upon the earliest to occur of (a) the Effective Time, (b) the valid termination of the Merger Agreement, (c) any modification or amendment to the Merger Agreement that reduces the amount, or changes the form or otherwise adversely affects the consideration payable to Merck pursuant to the Merger Agreement (other than changes expressly contemplated by the Merger Agreement as in effect on the date hereof), extends the Outside Date or imposes any additional conditions or obligations that would reasonably be expected to prevent or impede the consummation of the Mergers, or (d) the mutual written consent of the parties to the Voting Agreement.

The Company determined that Tempus and Merck are related parties. See Note 8 for details.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the Securities and Exchange Commission (the "SEC") on February 26, 2026 (our "Annual Report"). In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. You should review the sections titled "Note Regarding Forward-Looking Statements" for a discussion of forward-looking statements and in Part II, Item 1A, "Risk Factors" for a discussion of factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report.

Overview

We develop, market, and sell advanced cancer genomic testing services. Our testing services are used by physicians to detect residual or recurrent cancer in patients, monitor cancer response to therapy, and uncover insights for therapy selection. Our testing services are also used by pharmaceutical companies for translational research, biomarker discovery, the development of personalized cancer therapies, and clinical trials. We also provide whole exome sequencing services for other diagnostic companies and whole genome sequencing services for population sequencing initiatives.

We are working with a growing number of leading cancer centers and world-class academic research institutions to build and publish clinical, evidence-based support for our testing services and our key indications, as well as to obtain reimbursement coverage from Medicare and other payors. Because of the ultra-high analytical sensitivity of our technology, we are primarily focusing on three indications: breast cancer, lung cancer, and immunotherapy (IO) monitoring. We have collaborations with ClearNote Health; Inc.; Cancer Research UK, University College London, and the Francis Crick Institute (the TRACERx study); Institut Curie; The Royal Marsden; the Vall d'Hebron Institute of Oncology (VHIO); the University of California, San Diego; Duke University; Vanderbilt University and Johns Hopkins University (the PREDICT study); the Dana-Farber Cancer Institute; the University of Texas M.D. Anderson Cancer Center; University Medical Center Hamburg-Eppendorf (UKE); Criterium and the Academic Breast Cancer Consortium; Yale Cancer Center; Aarhus University; British Columbia Cancer; University Health Network; Memorial Sloan Kettering (MSK); Health Research Institute of Santiago de Compostela (IDIS); UZ Leuven; Geneos; National Cancer Center Hospital East (NCCHE), that will focus on building the evidence-base for our technology and these indications.

Currently, our testing services are routinely used by many of the largest oncology-focused pharmaceutical companies for analysis of patient samples in their clinical trials and drug development programs. Our advanced genomic sequencing and analytics also support the development of personalized neoantigen therapies for cancer and other next-generation cancer immunotherapies. For example, we are providing genomic testing services to ModernaTX, Inc. ("Moderna") in its ongoing clinical trials evaluating a personalized cancer therapy. In addition, we have partnered with diagnostics companies by providing our advanced tumor profiling and analysis capabilities as an input to their products. We also have a collaboration with Tempus that enables Tempus to market our NeXT Personal® Dx test to physicians for breast cancer, lung cancer, colorectal cancer and immuno-oncology monitoring, and to market and sell NeXT Personal to Tempus' pharmaceutical and biotech customers who wish to bundle MRD testing with other Tempus offerings in a given study, through November 25, 2029. We have also pursued non-cancer related business opportunities, specifically within the population sequencing market, by providing whole genome sequencing ("WGS") services under contract with the U.S. Department of Veterans Affairs Million Veteran Program ("VA MVP").

Our work in oncology is underpinned by our experience and capacity for next-generation sequencing at scale. We have the capacity to sequence and analyze over 350 trillion bases of DNA per week in our facility. We believe that our capacity is already larger than most cancer genomics companies, and we continue to build automation and other infrastructure to scale further as demand increases. To date, we have sequenced approximately 629,000 human samples, of which approximately 251,000 were whole human genomes.

On July 20, 2026, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Tempus (sometimes referred to as Parent), Aviary Development, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub I") and Toucan Development, LLC, a Nevada limited liability company and a wholly owned subsidiary of Parent ("Merger Sub II"). Pursuant to the Merger Agreement, and upon the terms and subject to the conditions therein, (a) Merger Sub I will be merged with and into Personalis (the "First Merger"), with Personalis surviving the First Merger as a wholly owned subsidiary of Parent (the "First Surviving Corporation"), and (b) as part of the same overall transaction, immediately after the First Merger, the First Surviving Corporation will merge with and into Merger Sub II (together, with the First Merger, referred to collectively as the "Merger"), with Merger Sub II surviving as a wholly owned subsidiary of Parent (see Note 13, Pending Acquisition by Tempus, in Part 1, Item 1 of this Form 10-Q in our Consolidated Financial Statements for additional information). On October 21, 2026, we filed our definitive proxy statement/prospectus relating to the Merger. The special meeting of our stockholders to consider and vote on the adoption of the Merger Agreement is scheduled for November 30, 2026.

Third Quarter 2026 Strategic and Operational Highlights

Total revenue of $63.4 million increased 21%, or $11.1 million, during the third quarter of 2026 compared to the third quarter of 2025, due to (i) higher revenue from pharma testing services (ii) higher clinical test revenue as a result of obtaining Medicare reimbursement coverage decisions in November 2025, February 2026 and May 2026 for breast cancer, lung cancer, immunotherapy monitoring for patients with late-stage solid tumors and neoadjuvant therapy (NAT) monitoring for breast cancer, respectively and (iii) planned higher population sequencing revenue from the VA MVP. These increases were partially offset by the expected revenue decline from Enterprise sales due to the completion of the project with Natera.

Key business accomplishments and financial updates in the third quarter of 2026 include:

- Launched NeXT Personal® Real-Time Variant Tracker™: Commercially launched optional Real-Time Variant Tracker supplemental results in the NeXT Personal molecular residual disease (MRD) test report, which identify clinically relevant resistance and therapeutically targetable variants over time, during NeXT Personal testing.

- Reported pre-interim results from prospective Triple Negative Breast Cancer (TNBC) B-STRONGER-1 study: Personalis' study is a multi-site, prospective study evaluating ctDNA dynamics in stage I-III TNBC patients receiving neoadjuvant therapy (NAT). Results showed high sensitivity, achieving a 96% ctDNA detection rate at baseline with 83.3% of positive detections at T1 in the ultrasensitive range below 100 PPM. Also, the results showed an 82% ctDNA clearance rate following two cycles of NAT.

- Demonstrated the value of ultrasensitive ctDNA for predicting early immunotherapy response: A study conducted with The University of California, San Diego (UCSD) for 55 patients across 8 metastatic cancer types showed that an ultrasensitive assay may provide resolution in cases of heterogeneous response to stratify patients with radiographically stable disease into distinct risk groups, and dynamic ctDNA monitoring during immunotherapy provides lead time for identifying patients at high risk of progression.

Components of Operating Results

Revenue

We derive our revenue primarily from sales of genomic testing services to the following five customer types:

- **Pharma testing services** includes sales of testing services and data analytics for clinical trials and research to pharmaceutical companies in support of their oncology drug development programs.

- **Enterprise sales** includes sales of tumor profiling and diagnostic tests directly to other businesses as an input to their products. Revenue from our previous commercial relationship with Natera to provide advanced tumor analysis for use in Natera's MRD test made up substantially all of the revenue in this category.

- **Population sequencing** includes sales of genomic sequencing services and data analytics to support large-scale genetic research programs. All of the revenue in this category is from our partnership with the VA MVP.

- **Clinical diagnostic** includes sales of comprehensive tumor profiling test that is used to help select therapy for a cancer patient and identify potential clinical trials for a patient, and sales of ultrasensitive, tumor-informed diagnostic tests, ordered by healthcare providers for cancer patients. Revenue in this category is derived from Medicare and private insurance reimbursements.

- **Other** includes sales of genomic tests and analytics to universities and non-profits.

Our ability to increase revenue will depend on our ability to further increase sales to these groups of customers and expand our customer base within each group. To do this, we are developing a growing set of state-of-the-art services; advancing our operational infrastructure; building our regulatory credentials; focusing our marketing efforts on large pharmaceutical companies; building and publishing the clinical evidence-base to support our testing services in our key indications, pursuing reimbursement coverage from Medicare and other payors; and seeking additional partnerships. We market to biopharma customers and doctors through a small direct sales force and through our collaboration and partnership with Tempus where we are leveraging Tempus' significantly larger sales force to commercialize NeXT Personal Dx in the clinical diagnostics market as a key vector to grow our clinical diagnostic business.

We have one reportable segment which is to provide advanced cancer genomic testing services for precision oncology applications, personalized testing, and other tests. Most of our revenue to date has been derived from sales in the United States.

Costs and Expenses

Cost of Revenue

Cost of revenue includes costs for materials, personnel (salaries, bonuses, stock-based compensation, payroll taxes, and benefits), laboratory supplies and consumables, depreciation and equipment maintenance, allocated facilities and information technology ("IT") costs and clinical diagnostic test costs. We expect variability in our gross margins over the medium-term due to fluctuations in customer mix and volume, investments in newer sequencing platforms and new capabilities, such as automation of laboratory workflows, and processing of diagnostic tests for the clinical market while we work to secure reimbursement. Over the long-term, we anticipate gross margin expansion as we expect increases in revenue to result in economies of scale.

Research and Development Expenses

Research and development expenses includes costs incurred to develop technology and offerings, expenses for conducting clinical studies with collaborators and partners to validate the clinical benefits of our offerings and develop and implement workflow automation technologies. The expenses primarily consist of personnel costs (salaries, bonuses, stock-based compensation, payroll taxes, and benefits); laboratory supplies and consumables; costs of processing samples for research, product development, collaborations and studies; depreciation and maintenance on equipment; and allocated facilities and IT costs. We include in research and development expenses the costs to further develop software we use to operate our laboratory, analyze the data it generates, and automate our operations.

We expense our research and development costs in the period in which they are incurred. We expect research and development expenses to continue to increase over time to support the growth of our clinical diagnostic offerings.

Selling, General and Administrative Expenses

Selling expenses consist of personnel costs (salaries, commissions, bonuses, stock-based compensation, payroll taxes, and benefits), customer support expenses, fees paid to Tempus (see Note 8, Related Party Transactions, in Part 1, Item 1 of this Form 10-Q in our Consolidated Financial Statements for additional information), marketing communication expenses, and market research. Our general and administrative expenses include costs for administration, finance and accounting, legal, and human resources functions. These expenses consist of personnel costs (salaries, bonuses, stock-based compensation, payroll taxes, and benefits), corporate insurance, audit and legal expenses, consulting costs, and facilities and IT costs. We expense all selling, general and administrative costs as incurred.

We expect selling, general and administrative expenses to continue to increase over time to support the growth of our clinical diagnostic offerings.

Interest Income and Interest Expense

Interest income consists primarily of interest earned on our cash, cash equivalents, and short-term investments. Interest expense is the recognition of imputed interest on noninterest bearing loans.

Other Income (Expense), Net

Other income (expense), net consists primarily of foreign currency exchange gains and losses.

Results of Operations

The following sets forth, for the periods presented, our unaudited consolidated statements of operations and selected financial data (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Consolidated Statements of Operations:				
Revenue [1]	$ 25,596	$ 14,495	$ 63,425	$ 52,303
Costs and expenses				
Cost of revenue	19,026	12,581	51,831	38,426
Research and development	16,074	12,171	46,949	37,192
Selling, general and administrative [2]	26,014	13,034	65,915	39,476
Total costs and expenses	61,114	37,786	164,695	115,094
Loss from operations	(35,518)	(23,291)	(101,270)	(62,791)
Interest income	1,760	1,680	5,898	5,585
Interest expense	(36)	(64)	(120)	(140)
Other income (expense), net	(4)	26	-	(100)
Loss before income taxes	(33,798)	(21,649)	(95,492)	(57,446)
Provision for income taxes	3	3	24	12
Net loss	$ (33,801)	$ (21,652)	$ (95,516)	$ (57,458)
Net loss per share, basic and diluted	$ (0.32)	$ (0.24)	$ (0.90)	$ (0.65)
Weighted-average shares outstanding, basic and diluted	107,206,827	88,699,131	105,607,799	88,226,838

(1) Includes related party revenue of $5.9 million and $1.1 million for the three months ended September 30, 2026 and 2025, respectively, and $17.4 million and $3.5 million for the nine months ended September 30, 2026 and 2025, respectively.
(2) Includes related party sales and marketing expenses of $4.8 million and $1.2 million for the three months ended September 30, 2026 and 2025, respectively, and $11.5 million and $2.7 million for the nine months ended September 30, 2026 and 2025, respectively.

	September 30, 2026	December 31, 2025
Cash and cash equivalents, and short-term investments	$ 190,602	$ 239,953
Working capital	173,776	228,321
Total assets [1]	291,600	334,164
Total debt	918	2,052
Long-term obligations	29,656	33,349
Total liabilities [2]	78,930	72,979
Total stockholders' equity	212,670	261,185

(1) Includes related party accounts receivable of $4.2 million and $2.5 million as of September 30, 2026 and December 31, 2025, respectively.
(2) Includes related party liabilities of $5.0 million and $5.7 million as of September 30, 2026 and December 31, 2025, respectively.

Revenue

The following table shows revenue by customer type (in thousands, except percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Change	2026	2025	Change
Pharma testing services [1]	$ 17,114	$ 13,137	30%	$ 44,627	$ 37,754	18%
Enterprise sales	8	650	(99%)	401	5,430	(93%)
Population sequencing	4,067	234	1638%	9,567	7,755	23%
Clinical diagnostic	4,374	384	1039%	8,346	1,161	619%
Other	33	90	(63%)	484	203	138%
Total revenue	$ 25,596	$ 14,495	77%	$ 63,425	$ 52,303	21%

(1) Includes related party revenue of $5.9 million and $1.1 million for the three months ended September 30, 2026 and 2025, respectively, and $17.4 million and $3.5 million for the nine months ended September 30, 2026 and 2025, respectively.

The following table shows customers that made up at least 10% of total revenue in at least one of the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Merck & Co., Inc. [1]	22%	*	27%	*
VA MVP	16%	*	15%	15%
ModernaTX, Inc.	11%	19%	13%	25%
Regeneron Pharmaceuticals	*	19%	*	*
Pfizer Inc.	*	11%	*	*
Natera, Inc.	*	*	*	10%

* Less than 10% of revenue

(1) Consists of related party revenue.

Pharma testing services

The increase in pharma testing services revenue in the third quarter of 2026 and the first nine months of 2026 compared to the same periods of 2025 was primarily due to an increase in the number of clinical trial samples processed for Merck. We expect variability in revenue from pharmaceutical companies in the future due to the timing of their patient enrollment for clinical trials or project schedules.

Enterprise sales

The decrease in revenue from enterprise sales in the third quarter of 2026 and the first nine months of 2026 compared to the same periods of 2025 was due to the expected decrease in the number of samples processed for Natera after the second quarter of 2025 when the minimum volume commitments in our agreement with Natera expired. We no longer have a commercial relationship with Natera and do not expect to have one going forward.

Population sequencing

Revenue recognized each period from population sequencing is impacted by timing of our fulfillment of samples under each annual task order. The increase in revenue in the third quarter of 2026 and in the first nine months of 2026 compared to the same periods of 2025 was due to a planned increase in the number of samples we processed. Our annual task orders received in 2025 and 2024 were $13.5 million and $7.5 million, respectively. Our contract with the VA MVP does not include specific testing turnaround times. Therefore, we may modulate the volume of samples processed from the VA MVP to accommodate sample volumes from other customers, which can vary from period to period. In August 2026, we received a task order from the VA MVP, that was effective on September 30, 2026, for the fourth one-year renewal option period with a value of up to $18.3 million.

Clinical diagnostic

Clinical diagnostic revenue is generated from Medicare and private insurance payors. In January 2024, we received a Medicare coverage determination for NeXT Dx, our ultra-comprehensive tumor genomic profiling assay. In November 2025, we received Medicare coverage determination for NeXT Personal Dx for post-treatment surveillance of cancer recurrence in patients with Stage II and III breast cancer, with an effective date of October 7, 2025. In February 2026, we received Medicare coverage for NeXT Personal Dx for surveillance of patients with Stage I-III NSCLC, with an effective date of January 9, 2026. In May 2026, we received Medicare coverage for NeXT Personal Dx for immunotherapy monitoring for patients with late-stage solid tumors, with an effective date of March 16, 2026. In May 2026, we also received Medicare coverage for NeXT Personal Dx for monitoring treatment response to NAT in patients diagnosed with Stage II-III TNBC or HER2+ breast cancer, with an effective date of April 6, 2026. The increases in clinical diagnostic revenue in the third quarter of 2026 and in the first nine months of 2026 compared to the same periods of 2025 were mainly attributable to an increase in NeXT Dx test volume and NeXT Personal Dx reimbursements received from certain private payors and Medicare for breast cancer, NSCLC surveillance, immunotherapy monitoring for patients with late-stage solid tumors and NAT monitoring for breast cancer.

Costs and Expenses

The following table shows costs and expenses (in thousands, except percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025		2026	2025	
Cost of revenue	$ 19,026	$ 12,581	51%	$ 51,831	$ 38,426	35%
Research and development	16,074	12,171	32%	46,949	37,192	26%
Selling, general and administrative	26,014	13,034	100%	65,915	39,476	67%
Total costs and expenses	$ 61,114	$ 37,786	62%	$ 164,695	$ 115,094	43%

Cost of revenue

The increase in cost of revenue in the third quarter of 2026 and in the first nine months of 2026 compared to the same periods of 2025 was primarily due to increased clinical diagnostic test costs where the corresponding revenue and reimbursement amounts were less than the cost of the testing services due to selling testing services in advance of Medicare reimbursement in order to gain market share.

Specific components of the increase in the third quarter of 2026 were a $3.5 million increase in diagnostic test costs, a $1.6 million increase in direct material costs due to higher biopharma revenue, a $1.2 million increase in personnel costs, and a $0.2 million increase in equipment maintenance costs, offset partially by a $0.1 million decrease in laboratory supplies costs.

Specific components of the increase in the first nine months of 2026 were a $7.3 million increase in diagnostic test costs, a $1.9 million increase in direct material costs due to higher biopharma revenue, a $3.3 million increase in personnel costs, a $0.7 million increase in equipment maintenance costs, and a $0.2 million increase in laboratory supplies costs.

Research and development

The increases in research and development in the third quarter of 2026 and in the first nine months of 2026 compared to the same periods of 2025 were primarily due to increased personnel and personnel-related costs due to higher compensation costs and increased headcount and R&D lab activities. These expenses increased in order to further and complete clinical evidence studies, process development work to enhance laboratory operations' productivity, and technology development.

Specific components of the increase in the third quarter of 2026 were a $2.6 million increase in personnel and personnel-related costs driven by increased headcount and employee compensation and a $1.3 million increase due to higher lab supplies utilized, IT and internal operation supports, and consulting services for R&D projects.

Specific components of the increase in the first nine months of 2026 were a $6.1 million increase in personnel and personnel-related costs driven by increased headcount and employee compensation and a $3.7 million increase in lab supplies utilized, IT related expenses, and consulting services to support R&D projects and volume growth.

Selling, general and administrative

The increases in selling, general and administrative expenses in the third quarter of 2026 and in the first nine months of 2026 compared to the same periods of 2025 were primarily due to increased personnel and personnel related expenses due to higher compensation costs and increased headcount and marketing expenses associated with increases in testing volume for NeXT Personal Dx.

Specific components of the increase in the third quarter of 2026 were a $4.3 million increase in fees payable to Tempus for the volume of tests sold and results delivered to physicians and commercial-related expenses associated with higher NeXT Personal Dx testing volume, a $4.7 million increase in personnel and personnel related expenses due to higher headcount and employee compensation, a $4.0 million increase in professional services primarily associated with the Merger Agreement, and a $0.4 million increase in IT infrastructure projects, partially offset by a $0.5 million decrease in depreciation expenses.

Specific components of the increase in the first nine months of 2026 were a $10.9 million increase in fees payable to Tempus for the volume of tests sold and results delivered to physicians and commercial-related expenses associated with higher NeXT Personal Dx testing volume, a $10.0 million increase in personnel and personnel-related expenses due to higher sales commission, headcount, and employee compensation, a $5.6 million increase in professional services primarily associated with the Merger Agreement, and a $1.6 million increase in IT infrastructure projects, partially offset by a $1.7 million decrease in depreciation expenses.

Interest Income, Interest Expense, and Other Income (Expense), Net

The following table shows interest income and expense, and other income (expense), net (in thousands, except percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025		2026	2025	
Interest income	$ 1,760	$ 1,680	5%	$ 5,898	$ 5,585	6%
Interest expense	(36)	(64)	(44%)	(120)	(140)	(14%)
Other income (expense), net	(4)	26	(115%)	-	(100)	(100%)
Total	$ 1,720	$ 1,642	5%	$ 5,778	$ 5,345	8%

Interest income and interest expense

The increases in interest income in the third quarter of 2026 and the first nine months of 2026 compared to the same periods of 2025 were driven by higher average investment balances, partially offset by decreased yields. Interest expense is the recognition of imputed interest on noninterest bearing loans.

Other income (expense), net

Other income (expense), net, in the periods presented, consisted mainly of foreign currency remeasurements.

Liquidity and Capital Resources

The following table presents selected financial information (in thousands):

	September 30, 2026	December 31, 2025
Cash and cash equivalents, and short-term investments	$ 190,602	$ 239,953
Contract liabilities	1,647	1,562
Working capital	173,776	228,321

From our inception through September 30, 2026, we have funded our operations primarily from net proceeds from issuance of redeemable convertible preferred stock, IPO, follow-on equity offerings, At-the-Market ("ATM") facility (see Note 9, At-the-Market Equity Offerings, in Part 1, Item 1 of this Form 10-Q in our Consolidated Financial Statements for additional information), Tempus exercising warrants and purchasing additional shares under an investment agreement, and Merck purchasing shares of our common stock under an investment agreement (see Note 8, Related Party Transactions, in Part 1, Item 1 of this Form 10-Q in our Consolidated Financial Statements for additional information), as well as debt financings. As of September 30, 2026, we had cash and cash equivalents of $98.3 million and short-term investments of $92.3 million.

We have incurred net losses since our inception. We anticipate that our current cash and cash equivalents and short-term investments, are sufficient to fund our near-term capital and operating needs for at least the next 12 months.

We have based these future funding requirements on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we expect. If the Merger is not completed and our available cash balances and anticipated cash flow from operations are insufficient to satisfy our liquidity requirements, including because of lower demand for our testing services or other risks described in this Quarterly Report on Form 10-Q, we may seek to sell additional common or preferred equity or convertible debt securities, enter into an additional credit facility or another form of third-party funding or seek other debt financing. We filed a sales agreement prospectus supplement in May 2026, pursuant to which we may offer and sell $150.0 million of shares of our common stock through our ATM facility, of which approximately $145.4 million remains available for sale as of September 30, 2026, provided that we may not sell any shares through the ATM facility while the closing of the Merger is pending. The sale of equity and convertible debt securities may result in dilution to our stockholders and, in the case of convertible debt, those securities could provide for rights, preferences or privileges senior to those of our common stock. The terms of debt securities issued or borrowings pursuant to a credit agreement could impose significant restrictions on our operations. Additional capital may not be available on reasonable terms, or at all.

Our short-term investments portfolio is primarily invested in highly rated securities, with the primary objective of minimizing the potential risk of principal loss. Our investment policy generally requires securities to be investment grade and limits the amount of credit exposure to any one issuer.

Cash Flows

	Nine Months Ended September 30,	
	2026	2025
Net cash used in operating activities	$ (75,320)	$ (52,700)
Net cash provided by (used in) investing activities	16,162	(8,189)
Net cash provided by financing activities	33,187	19,443

The increase in cash used in operating activities was primarily due to an increase in net loss.

The increase in cash provided by investing activities was primarily due to a $42.3 million decrease in purchases of short-term investments, partially offset by a $12.3 million decrease in proceeds from the maturity of short-term investments and a $5.6 million increase in capital expenditures.

The increase in cash provided by financing activities was primarily due to a $7.7 million increase in net proceeds from sales of common stock under our ATM facility and a $10.4 million increase in proceeds from issuance of common stock under equity incentive plans, partially offset by a $2.6 million decrease in proceeds from loans and a $1.8 million increase in repayments of loans and a finance lease.

Material Cash Requirements

Our material cash requirements in the short- and long-term consist primarily of variable costs of revenue, operating expenditures, capital expenditures, property leases, and other spend. We plan to fund our material cash requirements with our existing cash and cash equivalents and short-term investments, which amounted to $190.6 million as of September 30, 2026, as well as anticipated cash receipts from customers. If the Merger is not completed, to fund our material cash requirements in the short- and long-term, we may also seek to sell additional common or preferred equity or convertible debt securities, enter into an additional credit facility or another form of third-party funding or seek other debt financing.

Variable costs of revenue. From time to time in the ordinary course of business, we enter into agreements with vendors for the purchase of raw materials, laboratory supplies and consumables to be used in the sequencing of customer samples. However, we generally do not have binding and enforceable purchase orders beyond the short term, and the timing and magnitude of purchase orders beyond such period is difficult to accurately project. We currently expect spending in this area to increase compared to the levels in 2025 in order to support expected higher levels of revenue.

Operating expenditures. Our primary use of cash relates to employee compensation, spend on professional services, spend related to research and development projects, and other costs to support our research and development and selling, general and administrative functions. We currently expect our spending in all of these areas to increase compared to the levels in 2025 to support the growth of our clinical diagnostic offerings. On a long-term basis, we manage future cash requirements relative to our long-term business plans.

Capital expenditures. Capital expenditures are expected to increase from 2025 levels as we expect to expand NeXT Personal Dx test volume capacity. Going forward, our capital expenditures are expected to consist primarily of laboratory equipment and computer equipment. We currently expect capital expenditures to be between $10.0 million and $12.0 million in 2026 and between $12.0 million to $15.0 million in each of the years 2027 and 2028.

Property leases. Our noncancelable operating lease payments were $57.0 million as of September 30, 2026. The timing of these future payments, by year, can be found in Note 7, Leases, in Part I, Item 1 of this Form 10-Q in the Consolidated Financial Statements.

Other. As of September 30, 2026, we have an outstanding noninterest bearing loan that was used to finance the purchase of equipment for our laboratory. We owe a total of $0.9 million, which is payable in 2027. Further discussion of the loan can be found in Note 6, Loans, in Part I, Item 1 of this Form 10-Q in the Consolidated Financial Statements.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. We believe that the assumptions and estimates associated with revenue recognition and leases have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 under the caption “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II, Item 7.

Recent Accounting Pronouncements

See the section titled “Recent Accounting Pronouncements” in Note 2, Summary of Significant Accounting Policies, in Part I, Item 1 of this Form 10-Q in the Consolidated Financial Statements for additional information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a “smaller reporting company,” we are not required to provide the information under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer ("CEO"), and chief financial officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our CEO and CFO have concluded that as of September 30, 2026, our disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) of the Exchange Act. An evaluation was also performed under the supervision and with the participation of our management, including our CEO and our CFO, of any change in our internal control over financial reporting that occurred during our last fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. That evaluation did not identify any change in our internal control over financial reporting that occurred during our latest fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be a party or subject to various legal proceedings and claims which arise in the ordinary course of business. The outcome of any legal proceeding or claim is inherently uncertain and subject to unascertainable damages or other remedies.

See Note 11, Commitments and Contingencies, in Part I, Item 1 of this Form 10-Q in the Consolidated Financial Statements for more information.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties including those described below. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Quarterly Report on Form 10-Q, including our unaudited consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks or others not specified below materialize, our business, financial condition, and results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline. The risk factors set forth below that are marked with an asterisk (*) contain changes to the similarly titled risk factors included in, or did not appear as separate risk factors in, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025 (Annual Report), which was filed with the SEC on February 26, 2026; provided, however, no asterisk is included if the only changes are to reflect our most recently reported financial information and/or one or more insignificant changes.

Risks Related to Our Pending Acquisition by Tempus

The completion of the Merger is subject to a number of conditions, including certain conditions that are beyond our control, and may not be satisfied on a timely basis, or at all.*

Certain conditions to completion of the Merger have been satisfied, including the expiration of the waiting period under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion of the Merger remains subject to other conditions set forth in the Merger Agreement, including: (i) the approval of the Merger and adoption of the Merger Agreement by the affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon; (ii) the approval for listing on Nasdaq of Tempus Class A Common Stock to be issued in the Merger; (iii) our receipt of an opinion to the effect that the Merger will qualify as a reorganization for U.S. federal income tax purposes; and (iv) the absence of material adverse effects impacting us or Tempus. The special meeting of our stockholders to consider and vote on the adoption of the Merger Agreement is scheduled for November 30, 2026. Many of the remaining conditions are beyond our control, resulting in uncertainty as to the timing of completion of the Merger and as to whether the Merger will be completed at all.

Failure to complete the Merger within the expected timeframe or at all could adversely affect our business and the market price of our common stock in a number of ways, including:

- the market price of our common stock may decline to the extent that the current market price reflects an assumption that the Merger will be consummated;
- we have incurred, and will continue to incur, significant expenses for professional services in connection with the Merger for which we will have received little or no benefit if the Merger is not consummated;
- under the Merger Agreement, we are subject to certain restrictions on the conduct of our business prior to completing the Merger which may prevent us from making desirable expenditures, including with regard to capital projects, pursuing otherwise attractive business opportunities and making other changes to our business prior to completion of the Merger or termination of the Merger Agreement;
- matters relating to the Merger may require substantial commitments of time and resources by our management, which could otherwise have been devoted to other opportunities that may have been beneficial to us as an independent company; and
- we may experience negative publicity and/or reactions from our investors, employees, patients, customers, regulators, suppliers, collaborators, and other business partners, which could negatively impact our results of operations and business prospects.

The value of the per share stock consideration payable to our stockholders in the Merger is subject to changes based on fluctuations in the value of Tempus' Class A Common Stock, and our stockholders may receive per share stock consideration with a value that is less than $16.25 per share in certain circumstances.*

In the Merger, each share of our common stock issued and outstanding immediately prior to the Merger (other than shares owned or held in treasury by us or owned by Tempus and shares which are held by stockholders who have exercised and perfected appraisal rights for such shares in accordance with Delaware law) will be converted into the right to receive a number of shares of Tempus'

Class A Common Stock equal to an Exchange Ratio (defined below), provided that Tempus may elect to pay cash for up to 50% of the aggregate number of outstanding shares of our common stock, which will be applied pro rata among shares eligible to receive the Merger consideration. See Note 13, Pending Acquisition by Tempus, in Part 1, Item 1 of this Quarterly Report on Form 10-Q for more information.

If the volume-weighted average price of Tempus' Class A Common Stock on Nasdaq for the fifteen consecutive trading days prior to the last trading day prior to the closing date of the Merger (the "Parent Stock Price") is greater than $48.42 (the "Floor Price"), the Exchange Ratio will be equal to $16.25 divided by the Parent Stock Price. However, if the Parent Stock Price is equal to or less than the Floor Price, the Exchange Ratio will be fixed at 0.3356. Accordingly, if the Parent Stock Price is equal to or less than the Floor Price, then the value of the per share stock consideration received at the time of the closing of the Merger will likely be less than $16.25.

At the time that our stockholders cast their votes regarding approval of the Merger Agreement, they may not know the actual market value of the shares of Tempus Class A Common Stock that they will receive if and when the Merger is finally completed, including whether Tempus will make a Parent Cash Election, the final allocation between cash and stock consideration, or whether the Parent Stock Price will be equal to or less than the Floor Price. Fluctuations in the market value of shares of Tempus Class A Common Stock may be caused by changes in the businesses, operations, results and prospects of both Tempus and us, market expectations of the likelihood that the Merger will be completed and the timing of the completion, competition in our industry, general market and economic conditions, or other factors.

The announcement and pendency of the Merger, and uncertainty regarding the Merger, may adversely affect our relationships and our business.*

The Merger will occur only if the Merger Agreement's conditions to consummation of the Merger are satisfied or waived. Accordingly, there may be uncertainty regarding the completion of the Merger. Uncertainty as to whether the Merger will be completed may affect our ability to recruit prospective employees or to retain and motivate existing employees. Employee retention or focus may be particularly challenging while the Merger is pending because employees may experience uncertainty about their roles following consummation of the Merger. Uncertainty as to our future could adversely affect our business and our relationship with patients, customers, regulators, suppliers, collaborators, and other business partners. For example, collaborators, customers and other counterparties may defer decisions concerning contracting or working with us, or seek to change existing business relationships with us. Changes to or termination of existing business relationships could adversely affect our results of operations and financial condition, as well as the market price of our common stock. The adverse effects of the pendency of the Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities.*

While the Merger Agreement is in effect, we are subject to restrictions on our business activities, generally requiring us to conduct our business in the ordinary course and consistent with past practice in all material respects, and subjecting us to a variety of specified restrictions absent Tempus' prior consent. These limitations include, among other things, restrictions on our ability to acquire other businesses and assets, dispose of our assets, make investments, enter into certain contracts, repurchase or issue securities, pay dividends, make capital expenditures, take certain actions relating to intellectual property, amend our organizational documents, and incur indebtedness. These restrictions could prevent us from pursuing strategic business opportunities, taking actions with respect to our business that we may consider advantageous and responding effectively and/or timely to competitive pressures and industry developments, and may, as a result, materially and adversely affect our business, results of operations and financial condition.

We have incurred, and will continue to incur, direct and indirect costs as a result of the pending Merger.*

We have incurred, and will continue to incur, significant costs and expenses, including fees for professional services and other transaction costs, in connection with the pending Merger. We must pay substantially all of these costs and expenses whether or not the Merger is completed.

There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses.

In certain instances, the Merger Agreement requires us to pay a termination fee to Tempus, which could require us to use available cash that would have otherwise been available for general corporate purposes.*

Under the terms of the Merger Agreement, we may be required to pay Tempus a termination fee of approximately $76.8 million if the Merger Agreement is terminated under specific circumstances described in the Merger Agreement, including, but not limited to, in connection with a change in the recommendation of the Board or a termination of the Merger Agreement by us to enter into an agreement for a "Superior Proposal," as defined in the Merger Agreement. If the Merger Agreement is terminated under such circumstances, the termination fee we would be required to pay under the Merger Agreement may require us to use available cash that would have otherwise been available for general corporate purposes and other uses. For these and other reasons, termination of the Merger Agreement could

materially and adversely affect our business operations and financial condition, which in turn would materially and adversely affect the price of our common stock.

Litigation may arise in connection with the Merger, which could be costly and divert management's attention and otherwise materially harm our business.*

Lawsuits may be filed challenging the disclosures contained in the registration statement on Form S-4 and the definitive proxy statement/prospectus filed with the Securities and Exchange Commission on October 21, 2026 in connection with the proposed Merger and/or challenging other aspects of the proposed Merger. Regardless of the outcome of any future litigation related to the proposed Merger, such litigation may be time-consuming and expensive and may distract our management from running the day-to-day operations of our business. The litigation costs and diversion of management's attention and resources to address the claims and counterclaims in any litigation related to the proposed Merger may materially adversely affect our business, financial condition and operating results. The outcome of any lawsuit filed or that may be filed challenging the proposed Merger is uncertain. If any lawsuit is successful in obtaining an order enjoining the Merger, then the transaction may not be consummated within the expected time frame, or at all, and could result in substantial costs, including but not limited to, costs associated with the indemnification of our directors and officers. If the Merger is not consummated for any reason, litigation could be filed in connection with the failure to consummate the Merger. Any litigation related to the proposed Merger may result in negative publicity or an unfavorable impression of us, which could adversely affect the price of our common stock, impair our ability to recruit or retain employees, damage our relationships with our investors, employees, patients, customers, regulators, suppliers, collaborators, and other business partners, or otherwise materially harm our operations and financial performance.

Operational, Strategic and Business Risks

We have a history of losses and we expect to incur significant losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or sustain profitability.

We have incurred net losses since our inception. For the year ended December 31, 2025, we had a net loss of $81.3 million. For the nine months ended September 30, 2026, we had a net loss of $95.5 million. As of September 30, 2026, we had an accumulated deficit of $726.8 million. To date, we have not generated sufficient revenue to achieve profitability, and we may never achieve or sustain profitability. In addition, we expect to continue to incur net losses for the foreseeable future, and we expect our accumulated deficit to continue to increase as we focus on scaling our business and operations. Our efforts to sustain and grow our business may be more costly than we expect, and we may not be able to increase our revenue sufficiently to offset our higher operating expenses. Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and working capital. Our failure to achieve and sustain profitability in the future would negatively affect our business, financial condition, results of operations, and cash flows, and could cause the market price of our common stock to decline.

If we are unable to increase sales of our current services or successfully develop and commercialize other services, or if we are unable to execute our sales and marketing strategy for our testing services or unable to gain sufficient acceptance in the market, or if we are unable to generate sufficient reimbursement or coverage by insurance or governmental payors for our testing services, we may fail to generate sufficient revenue to achieve profitability and sustain our business.

We currently derive substantially all of our revenue from sales of our testing services. We began offering our testing services through our CLIA-certified, CAP-accredited, and state-licensed laboratory in 2013. We are in varying stages of research and development for other services that we may offer. If we are unable to increase sales of our existing services or successfully develop and commercialize other services, we will not generate sufficient revenue to become profitable.

In addition, as a growing genomics company, we have engaged in targeted sales and marketing activities for our testing services. Although we have had revenue from sales of our testing services since 2013, our testing services may never gain significant acceptance in the marketplace and therefore may never generate substantial revenue or permit us to become profitable. We will need to further establish and grow the market for our testing services through the expansion of our current relationships and development of new relationships with biopharmaceutical customers and through gaining acceptance in medical communities. Gaining acceptance in medical communities can be supported by, among other things, publications in leading peer-reviewed journals of results from studies using our testing services. The process of publication in leading medical journals is subject to a peer review process and peer reviewers may not consider the results of our studies sufficiently novel or worthy of publication. Failure to have our studies published in peer-reviewed journals would limit the adoption of our testing services.

Our ability to successfully market our testing services that we have developed, and may develop in the future, will depend on numerous factors, including:

- generation of sufficient reimbursement or coverage by insurance or governmental payors for our testing services;
- our ability to demonstrate the utility and value of our testing services to our customers and potential customers;
- the success of our commercial team, including sales and business development personnel;

- the recruitment, hiring, and retention of our commercial team personnel;
- whether our customers and potential customers accept that our testing services are sufficiently sensitive and specific;
- our ability to educate our customers and potential customers of the utility of the comprehensiveness of our testing services and of testing patients at multiple time points;
- our ability to continue to fund sales and marketing activities;
- whether our testing services are considered superior to those of our competitors;
- any negative publicity regarding our or our competitors' services resulting from defects or errors;
- our success obtaining and maintaining patent and trade secret protection for our testing services and technologies; and
- our success enforcing and defending intellectual property rights and claims.

Failure to achieve broad market acceptance of our testing services would materially harm our business, financial condition, and results of operations.

If we cannot compete successfully with our competitors, we may be unable to increase or sustain our revenue or achieve and sustain profitability.*

Our principal competition comes from commercial and academic organizations that employ various approaches to produce information that is similar to the information that we generate for our customers. These commercial and academic organizations may not utilize our testing services or may not believe them to be superior to those tests that they currently use or others that are developed. Further, it may be difficult to educate our customers and potential customers on the benefits of our comprehensive tests compared to simpler panels provided by our competitors. For example, the information that we provide may be more challenging or require additional resources for our customers to interpret than the information provided by our competitors' less comprehensive assays. In addition, our suppliers or competitors may announce the development of new products, services or features that results in our customers' or potential customers' decision to reduce, postpone or cancel orders from us while they wait to determine which products, services or features are or will be perceived as technologically superior, more commercially successful or adopted as standards in the industry; such decisions by our customers or potential customers may be influenced by their concerns regarding the potential obsolescence of data generated using our testing services and features if our testing services or features are or will not be perceived as technologically superior, commercially successful or adopted as standards in the industry.

Some of our present or potential competitors, including Adela, Inc., Caris Life Sciences, Inc., DELFI Diagnostics, Inc., Exact Sciences Corporation which was acquired by Abbott Laboratories, Inc., in March 2026, Foresight Diagnostics Inc. ("Foresight"), which was acquired by Natera in December 2025, Foundation Medicine, Inc., GRAIL, Inc., Guardant Health, Inc., Haystack Oncology, Inc., which was acquired by Quest Diagnostics Incorporated in June 2023, Laboratory Corporation of America Holdings, MedGenome Inc., Myriad Genetics, Inc., Natera, NeoGenomics, Inc., Predicine, Inc., SAGA Diagnostics AB which was acquired by Foundation Medicine, Inc. in May 2026, Veracyte, Inc. and BillionToOne, Inc. may have more widespread brand recognition or substantially greater financial or technical resources, development or production capacities, or marketing capabilities than we do. They may be able to devote greater resources to the development, promotion and sale of their products and services than we do or sell their products and services at prices designed to win more significant levels of market share. Also, we have had, and may have in the future, customer or supply relationships with our present or potential competitors. For example, we have an agreement with Natera to provide advanced tumor analysis for use in Natera's MRD test. During the year ended December 31, 2025, revenue under our agreement accounted for 8% of our total revenue. See "—We have historically derived a substantial portion of our revenue from DNA sequencing and data analysis services that we provided to Natera. We no longer have a commercial relationship with Natera and, if we are unable to grow our customer base and diversify our revenue concentration, our business, financial condition, revenue and other operating results, and cash flows may be materially harmed." Further, we have partnered with Tempus to expand the sales and marketing of our NeXT Personal Dx tests in four indications and Tempus could in the future develop tests that compete directly or indirectly with our tests or partner with our competitors. If Tempus were to develop competitive tests or partner with our competitors, we or Tempus may terminate the agreement and, upon termination of the agreement, we may be unable to expand our sales force timely to replace the Tempus sales and marketing efforts, which could adversely impact our business or affect our ability to commercialize our testing services. In addition, our present or potential competitors have been or may be acquired by, receive investments from, or enter into other commercial relationships with larger, more well-established and well-financed companies. We may also have disputes with our present or potential competitors. See "—Litigation or other proceedings or third-party claims of intellectual property infringement, misappropriation or other violations may require us to spend significant time and money, and could in the future prevent us from selling our tests or impact our stock price, any of which could have a material adverse effect."

Others may develop lower-priced, less complex products and services that pharmaceutical companies could view as functionally equivalent to our current or planned future services, and our competitors may develop services with the same attributes and features as our testing services, which could force us to lower the price of our testing services and impact our operating margins and our ability to achieve and maintain profitability. In addition, companies or governments that control access to genetic testing and related services through umbrella contracts or regional preferences could promote our competitors or prevent us from performing certain services. In addition, technological innovations that result in the creation of enhanced services or diagnostic tools that are more sensitive or specific than ours may enable other clinical laboratories, hospitals, physicians, or medical providers to provide specialized services similar to ours

in a more patient-friendly, efficient, or cost-effective manner than is currently possible. If we cannot compete successfully against current or future competitors, or if we cannot maintain successful customer or supply relationships with Moderna, Illumina or other present or potential competitors, we may be unable to ensure or increase market acceptance and sales of our current or planned future services, which could prevent us from increasing or sustaining our revenue or achieving or sustaining profitability.

We expect that biopharmaceutical companies will increasingly focus attention and resources on the targeted and personalized cancer diagnostic sector as the potential and prevalence of molecularly targeted oncology therapies approved by the FDA along with companion diagnostics increases. For example, the FDA has approved several such targeted oncology therapies that use companion diagnostics, including the anaplastic lymphoma kinase FISH test from Abbott Laboratories, Inc. for use with Xalkori® from Pfizer Inc., the BRAF kinase V600 mutation test from Roche Molecular Systems, Inc. for use with Zelboraf® from Daiichi-Sankyo/Genentech/Roche, and the BRAF kinase V600 mutation test from bioMerieux for use with Tafinlar® from GlaxoSmithKline. Since companion diagnostic tests are part of FDA labeling, non-FDA cleared tests, such as the ones we currently offer as part of our testing services, would be considered an off-label use and this may limit our access to this market segment. Our customers and potential customers may request, or in some cases have requested, that we consider developing and seeking FDA approval for companion diagnostic tests to accompany those customers' therapeutic product candidates, and it may be necessary for us to do so in order to successfully compete for the business of these customers. If we do not successfully develop FDA-approved companion diagnostics, we may be at a competitive disadvantage and may be unable to increase market acceptance and sales of our other service or product offerings, which would prevent us from increasing or sustaining our revenue or achieving or sustaining profitability. If we were to develop one or more FDA-approved companion diagnostics, we would incur increased research and development expenses, and such activities may also divert our resources or the attention of our management and may create competing internal priorities for us. In addition, we have limited experience developing diagnostics, have never developed an FDA-approved companion diagnostic, and may be unable to successfully compete against companies with more experience developing and commercializing companion diagnostics.

Additionally, projects related to cancer diagnostics and particularly genomics have in the past received, and may in the future receive, increased government funding, both in the United States of America (the "U.S.") and internationally. As more information regarding cancer genomics becomes available to the public, we anticipate that more products and services aimed at identifying treatment options will be developed and that these products and services may compete with our testing services. In addition, competitors may develop their own versions of our current or planned future services in countries where we did not apply for or receive patents and compete with us in those countries, including encouraging the use of their products or services by biopharmaceutical companies in other countries.

We have substantial customer concentration, with a limited number of customers accounting for a substantial portion of our revenue and accounts receivable; in particular, we currently derive a substantial portion of our revenue from three of our largest customers, Moderna, the VA MVP and Merck, and in the past have derived a substantial portion of our revenue from other large customers.

Like other genomic profiling companies that sell to the pharmaceutical industry, we have substantial customer concentration. We currently derive a significant portion of our revenue from Moderna, which accounted for 13% of our revenue for the nine months ended September 30, 2026, and 22% and 28% of our revenue for the years ended December 31, 2025 and 2024, respectively. We derive a significant portion of our revenue from the VA MVP, which accounted for 15% of our revenue for the nine months ended September 30, 2026, and 17% and 9% of our revenue for the years ended December 31, 2025 and 2024, respectively. We also derive a significant portion of our revenue from Merck, which accounted for 27% and 7% of our revenue for the nine months ended September 30, 2026 and each of the years ended December 31, 2025 and 2024, respectively. We previously derived a significant portion of our revenue from Natera, which accounted for 8% and 30% of our revenue for the years ended December 31, 2025 and 2024, respectively. Our top five customers, including Moderna, the VA MVP, Merck and Natera, accounted for 62% and 81% of our revenue for the years ended December 31, 2025 and 2024, respectively. Our top five customers, including Moderna, the VA MVP and Merck accounted for 65% of our revenue for the nine months ended September 30, 2026. There are inherent risks whenever a large percentage of revenue is concentrated with a limited number of customers. While we have attempted to grow our customer base and diversify our revenue concentration beyond Moderna, VA MVP and Merck, we may not be able to successfully do so in the future. Our predictions regarding the future level of demand for our testing services that will be generated by these customers may be wrong. In addition, revenue from our larger customers have historically fluctuated and may continue to fluctuate based on the commencement and completion of clinical trials or other projects, the timing of which may be affected by market conditions or other factors, some of which may be outside of our control. Some of our customers have in the past suspended or terminated clinical trials or projects, received less funding than expected, experienced declining or delayed sales, or otherwise decided to reduce or eliminate their use of our testing services, and these and other customers may also do so in the future. As a result, we could be pressured to reduce the prices we charge for our testing services, which would have an adverse effect on our margins and financial position, and which would likely negatively affect our revenue and results of operations. In particular, if we do not win future VA MVP renewals with a value comparable to that of our historical contracted orders, it may have a material adverse effect on our revenue, cash position, and results of operations. See "— We derive a substantial portion of our revenue from DNA sequencing and data analysis services that we provided to one of our largest customers, the VA MVP. If the VA MVP's demand for and/or funding for our DNA sequencing and data analysis services continues to be substantially reduced, or if our new contract with the VA MVP were to be terminated, our business, financial condition, revenue and other operating results, and cash flows will be materially harmed." Similarly, if the VA MVP was eliminated, awarded its contract to one of our competitors, further reduced the size of our contract or failed to renew our contract in the future, then our revenue, cash position, and results of operations would be materially adversely impacted. Likewise, if Moderna or any of our other significant customers were to reduce or cease their use of our testing services, then our revenue, cash position, and results of operations may be materially adversely impacted. Further, if any of our significant customers were to stop payment for our services, it would have a material adverse effect on our accounts receivable, increasing

our credit risk. The failure of these customers to pay their balances, or any customer to pay future outstanding balances, would result in an operating expense and reduce our cash flows.

We have historically derived a substantial portion of our revenue from DNA sequencing and data analysis services provided to Natera. We no longer have a commercial relationship with Natera and, if we are unable to grow our customer base and diversify our revenue concentration, our business, financial condition, revenue and other operating results, and cash flows may be materially harmed.*

In February 2021, we entered into a commercial relationship in the field of personalized oncology with Natera, pairing our NeXT tumor profiling and diagnostic services with Natera's personalized ctDNA test Signatera™ for treatment monitoring and MRD assessment. Under this non-exclusive agreement, Natera is responsible for validating the design of, and commercialization of, Signatera personalized ctDNA assays using matched tumor and normal exome sequence data from us. The agreement covers MRD testing for both clinical use and research use. Since that time, Natera's sample volumes have increased such that we currently derive a significant portion of our revenue from sales of our DNA sequencing and data analysis services to Natera under our agreement. For example, revenue under our agreement with Natera accounted for 30% of our total revenue for the year ended December 31, 2024 and only 8% of our total revenue for the year ended December 31, 2025. In December 2024, we amended our agreement with Natera to extend minimum volume commitments through the second quarter of 2025, after which such commitments expired and were not renewed. We no longer have a commercial relationship with Natera and do not expect to have one going forward, as we are aware that Natera brought such services in-house in lieu of purchasing such services from us. We are also aware of at least one third party supplier of DNA sequencing and analysis services, such that Natera has elected, and may continue to elect in the future, to send a portion (or all) of its samples to its other supplier(s) instead of us. If we are unable to grow our customer base and diversify our revenue concentration timely, our business, financial condition, revenue and other operating results, and cash flows may be materially harmed.

We derive a substantial portion of our revenue from DNA sequencing and data analysis services that we provide to one of our largest customers, the VA MVP. If the VA MVP's demand for and/or funding for our DNA sequencing and data analysis services continues to be substantially reduced, or if our new contract with the VA MVP were to be terminated, our business, financial condition, revenue and other operating results, and cash flows will be materially harmed.*

We derive a substantial portion of our revenue from sales of our DNA sequencing and data analysis services to the VA MVP. In September 2017, we entered into a one-year contract with three one-year optional renewal periods with the VA for the VA MVP, pursuant to which we received contracted orders from the VA MVP in September 2017, 2018, 2019, 2020, and 2021. In September 2022, we entered into a new contract with the VA MVP to continue providing them WGS services and received an initial task order with a value of up to $10.0 million (the "2022 VA MVP Agreement"). The performance period under the new contract includes a base period of one year, with four one-year renewal option periods that may be exercised upon discretion of the VA MVP. In August 2026, we received a task order for the fourth one-year renewal option period with a value of up to $18.3 million. There is no guarantee that the VA MVP will award a new contract upon completion of this contract.

The VA MVP's contracted orders for DNA sequencing and data analysis services have fluctuated significantly in value over time and are subject to the availability of funding, enrollment of veterans in the VA MVP study, and the VA MVP's continued demand, if any, for our testing services among other factors. For example, the VA MVP contracted order received in September 2020 had a value of $30.9 million, whereas annual orders (other than 2025 and 2026) received in subsequent years had values of $10.0 million, or less, which represents a substantial decline. We have no certainty that funding will be made available for our testing services, or that the VA MVP will honor its payment obligations under the current contract and task order, or award any future contracts, contract renewals or contracted orders to us. The priorities of the VA, the VA MVP, or the U.S. government may change, including in response to a health epidemic pandemic or federal cost-cutting initiatives such as those recently announced and enacted by the current administration. Future task orders from the VA MVP for our DNA sequencing and data analysis services may be reduced or eliminated as a result of reductions in government research spending and federal cost-cutting initiatives. For example, funding for our testing services may be limited or not available, and our business, financial condition, and operating results and cash flows will be materially harmed. Similarly, if we do not win future VA MVP contracts and renewals (whether due to being outbid by a competitor or the VA MVP's decision not to award a future contract on a timely basis or at all, or to terminate for convenience or failure to renew any contract, for whatever reason) with a value comparable to that of our historical contracted orders, our business, financial condition, revenue and other operating results and cash flows may be materially harmed.

We have only recognized revenue under our VA MVP contract upon the receipt and processing of samples, and the timing and number of VA MVP samples we have received has been and could in the future be negatively affected by factors beyond our control, which has resulted, and may result in the future, in delaying our ability to process and recognize revenue for such samples. For example, the revenue we recognized during the contract year that began in September 2020 significantly exceeded the value of the VA MVP contracted order we received in September 2020 because we continued to receive after such date, and subsequently processed, samples under VA MVP contracted orders that remained unfulfilled as of September 2020 due to the time required for the VA to select optimal samples from its collection for research and then provide us those samples. Therefore, period-to-period comparisons of our operating results relating to VA MVP contracted orders may not be meaningful. The timing and number of VA MVP samples may also be negatively affected by a public health crisis. For example, in March 2020, the VA MVP announced that it was suspending sample collection due to the COVID-19 pandemic. In addition, we believe the COVID-19 pandemic may have been a contributing factor to the reduction in values of contracted orders received in 2021 and later years compared to the September 2020 contract order, as the VA MVP delayed new

enrollment and also may have needed to divert resources to respond to the pandemic. Another health epidemic or pandemic may negatively impact the value of any potential new VA MVP contract or order.

If we cannot maintain our current customer relationships, or fail to acquire new customers, our revenue prospects will be reduced. Many of our customers are biopharmaceutical companies engaged in clinical trials of new drug candidates, which trials are expensive, can take many years to complete, and have inherently uncertain outcomes.*

Our corporate customers are primarily biopharmaceutical companies that use our testing services to support clinical trials, including Moderna. Our future success is substantially dependent on our ability to maintain our customer relationships and to establish new ones. Many factors have the potential to impact our customer relationships, including the type of support our customers and potential customers require and our ability to deliver it, our customers' satisfaction with our testing services, and other factors that may be beyond our control. Furthermore, our customers may decide to decrease or discontinue their use of our testing services due to changes in research and product development plans (including as a result of a public health crisis), failures in their clinical trials (which failures are statistically much more likely to occur than not at some point in the clinical development process, notwithstanding any enhanced patient stratification from the use of our proprietary tests and algorithms), financial constraints, or utilization of internal testing resources or tests performed by other parties, or other circumstances outside of our control.

We engage in conversations with corporate customers regarding potential commercial opportunities on an ongoing basis in the event that one of these customers' drug candidates is approved. There is no assurance that any of these conversations will result in a commercial agreement, or if an agreement is reached, that the resulting relationship will be successful or that clinical studies conducted as part of the engagement will produce successful outcomes. Speculation in the industry about our existing or potential relationships with biopharmaceutical companies could be a catalyst for adverse speculation about us, our testing services, and our technology, which can adversely affect our reputation and our business. In addition, the termination of these relationships could result in a temporary or permanent loss of revenue.

Our activities under our agreements with our corporate customers have had, and may in the future have, an impact on our business, including expenses in connection with our scale-up activities, diversion of our resources and the attention of our management, including with respect to our internal research and development objectives and projects for our other customers, collaborators and/or partners. If there is a need to increase our laboratory's capacity for orders from a corporate customer and we are unable to successfully do so and manage any such competing objectives and/or projects for our other customers, we may be unable to meet the quality and timing requirements of our agreements with our customers, collaborators and/or partners and such customers, collaborators and/or partners may allege a breach of our agreement with them and seek to terminate such agreement prior to its expiration and/or pursue any remedies available to it under the agreement, at law or in equity. We may also be unable to successfully research, develop, launch and/or commercialize our testing services or service capabilities with current or future customers, collaborators and/or partners. If the volume of samples received under our agreements with our corporate customers were to be significantly reduced or eliminated, or if our agreements with our corporate customers were to be terminated or not renewed after expiration, and we are unable to grow our customer base and diversify our revenue concentration timely, our business, financial condition, revenue and other operating results, and cash flows may be materially harmed.

Our corporate customers' clinical trials are expensive, can take many years to complete, and their outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and early clinical trials. Many of the biopharmaceutical companies that are our customers do not have products approved for commercial sale and are not profitable. These customers must continue to raise capital in order to continue their development programs and to potentially continue as our customers. If our customers' clinical trials fail or they are unable to raise sufficient capital to continue investing in their clinical programs, our revenue from these customers may decrease or cease entirely, and our business may be harmed. Furthermore, even if these customers have a drug approved for commercial sale, they may not choose to use our testing services as a companion diagnostic with their drug or they may impose additional customization requirements for commercialization, thereby limiting our potential revenue.

Building our clinical laboratory business is subject to a number of reimbursement challenges and we may not be able to establish the medical necessity of our tests for coverage or reimbursement rates that cover our costs.*

The coverage and reimbursement status of newly-approved or cleared laboratory developed tests, including our NeXT Dx and NeXT Personal Dx testing services, is uncertain. We are seeking reimbursement for our NeXT Dx and NeXT Personal Dx tests, and other in vitro diagnostic tests we may develop, and if such tests are inadequately covered by insurance or ineligible for such reimbursement, this could limit our ability to derive revenue from any such current or future tests. The commercial success of current or future services in both domestic and international markets may depend in part on the availability of coverage and adequate reimbursement from third-party payors, including government payors, such as the Medicare and Medicaid programs, or equivalent foreign programs, managed care organizations, and other third-party payors. The government and other third-party payors are increasingly attempting to contain health care costs by limiting both insurance coverage and the level of reimbursement for new diagnostic tests. As a result, they may not cover or provide adequate payment for any current or future in vitro diagnostic tests that we develop. These payors may conclude that our testing services are not medically necessary, or are less safe, less effective, or less cost-effective than existing or later-introduced services. These payors may also conclude that the overall cost of using one of our tests exceeds the overall cost of using a competing test, and third-party payors may not approve any current or future in vitro diagnostic tests we develop for insurance coverage and adequate reimbursement.

In January 2024, we announced that we received a final Medicare coverage determination for our NeXT Dx offering, extended retroactively to August 29, 2023. In November 2025, we announced that we received Medicare coverage for NeXT Personal Dx for post-treatment surveillance of cancer recurrence in patients with Stage II and III breast cancer, with an effective date of October 7, 2025. In February 2026, we announced that we received Medicare coverage for NeXT Personal Dx for surveillance of patients with Stage I-III NSCLC with an effective date of January 9, 2026. In May 2026, we announced that we received Medicare coverage for NeXT Personal Dx for immunotherapy monitoring for patients with late-stage solid tumors with an effective date of March 16, 2026. In May 2026, we also announced that we received Medicare coverage for NeXT Personal Dx for monitoring treatment response to neoadjuvant therapy (NAT) in patients diagnosed with Stage II-III Triple-Negative Breast Cancer (TNBC) or HER2-positive (HER2+) breast cancer, with an effective date of April 6, 2026. While we estimate that approximately half of new solid tumor cancer cases will be diagnosed in patients covered by Medicare, the Medicare coverage determination may not be indicative of our ability to obtain coverage with other payors. Even if favorable coverage and reimbursement status is attained for one or more of our testing services, less favorable coverage policies and reimbursement rates may be implemented in the future.

We are pursuing a partner-centric strategy and have key relationships with Tempus, Myriad, Moderna and Merck, among others. These and any other partnering and/or collaboration arrangements that we have entered into or may enter into in the future may not be successful, or may terminate, which could adversely impact our business or affect our ability to develop and commercialize our testing services.*

Any current or future collaborations, including any strategic alliances or any collaborations to develop companion diagnostic tests, that we have entered (for example, our strategic alliances with Moderna and Merck; and our collaborations with Tempus; Myriad; ClearNote Health, Inc.; Cancer Research UK, University College London, and the Francis Crick Institute (the TRACERx study); Institut Curie; The Royal Marsden; the Vall d'Hebron Institute of Oncology (VHIO); the University of California, San Diego; Duke University; Vanderbilt University and Johns Hopkins University (the PREDICT study); the Dana-Farber Cancer Institute; the University of Texas M.D. Anderson Cancer Center; University Medical Center Hamburg-Eppendorf (UKE); Criterium and the Academic Breast Cancer Consortium; Yale Cancer Center; Aarhus University; British Columbia Cancer; University Health Network; Memorial Sloan Kettering (MSK); Health Research Institute of Santiago de Compostela (IDIS); UZ Leuven; Geneos; National Cancer Center Hospital East (NCCHE); or may enter into may not be successful. The success of our collaboration arrangements will depend heavily on the efforts and activities of our collaborators. Collaborations are subject to numerous risks, which include that:

- we may incur increased research and development expenses, and such activities may also divert management attention and resources and/or create competing internal priorities for us, which could prevent us from successfully conducting other parts of our business or collaborating with others;
- collaborators have significant discretion in determining the efforts and resources that they will apply to collaborations;
- collaborators may not pursue development and commercialization of our testing services or may elect not to continue or renew development or commercialization programs based on trial or test results, changes in their strategic focus due to the acquisition of competitive services or products, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities for our collaborator;
- collaborators could independently develop, or develop with third parties, services or products that compete directly or indirectly with our testing services;
- collaborators with marketing, manufacturing, and distribution rights to one or more services or products may not commit sufficient resources to or otherwise not perform satisfactorily in carrying out these activities;
- we could grant exclusive rights to our collaborators that would prevent us from collaborating with others;
- a large percentage of our revenue may be concentrated with the collaborators if the collaborations are successful and we may experience further losses if they are or later become unsuccessful;
- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- disputes may arise between us and a collaborator that causes the delay or termination of the research, development, or commercialization of our current or future services or that results in costly litigation or arbitration that diverts management attention and resources;
- collaborations may be terminated, and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable current or future services;
- collaborators may own or co-own intellectual property covering our testing services that results from our collaborating with them, and in such cases, we would not have the exclusive right to develop or commercialize such intellectual property;
- collaborators' activities or use of our testing services or deliverables may create additional regulatory obligations and could lead to side effects or adverse events in patients, exposing us to potential liability or regulatory review;
- collaborators' sales and marketing activities or other operations may not be in compliance with applicable laws resulting in civil or criminal proceedings; and

- we may choose or our collaborators may request or require us to expand our facilities and/or establish new facilities domestically and/or internationally, which may significantly increase our expenses and divert resources and management's attention. See "—We may need to continue to invest in our infrastructure in advance of increased demand for our testing services; our failure to accurately forecast demand would have a negative impact on our business and our ability to achieve and sustain profitability." and "—Expansion into international markets would subject us to increased regulatory oversight and regulatory, economic, social, health and political uncertainties, which could cause a material adverse effect on our business, financial position, and results of operations."

If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of that program and our business and financial condition could suffer.

We rely on a limited number of suppliers, or in some cases, a sole supplier, for some of our laboratory instruments and materials, and we may not be able to find replacements or immediately transition to alternative suppliers should we need to do so.

We rely on a limited number of suppliers for sequencers and other equipment and materials that we use in our laboratory operations. For example, we rely on Illumina as our sole supplier of sequencers and various associated reagents and other materials used in our routine laboratory operations, and as the sole provider of maintenance and repair services for these sequencers. Any disruption in Illumina's operations or our inability to negotiate pricing with Illumina on acceptable terms, or at all, could negatively impact our supply chain and laboratory operations and our ability to conduct our business and generate revenue. Additionally, COVID-19 previously disrupted Illumina's ability to fulfill our purchase orders for reagents or other materials in a timely manner and another health epidemic or pandemic may disrupt the ability of Illumina and our other suppliers to fulfill our purchase orders in a timely manner or at all. Our suppliers, including Illumina, could cease supplying these materials and equipment at any time, could increase the price of these materials or equipment (including the promotional pricing offered to us by Illumina for our 2022 VA MVP Agreement and certain other projects) or fail to provide us with sufficient quantities of materials or equipment that meet our specifications. Our laboratory operations have been and in the future could be interrupted if we encounter delays or difficulties in securing sequencers or other equipment or materials, or if we cannot obtain an acceptable substitute. We have also experienced, and may experience in the future, delays or difficulties in upgrading to newer versions or replacements of these materials and equipment, which may have better performance or be more cost-effective than the current versions. Any such interruption, delay or difficulty could significantly affect our business, financial condition, results of operations, and reputation.

We believe that there are only a few manufacturers other than Illumina that are currently capable of supplying and servicing the equipment necessary for our laboratory operations, including sequencers and various associated reagents. Likewise, we believe that there are a limited number of manufacturers and suppliers for other reagents and materials necessary for our laboratory operations, such as the sample preparation reagents required for our ACE technology, which enables our NeXT Platform to provide more comprehensive sequencing coverage, as well as those required to create personalized liquid biopsy panels for each patient as part of our NeXT Personal assay. Although we have evaluated and may continue in the future to evaluate equipment and materials from other suppliers, the use of equipment or materials provided by these replacement suppliers would require us to alter our laboratory operations. Transitioning to a new supplier would be time-consuming and expensive, would likely result in interruptions in our laboratory operations, could affect the performance specifications of our laboratory operations, or could require that we revalidate our tests. Additionally, an existing supplier of ours may allege that such activities constitute a breach of its agreement with us and may cease supplying us with sufficient quantities of materials or equipment that meet our specifications, in a timely manner or at all. Moreover, an existing supplier or third party may allege that such activities, replacement equipment or materials infringe, misappropriate or otherwise violate its intellectual property, and may bring infringement or other intellectual property-related claims against us. See "—Litigation or other proceedings or third-party claims of intellectual property infringement, misappropriation or other violations may require us to spend significant time and money, and could in the future prevent us from selling our tests or impact our stock price, any of which could have a material adverse effect." We cannot assure you that, if we were forced to replace Illumina or another supplier on which we rely, we would be able to secure alternative equipment, reagents, and other materials, and bring such equipment, reagents, and other materials on-line and revalidate them without experiencing interruptions in our workflow. If we encounter delays or difficulties in securing, reconfiguring, or revalidating the equipment and reagents we require for our testing services, our business, financial condition, results of operations, and reputation could be adversely affected,

In addition, the Device Master Files that we filed with the FDA, which are focused on the technology, quality management, and validation of our platform, specifically on its use for the development of personalized immunotherapies, are predicated on our use of specified equipment and processes, including Illumina sequencers and related equipment. The detailed information in the Device Master Files is not shared with our customers, but with our permission they can reference our FDA file numbers in their Investigational New Drug filings with the FDA. If we were required to transition to a new supplier of sequencers or certain other equipment or processes in our laboratory, our Device Master Files would need to be replaced or updated, and until such time as that occurred, customers for which we deliver services after the transition would not be able to reference our Device Master Files, which would cause us to lose a competitive advantage.

International trade policies, including tariffs, sanctions and trade barriers may adversely affect our business, financial condition, results of operations and prospects.

We operate in a global economy, which includes partners and suppliers in certain countries outside the United States. There is inherent risk, based on the complex relationships among the U.S. and the countries in which our partners and suppliers reside, that political, diplomatic, and national security factors can lead to global trade restrictions and changes in trade policies and export regulations that may adversely affect our business and operations. The current international trade and regulatory environment is subject to significant ongoing uncertainty. The U.S. government has announced substantial tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies, including with respect to the pharmaceutical industry. In response, certain foreign governments have announced or implemented retaliatory tariffs and other protectionist measures. These developments have created a dynamic and unpredictable trade landscape, which may adversely impact our business, results of operations, financial condition and prospects.

We do not own or operate, and currently have no plans to establish any manufacturing facilities. We currently rely, and expect to continue to rely, on third parties for the manufacture of the specialized laboratory equipment, raw materials and other supplies we use in our business. Currently, certain of our direct suppliers are located outside of the United States. In addition, our suppliers in the United States source or may source components of the products we purchase from them from sources outside the United States. Current or new tariffs may adversely impact our supply chain.

Unlike many industries, our ability to pass increased costs to customers is limited by the structure of reimbursement systems and, if the FDA determines our tests are subject to enforcement as medical devices, medical device pricing. The pricing of many of our testing services are, or will be, established through annual or multi-year contracts with commercial, third-party payors, customers, and group purchasing organizations, and reimbursement methodologies established by government programs, such as Medicare. These arrangements typically include fixed pricing terms that may be negotiated prior to the implementation of the recently announced tariffs. As a result, and depending on the timing and scope of the implementation of these tariffs, cost increases due to tariffs may be difficult or impossible to pass through to customers until the next negotiation cycle, which could be years away.

Current or future tariffs may also result in increased research and development expenses, including with respect to increased costs associated with raw materials, laboratory equipment and research materials and components. Trade restrictions affecting the import of materials necessary for our tests could result in increased costs to process tests and delays to delivery of our testing services. Increased costs and extended delivery timelines could place us at a competitive disadvantage compared to companies operating in regions with more favorable trade relationships and could reduce investor confidence and negatively impact our business, results of operations, financial condition and growth prospects.

The complexity of announced or future tariffs may also increase the risk that we or our customers or suppliers may be subject to civil or criminal enforcement actions in the United States or foreign jurisdictions related to compliance with trade regulations. Foreign governments may also adopt non-tariff measures, such as procurement preferences or informal disincentives to engage with, purchase from or invest in U.S. entities, which may limit our ability to compete internationally and attract non-U.S. investment, employees, customers and suppliers. Foreign governments may also take other retaliatory actions against U.S. entities, such as decreased intellectual property protection, increased enforcement actions, or delays in regulatory approvals, which may result in heightened international legal and operational risks. In addition, the United States and other governments have imposed and may continue to impose additional sanctions, such as trade restrictions or trade barriers, which could restrict us from doing business directly or indirectly in or with certain countries or parties and may impose additional costs and complexity to our business.

Trade disputes, tariffs, restrictions and other political tensions between the United States and other countries may also exacerbate unfavorable macroeconomic conditions including inflationary pressures, foreign exchange volatility, financial market instability, and economic recessions or downturns. The ultimate impact of current or future tariffs and trade restrictions remains uncertain and could materially and adversely affect our business, financial condition, and prospects. While we actively monitor these risks, any prolonged economic downturn, escalation in trade tensions, or deterioration in international perception of U.S.-based companies could materially and adversely affect our business, ability to access the capital markets or other financing sources, results of operations, financial condition and prospects. In addition, tariffs and other trade developments have and may continue to heighten the risks related to the other risk factors described elsewhere in this report.

We have a single facility and if it becomes damaged or inoperable, or we are required to vacate our facility, our ability to sell and provide our testing services and pursue research and development efforts may be jeopardized.

We currently derive our revenue from our genomic analysis conducted in our laboratories. Currently, our only clinical reference or research and development laboratory facility is in Fremont, California. Our laboratory facility and equipment could be harmed or rendered inoperable by natural or man-made disasters, including fires, earthquakes, flooding, and power outages, which may render it difficult or impossible for us to sell or perform our testing services for some period of time. Northern California continues to experience serious fires and the San Francisco Bay Area is considered to lie in an area with earthquake risk. The inability to sell or to perform our sequencing and analysis services, disruptions in our operations, or the backlog of samples that could develop if our laboratory facility is inoperable for even a short period of time, may result in the loss of customers or harm to our reputation or relationships with scientific or clinical collaborators, and we may be unable to regain those customers or repair our reputation or such relationships in the future. For example, from January 2023 through April 2023, we experienced substantial disruption to use of our laboratory facility due to a failure of an electrical bus duct serving that facility. Furthermore, our laboratory facility and the equipment we use to perform our testing services and our research and development work could be costly and time-consuming to repair or replace.

Additionally, a key component of our research and development process involves using biological samples as the basis for the development of our testing services, and our testing services typically involve using biological samples provided by or on behalf of our customers or collaborators. In some cases, these samples are difficult to obtain. If the parts of our laboratory facility where we store these biological samples were damaged or compromised, or if these biological samples or the resulting data were otherwise lost, damaged or compromised due to equipment malfunction, human error or other causes, our ability to pursue our research and development projects or provide our testing services, as well as our reputation, could be jeopardized. For example, we have experienced from time to time, and may experience in the future, equipment malfunctions that have resulted in lost, damaged or compromised samples or resulting data. We carry insurance for damage to our property or to our customer's property while in our possession, and we also carry insurance for the disruption of our business, but these types of insurance may not be sufficient to cover all of our potential losses or liabilities and may not continue to be available to us on acceptable terms, if at all.

Further, if our laboratory facility becomes inoperable, we would likely not be able to license or transfer our technology to other facilities with the qualifications, including state licensure and CLIA certification, that would be necessary to cover the scope of our current and our planned future services. Even if we were to find facilities with such qualifications to perform our testing services, they may not be available to us on commercially reasonable terms.

Our success depends on our ability to provide reliable and timely, high-quality genomic data and analyses and to rapidly evolve to meet our customers' needs.

Errors, including if our tests fail to accurately detect gene variants, or mistakes, or any other quality issues, including if we fail to or incompletely or incorrectly identify the significance of gene variants, could have a significant adverse impact on our business. We classify variants in accordance with guidelines that are subject to change and subject to our interpretation. There have also been and could in the future be flaws in the databases, third-party tools or algorithms we use, or in the software that handles automated parts of our classification protocol. If we receive poor quality or degraded samples, our tests may be unable to accurately detect gene variants or we may fail to or incompletely or incorrectly identify the significance of gene variants, which could have a significant adverse impact on our business, including our customers returning our tests. In addition, our customers require timely turnaround of high-quality genomic data and analyses, and if we were not able to meet our customers' specific requirements, it could also have a significant adverse effect on our business. Many of our agreements with our customers grant our customers the right to audit our quality assurance processes. If we fail to meet the standards required by these audits, or if we are unable to remediate any deficient findings from these audits, in a timely manner our customers may terminate their agreements with us and it could have an adverse effect on our business, reputation, and results of operations.

Inaccurate results or misunderstandings of, or inappropriate reliance on, the information we provide to our customers could lead to, or be associated with, lack of efficacy, side effects or adverse events in patients who use our tests, or who rely on our tests to determine therapies to develop, select or monitor, including treatment-related death, and could lead to termination of our testing services or result in claims against us. A product liability or professional liability claim could result in substantial damages and be costly and time-consuming for us to defend.

Although we maintain liability insurance, including for errors and omissions and professional liability, we cannot assure you that our insurance would be sufficient to protect us from the financial impact of defending against these types of claims, or any judgments, fines, or settlement costs arising out of any such claims. Any liability claim, including an errors and omissions liability claim, brought against us, with or without merit, could increase our insurance rates or prevent us from securing insurance coverage in the future. Additionally, any liability lawsuit could cause injury to our reputation or cause us to suspend sales of our tests or cause a suspension of our license to operate. The occurrence of any of these events could have an adverse effect on our business, reputation, and results of operations.

If we cannot develop services to keep pace with rapid advances in technology, medicine, and science, or if we experience delays in developing such services, our operating results and competitive position could be harmed.

In recent years, there have been numerous advances in technologies relating to the diagnosis and treatment of cancer. Several new cancer drugs have been approved, and a number of new drugs are in pre-clinical and clinical development. There have also been advances in methods used to identify patients likely to benefit from these drugs based on analysis of biomarkers. We must continuously develop new services, enhance any existing services, and avoid delays in such developments and enhancements to keep pace with evolving technologies on a timely and cost-effective basis. Our current services and our planned future services could become obsolete unless we continually innovate and expand them to demonstrate benefit in the diagnosis, monitoring, or prognosis of patients with cancer. New cancer therapies typically have only a few years of clinical data associated with them, and much of that data may not be disclosed by the pharmaceutical company that conducted the clinical trials. This could limit our ability to develop services based on, for example, biomarker analysis related to the appearance or development of resistance to those therapies. If we cannot adequately demonstrate the clinical utility of our testing services and our planned future services to new treatments, sales of our testing services could decline, which would have a material adverse effect on our business, financial condition, and results of operations.

We are researching and developing improvements to our tests and test features on a continuous basis, but we may not be able to make these improvements on a timely basis, and even if we do, we may not realize the benefits of these efforts in our financial results.

To remain competitive, we must continually research and develop improvements to our tests or test features. However, we cannot assure you that we will be able to develop and commercialize the improvements to our tests or test features on a timely basis. Our competitors may develop and commercialize competing or alternative tests and improvements faster than we are able to do so. In addition, we must expend significant time and funds in order to conduct research and development, further develop and scale our laboratory processes, and further develop and scale our infrastructure. We may never realize a return on investment on this effort and expense, especially if our improvements fail to perform as expected. If we are not able to realize the benefits of our efforts to improve our tests or test features, it could have an adverse effect on our business, financial condition, and results of operations.

Personalized cancer therapies represent new therapeutic approaches that could result in heightened regulatory scrutiny, delays in clinical development, or delays in or inability to achieve regulatory approval, commercialization, or payor coverage, any of which could adversely affect our business.

We currently work with certain companies developing personalized cancer therapies, and our future success will in part depend on our personalized cancer customers obtaining regulatory approval for and commercializing their product candidates. Because personalized cancer therapies represent a new approach to immunotherapy for the treatment of cancer and other diseases, developing and commercializing personalized cancer therapies is subject to a number of challenges.

Actual or perceived safety issues, including adoption of new therapeutics or novel approaches to treatment, may adversely influence the willingness of subjects to participate in clinical studies, or if approved by applicable regulatory authorities, of physicians to subscribe to the novel treatment mechanics. The FDA or other applicable regulatory authorities may ask for specific post-market requirements, and additional information regarding benefits or risks of our testing services may emerge at any time prior to or after regulatory approval.

In the European Economic Area (and Northern Ireland) (“EEA”), in order to place an in vitro diagnostic medical device ("IVD"), or an accessory to an IVD, on the market, or put it into service in the EEA, the device must be designed, developed, manufactured and marketed in compliance with the relevant legal framework. On May 26, 2022, the Regulation on In-Vitro Diagnostic Devices (Regulation (EU) 2017/746) (“IVDR”) entered into application, repealing and replacing the Directive on In-Vitro Diagnostic Devices (98/79/EC) (the “IVDD”). The IVDR and its associated guidance documents and harmonized standards govern, among other things, device design and development, preclinical and clinical or performance testing, premarket conformity assessment, registration and listing, manufacturing, labeling, storage, claims, sales and distribution, export and import and post-market surveillance, vigilance, and market surveillance. IVDs must comply with the General Safety and Performance Requirements set out in Annex I of the IVDR. Compliance with these requirements is a prerequisite to be able to affix the CE Mark to IVDs, without which they cannot be marketed or sold in the EEA.

In accordance with the IVDR, devices that are not placed on the market but are used within the context of a commercial activity, whether in return for payment or free of charge, for the provision of a diagnostic or therapeutic service offered by means of information society services, as defined in point (b) of Article 1(1) of Directive (EU) 2015/1535, or by other means of communication, directly or through intermediaries, to a natural or legal person established in the EEA (and Northern Ireland) will be subject to the IVDR. As a result, diagnostic and therapeutic services offered to customers in the EEA (and Northern Ireland) (whether directly or via intermediaries) by providers that are based outside the EEA will be covered by the IVDR.

Fulfillment of the obligations imposed by the IVDR are likely to increase the cost and time required in order to obtain regulatory approval for products and services in the EEA. If we offer tests or services to customers within the EEA (and Northern Ireland) (whether directly or via intermediaries) that fall within the scope of the IVDR, we may be unable to fulfill these obligations, or a notified body, where applicable, may consider that we have not adequately demonstrated compliance with our related obligations to merit a CE Certificate of Conformity on the basis of the IVDR. Our ability, and the ability of our customers, to commercialize diagnostic tests based on our technology will depend in part on the extent to which coverage and reimbursement for these tests will be available from third-party payors. Coverage and reimbursement of new products and services is uncertain, and whether the companies that use our tests or services to develop their own products or services will attain coverage and adequate reimbursement is unknown. In the U.S. and the EU, there is no uniform policy for determining coverage and reimbursement. Coverage can differ from payor to payor, and the process for determining whether a payor will provide coverage may be separate from the process for setting the reimbursement rate. In addition, the U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid healthcare costs, including price controls and restrictions on reimbursement.

Physicians, hospitals, and third-party payors often are slow to adopt new products, services, technologies, and treatment practices that require additional upfront costs and training. Physicians may not be willing to undergo training to adopt personalized cancer therapies, may decide that such therapies are too complex to adopt without appropriate training or not cost-efficient, and may choose not

to administer these therapies. Based on these and other factors, hospitals and payors may decide that the benefits of personalized cancer therapies do not or will not outweigh their costs.

The loss of key members of our executive management team could adversely affect our business.

Our success in implementing our business strategy depends largely on the skills, experience, and performance of key members of our executive management team and others in key management positions. The collective efforts of each of our executives and others working with them as a team are critical to us as we continue to develop our technologies, services, and research and development programs. As a result of the difficulty in locating qualified new management, the loss or incapacity of existing members of our executive management team could adversely affect our operations. If we were to lose one or more of these key employees, we could experience difficulties in finding qualified successors, competing effectively, developing our technologies, and implementing our business strategy. If there are changes to our leadership team, there is a risk to organizational effectiveness and employee retention as well as the potential for disruption to our business. Integrating members into new or different management roles could prove disruptive to our operations, require substantial resources and management attention and ultimately prove unsuccessful. Each member of our executive management team has an employment agreement; however, the existence of an employment agreement does not guarantee retention of members of our executive management team, and we may not be able to retain those individuals or replace them in the event we lose their services. We do not maintain “key person” life insurance on any of our employees.

In addition, we rely on collaborators, consultants, and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our collaborators, consultants, and advisors are generally self-employed or employed by employers other than us and may have commitments under agreements with other entities that may limit their availability to us.

The loss or extended illness of a key employee, the failure of a key employee to perform in his or her current position, or our inability to attract and retain skilled employees could result in our inability to continue to grow our business or to implement our business strategy.

We rely on highly skilled personnel in a broad array of disciplines and if we are unable to hire, retain, or motivate these individuals, or maintain our corporate culture, we may not be able to maintain the quality of our testing services or grow effectively.

Our performance, including our research and development programs and laboratory operations and the quality of our testing services, largely depends on our continuing ability to identify, hire, develop, motivate, and retain highly skilled personnel for all areas of our organization. Competition in our industry for qualified employees is intense, and we may not be able to attract or retain qualified personnel in the future, including bioinformatic scientists, bioinformatic engineers, software engineers, statisticians, variant curators, clinical laboratory scientists (“CLS”), and genetic counselors, due to the competition for qualified personnel among life science businesses, technology companies, as well as universities and public and private research institutions, particularly in the San Francisco Bay Area. For example, California has a shortage of qualified CLS, who must be licensed by the California Department of Public Health to perform clinical testing in laboratories located in California such as our CLIA-certified and CAP-accredited laboratory. We face intense competition for, and we have experienced and may in the future experience difficulty attracting and retaining, sufficient numbers of licensed and qualified CLS to support the needs of our business and our laboratory capacity expansion efforts. All of our U.S. employees are at-will, which means that either we or the employee may terminate their employment at any time. In addition, our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining and motivating our existing employees for reasons that may include movements in our stock price. If we are not able to attract and retain the necessary personnel, including licensed and qualified CLS, to accomplish our business objectives, we may experience constraints that could adversely affect our ability to scale our business and support our research and development efforts and our laboratory operations. We believe that our corporate culture fosters innovation, creativity, and teamwork. However, as our organization grows, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture. This could negatively impact our ability to retain and attract employees and our future success.

We may not be able to manage our future growth effectively, which could make it difficult to execute our business strategy.

Our expected future growth could create a strain on our organizational, administrative, and operational infrastructure, including facilities, information technology systems, laboratory operations, quality control, customer service, marketing and sales, and management. We may not be able to maintain the quality of or expected turnaround times for our tests, or satisfy customer demand as our test volume grows. Our ability to manage our growth properly will require us to continue to improve our operational, financial, and management controls, as well as our reporting systems and procedures. As a result of our growth, our operating costs may escalate even faster than planned, and some of our internal systems may need to be enhanced or replaced. If we are unable to manage our growth effectively, it may be difficult for us to execute our business strategy and our business could be harmed.

We may need to continue to invest in our infrastructure in advance of increased demand for our testing services; our failure to accurately forecast demand would have a negative impact on our business and our ability to achieve and sustain profitability.

Our Fremont facility expanded our laboratory capacity and, in order to execute our business model, we will need to make additional investments to further scale our infrastructure, including purchases of additional equipment and applications, some of which can take several months or more to procure, setup, and validate, or increases to our software and computing capacity. There is no assurance that any of these increases in scale, equipment, software, and computing capacities, or process enhancements will be successfully implemented. In addition, we have experienced, and expect to continue to experience, significant fluctuations in the timing of receipt and volume of samples from our customers and collaborators, including as a result of factors outside our control, such as health epidemics or pandemics and government shutdowns. These fluctuations have in the past adversely impacted, and may in the future adversely impact, our ability to process samples timely and in an efficient fashion, particularly when the sample volume at any given time exceeds our then current capacity.

We expanded our laboratory facility in advance of increased demand for our testing services. Our current and projected future expense levels are to a large extent fixed and are largely based on our current investment plans and our estimates of future test volume. As a result, if revenue does not meet our expectations we may not be able to promptly adjust or reduce our spending to levels commensurate with our revenue, or at all. If we fail to generate demand commensurate with our infrastructure growth or if we fail to scale our infrastructure sufficiently in advance of demand to successfully meet such demand, our business, prospects, financial condition, and results of operations could be adversely affected.

As we commercialize additional services, we may need to incorporate new equipment, implement new technology systems and laboratory processes, or hire new personnel with different qualifications. Failure to manage this growth or transition could result in turnaround time delays, higher costs, declining service and/or quality, deteriorating customer service, and slower responses to competitive challenges. A failure in any one of these areas could make it difficult for us to meet market expectations for our testing services and could damage our reputation and the prospects for our business.

We may acquire businesses or assets, form joint ventures, or make investments in other companies or technologies that could harm our operating results, dilute our stockholders' ownership, or cause us to incur debt or significant expense.

As part of our business strategy, we may pursue acquisitions of complementary businesses or assets, as well as technology licensing arrangements. We may also pursue strategic alliances that leverage our core technology and industry experience to expand our offerings or distribution, or make investments in other companies. As an organization, we have limited experience with respect to acquisitions as well as the formation of strategic alliances and joint ventures. We may not identify or complete these transactions in a timely manner, on a cost-effective basis, or at all, and we may not realize the anticipated benefits of any acquisition, technology license, strategic alliance, joint venture or investment, and their consideration may be distracting to our management or prevent us from pursuing other opportunities. In addition, we may not be able to find suitable partners or acquisition candidates, and we may not be able to complete such transactions on favorable terms, if at all. Any future such transactions by us also could result in significant write-offs, the incurrence of debt and contingent liabilities, exposure to additional liability, exposure to additional revenue concentration, additional regulatory obligations and exposure to additional potential liability, any of which could harm our operating results and future prospects. If we make any acquisitions in the future, we may not be able to integrate these acquisitions successfully into our existing business, and we could assume unknown or contingent liabilities. Integration of an acquired company or business also may require management resources that otherwise would be available for ongoing development of our existing business.

To finance any acquisitions or investments, we may choose to raise additional funds. The various ways we could raise additional funds carry potential risks. See "—Our inability to raise additional capital on acceptable terms in the future may limit our ability to continue to operate our business and further expand our operations." If the price of our common stock is low or volatile, we may not be able to acquire other companies using stock as consideration. Alternatively, it may be necessary for us to raise additional funds for these activities through public or private financings. Additional funds may not be available on terms that are favorable to us, or at all.

Ethical, legal, and social concerns related to the use of genetic information could reduce demand for our tests.

Genetic testing has raised ethical, legal, and social concerns regarding privacy and the appropriate uses of the resulting information. Governmental authorities have, through the Genetic Information Nondisclosure Act, and could further, for social or other purposes, limit or regulate the use of genetic information or genetic testing or prohibit testing for genetic predisposition to certain conditions, particularly for those that have no known cure. Ethical and social concerns may also influence governmental authorities to deny or delay the issuance of patents for technology relevant to our business. Similarly, these concerns may lead patients to refuse to use, or clinicians to be reluctant to order, genetic tests even if permissible. These and other ethical, legal, and social concerns may limit market acceptance of our tests or reduce the potential markets for our tests, either of which could have an adverse effect on our business, financial condition, or results of operations.

Our operations and employees face risks related to health crises that could adversely affect our operations, our financial condition, and the business or operations of our customers or other third parties with whom we conduct business.

Our business could be adversely impacted by the effects of a health crisis that could cause significant disruption in the operations of our customers and third-party suppliers upon whom we rely. Our laboratory facility, executive team, and most of our employees are located in the San Francisco Bay Area. In the event of a health crisis that becomes widespread in or around the San Francisco Bay Area, we may proactively, or be ordered by government officials to, take precautionary measures such as suspending our lab operations, implementing alternative work arrangements for our employees, and limiting our employees' travel activities.

For example, our operations were previously impacted by the COVID-19 pandemic. The previous shelter-in-place order and health orders during the COVID-19 pandemic negatively impacted productivity, disrupted our business, and slowed research and development activities due to us limiting access to our laboratory space that would otherwise be used by our research and development group, and, to the extent such orders return in similar or more stringent form, they may cause similar effects on our operations. COVID-19 disrupted, and a future health epidemic or pandemic may disrupt in the future, the ability of our suppliers to fulfill our purchase orders in a timely manner or at all. Additionally, we use certain consumables in our operations, and we have faced, and may face in the future, difficulties in acquiring such consumables if our suppliers prioritize orders related to a health epidemic or pandemic or if other supply chain issues arise as a result of such a public health crisis. Several of our customers were delayed in sending us samples due to their inability to collect or ship samples during the COVID-19 pandemic, and these and additional customers may be disrupted from collecting samples or sending purchase orders or samples to us in the future in the event of the emergence of another health epidemic or pandemic.

Moreover, the ultimate impact of a health epidemic or pandemic on our business, operations, or the global economy as a whole is highly uncertain, but a continued and prolonged public health crisis could have a material negative impact on our business, financial condition, and operating results.

Expansion into international markets would subject us to increased regulatory oversight and regulatory, economic, social, health and political uncertainties, which could cause a material adverse effect on our business, financial position, and results of operations.

We may in the future expand our business and operations into international jurisdictions in which we have limited operating experience, including with respect to seeking regulatory approvals and marketing and selling products and services. As we expand internationally, our operations in these jurisdictions may be adversely affected by general economic conditions and economic and fiscal policy, including changes in exchange rates and controls, interest rates and taxation policies, increased government regulation, social instability, local or regional health crises, and political, economic or diplomatic developments in the future. Certain jurisdictions have, from time to time, experienced instances of civil unrest and hostilities, both internally and with neighboring countries. Rioting, military activity, terrorist attacks, or armed hostilities could cause our operations in such jurisdictions to be adversely affected or suspended. We generally do not have insurance for losses and interruptions caused by terrorist attacks, military conflicts and wars. In addition, anti-bribery and anti-corruption laws may conflict with some local customs and practices in foreign jurisdictions. Our international operations may subject us to heightened scrutiny under the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the United Kingdom (the "U.K.") Bribery Act and similar anti-bribery laws, and could subject us to liability under such laws despite our best efforts to comply with such laws. As a result of our policy to comply with the FCPA, the U.K. Bribery Act and similar anti-bribery laws, we may be at a competitive disadvantage to competitors that are not subject to, or do not comply with, such laws. Further, notwithstanding our compliance programs, there can be no assurances that our policies will prevent our employees or agents from violating these laws or protect us from any such violations. Additionally, we cannot predict the nature, scope or impact of any future regulatory requirements that may apply to our international operations or how foreign governments will interpret existing or new laws. Alleged, perceived, or actual violations of any such existing or future laws by us or due to the acts of others, may result in criminal or civil sanctions, including contract cancellations or debarment, and damage to our reputation, any of which could have a material adverse effect on our business.

Regulatory, Legal and Cybersecurity Risks

Our tests may be subject to regulatory action if regulatory agencies or authorities determine that our tests do not appropriately comply with statutory and regulatory requirements enforced by the FDA, or equivalent foreign regulatory authorities and/or CLIA requirements for quality laboratory testing or equivalent foreign requirements.

The laws and regulations governing the marketing of clinical laboratory tests are extremely complex and in many instances there are no significant regulatory or judicial interpretations of these laws and regulations. The Federal Food, Drug and Cosmetic Act (the "FDC Act") defines a medical device to include any instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent or other similar or related article, including a component, part, or accessory, intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment or prevention of disease, in man or other animals, and which does not achieve its primary intended purposes via chemical or metabolic means. Some of our tests may be considered by the FDA to be in vitro diagnostic products that are subject to regulation as medical devices. Among other things, pursuant to the FDC Act and its implementing regulations, the FDA regulates the research, testing, manufacturing, safety, labeling, storage, recordkeeping, premarket authorization, marketing and

promotion, and sales and distribution of medical devices in the U.S. to provide reasonable assurance that medical devices distributed domestically are safe and effective for their intended uses. In addition, the FDA regulates the import and export of medical devices.

Although the FDA has statutory authority to assure that medical devices are safe and effective for their intended uses, the FDA has generally exercised its enforcement discretion and not enforced applicable regulations with respect to LDTs, which are a subset of in vitro diagnostic devices that are intended for clinical use and designed, manufactured, and used entirely within a single laboratory. We currently market our tests as used in our testing services as LDTs and, therefore, we believe that they are not currently subject to the FDA's enforcement of its medical device regulations and the applicable FDC Act provisions.

In addition, we cannot be certain that the FDA will not enact rules or guidance documents that could impact our ability to purchase certain materials necessary for the performance of our testing services, such as products labeled for research use only. Should any of the reagents obtained by us from suppliers and used in providing our testing services, be affected by future regulatory actions, our business could be adversely affected by those actions, including increasing the cost of testing or delaying, limiting, or prohibiting the purchase of reagents necessary to perform testing.

In the EEA, IVDs are governed by the IVDR and must comply with the requirements of the IVDR in order to be placed on the market or put into service in the EEA. The IVDR does not specifically address the regulation of products falling within the description "laboratory-developed tests". Moreover, while the Regulation includes only limited exemptions for devices that are manufactured and used only within health institutions established in the EEA, diagnostic and therapeutic services undertaken outside of the EEA (for example at our facility in the U.S.) would not fall within the scope of such exemptions. We believe that we do not currently offer tests or services to customers established in the EEA which would fall within the scope of the IVDR. If, in the future, we offer tests or services to customers within the EEA (whether directly or via intermediaries) that fall within the scope of the IVDR, it is unlikely that we will benefit from IVDR exemptions foreseen for health institutions established in the EEA. This means that we will have to comply with the IVDR in full.

If the FDA determines that our tests are subject to enforcement as medical devices, or if foreign regulatory authorities regulate our tests as IVDs, we could incur substantial costs and time delays associated with satisfying statutory and regulatory requirements such as pre-market clearance, approval or certification, and we could incur additional expense in offering our tests and tests that we may develop in the future.

If the FDA determines that our tests and associated software do not fall within the definition of an LDT, or if we voluntarily submit one or more of our tests for premarket authorization from the FDA as medical devices, we may be required to obtain premarket clearance for our tests and associated software under Section 510(k) of the FDC Act, granting of a De Novo authorization request under Section 513(f)(2) of the FDC Act, or approval of a premarket approval application ("PMA") under Section 515(c) of the FDC Act. We would also be subject to ongoing regulatory requirements such as registration and listing requirements, labeling requirements, medical device reporting requirements, and current good manufacturing practice requirements. If our tests are considered medical devices not subject to enforcement discretion, or if we voluntarily submit one or more of our tests for marketing authorization from the FDA as medical devices, the regulatory requirements to which our tests are subject would depend on the FDA's classification of our tests. The FDA has issued regulations classifying generic types of medical devices into one of three classes (Class I, Class II, or Class III) depending on the degree of regulation that the FDA finds necessary to provide reasonable assurance of their safety and effectiveness. The class into which a device is placed determines the requirements that a medical device manufacturer must meet both pre- and post-market. On January 31, 2024, FDA announced its intent to initiate a reclassification process for most IVDs that are currently Class III (high risk), the majority of which are infectious disease and companion diagnostic IVDs, into Class II (moderate risk) with special controls. This reclassification would allow manufacturers of certain types of IVDs to seek marketing clearance through the less burdensome Class II 510(k) premarket notification pathway rather than the Class III premarket approval (PMA) pathway, the most stringent type of FDA medical device review.

Generally, Class I devices do not require premarket authorization, but are subject to a comprehensive set of regulatory requirements referred to as general controls. Class II devices, in addition to general controls, generally require special controls and premarket authorization through either the submission of a section 510(k) premarket notification or the submission of a De Novo authorization request under Section 513(f)(2) of the FDC Act. Class III devices are subject to general controls and special controls, and also require premarket approval prior to commercial distribution, which is a more rigorous process than premarket clearance. Under the FDC Act, a device that is first marketed after May 28, 1976 is by default a Class III device requiring premarket approval unless it is within a type of generic device class that has been classified as Class I or Class II. Even if a device falls under an existing Class II, non-exempt, device classification, the device must also be shown to be "substantially equivalent" to a legally marketed predicate device through submission of a section 510(k) premarket notification. If after reviewing a firm's 510(k) premarket notification, the FDA determines that a device is not substantially equivalent to a legally marketed predicate device, the new device is classified into Class III, requiring premarket approval. It is possible for a manufacturer of a device of a new type to obtain a Class I or Class II designation, if there is no appropriate predicate and the device is low to moderate risk by submitting a De Novo request for reclassification.

The process for submitting a 510(k) premarket notification and receiving FDA clearance usually takes from three to 12 months, but it can take significantly longer and clearance is never guaranteed. Similarly, the process for submitting a De Novo authorization request and receiving FDA's granting of the request usually takes from four to 18 months, but it can take significantly longer and such granting of the request is never guaranteed. The process for submitting and obtaining FDA approval of a PMA is much more costly, lengthy, and uncertain. It generally takes from one to three years or even longer and approval is not guaranteed. PMA approval typically requires extensive clinical data and can be significantly longer, more expensive and more uncertain than the De Novo authorization or

510(k) clearance process. Despite the time, effort and expense expended, there can be no assurance that a particular device ultimately will receive marketing authorization from the FDA.

If premarket review of our tests is required, the premarket review process may involve, among other things, successfully completing additional clinical trials. If we are required to conduct premarket clinical trials, whether using prospectively acquired samples or archival samples, delays in the commencement or completion of clinical testing could significantly increase our service and product development costs, delay commercialization of any future services, and interrupt sales of our current testing services. Many of the factors that may cause or lead to a delay in the commencement or completion of clinical trials may also ultimately lead to delay or denial of regulatory clearance or approval. The commencement of clinical trials may be delayed due to insufficient patient enrollment, which is a function of many factors, including the size of the patient population, the concerns around genetic testing, the nature of the protocol, the proximity of patients to clinical sites, and the eligibility criteria for the clinical trial.

If we are required to conduct clinical trials, we and any third-party contractors we engage would be required to comply with good clinical practices (“GCPs”), which are regulations and guidelines enforced by the FDA, for devices in clinical development. The FDA enforces these GCPs through periodic inspections of trial sponsors, principal investigators, and trial sites. If we or any third-party contractor fails to comply with applicable GCPs, the clinical data generated in clinical trials may be deemed unreliable and the FDA may require us to perform additional clinical trials before clearing or approving our marketing applications. A failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory clearance or approval process. In addition, if these parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, or if the quality, completeness or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or for other reasons, our clinical trials may have to be extended, delayed or terminated. Many of these factors would be beyond our control. We may not be able to enter into replacement arrangements without undue delays or considerable expenditures. If there are delays in testing or approvals as a result of the failure to perform by third parties, our research and development costs would increase, and we may not be able to obtain regulatory clearance or approval for our tests. In addition, we may not be able to establish or maintain relationships with these parties on favorable terms, if at all. Each of these outcomes would harm our ability to market our tests or to achieve or sustain profitability. Similar actions and obligations may be imposed by the competent authorities of a European Union ("EU") Member State, or a foreign regulatory authority.

The FDA requires medical device manufacturers to comply with, among other things, current good manufacturing practices for medical devices, set forth in the Quality Management System Regulation at 21 C.F.R. Part 820, which took effect on February 2, 2026, and requires manufacturers to follow elaborate design, testing, control, documentation, and other quality assurance procedures during the manufacturing process; the medical device reporting regulation, which requires that manufacturers report to the FDA if their device or a similar device they market may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur; labeling regulations, including the FDA’s general prohibition against promoting devices for unapproved or “off-label” uses; the reports of corrections and removals regulation, which requires manufacturers to report to the FDA if a device correction or removal was initiated to reduce a risk to health posed by the device or to remedy a violation of the FDC Act caused by the device which may present a risk to health; and the establishment registration and device listing regulation.

Moreover, there can be no assurance that any authorized claims will be consistent with our current claims or adequate to support continued adoption of our testing services. If premarket review is required for some or all of our tests, the FDA may require that we stop using such tests in our testing services pending marketing authorization, which would negatively impact our business. Even if our testing services are allowed to remain on the market prior to marketing authorization of our tests, demand for our testing services may decline if there is uncertainty about our tests, if we are required to label tests as investigational by the FDA, or if the FDA limits the labeling claims we are permitted to make for our testing services. As a result, we could experience significantly increased development costs and a delay in generating additional revenue from our testing services or from other services now in development.

In addition, any marketing authorization that we may obtain for our tests may contain requirements for costly post-market testing and surveillance to monitor the safety or effectiveness of the tests. The FDA has broad post-market enforcement powers, and if unanticipated problems with our tests arise, or if we or our suppliers fail to comply with regulatory requirements following FDA marketing authorization, we may become subject to enforcement actions such as:

- restrictions on manufacturing processes;
- restrictions on marketing of our tests;
- warning letters;
- withdrawal or recall of our tests from the market;
- refusal to provide marketing authorization for pending PMAs, De Novo requests, or 510(k)s, or supplements to approved PMAs, granted De Novo authorization requests, or cleared 510(k)s that we submit;
- fines, restitution, or disgorgement of profits or revenue;
- suspension or withdrawal of regulatory clearances or approvals;
- limitation on, or refusal to permit, import or export of our tests;

- seizures;
- injunctions; or
- imposition of civil or criminal penalties.

Moreover, the FDA strictly regulates the promotional claims that may be made about medical devices. In particular, a medical device may not be promoted for uses that are not approved by the FDA as reflected in the device's approved labeling. However, companies may share truthful and not misleading information that is otherwise consistent with the device's FDA approved labeling. The FDA and other agencies or authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant civil, criminal, and administrative penalties.

In addition, many of the products we use to perform our tests, including sequencers and various associated reagents supplied to us by Illumina, are labeled as research use only ("RUO") in the U.S. RUO products are exempt from FDA medical device requirements provided their manufacturers comply with specified labeling and restrictions on distribution. The products must bear the statement: "For Research Use Only. Not for Use in Diagnostic Procedures." Manufacturers of RUO products cannot make any claims related to safety, effectiveness or diagnostic utility, and RUO products cannot be intended by the manufacturer for clinical diagnostic use. A product promoted for diagnostic use may be viewed by the FDA as adulterated and misbranded under the FDC Act and is subject to FDA enforcement activities, including requiring the manufacturer to seek marketing authorization for the products. We currently use Illumina and other RUO products for our clinical diagnostic tests. If the FDA were to require clearance, approval or authorization for the sale of Illumina's RUO products and if Illumina does not obtain such clearance, approval or authorization, we would have to find an alternative sequencing platform for some or all of our clinical diagnostic tests. We currently have not validated an alternative sequencing platform on which our tests could be run in a commercially viable manner. If we were not successful in selecting, acquiring on commercially reasonable terms and implementing an alternative platform on a timely basis, our business, financial condition and results of operations would be adversely affected. Similarly, a finding that any of our other suppliers failed to comply with applicable requirements could result in interruptions in our ability to supply our testing services to the market and adversely affect our operations.

In addition, if we offer tests or services to customers within the EEA (and Northern Ireland) (whether directly or via intermediaries) that fall within the scope of the IVDR, we would be required to comply with strict requirements in order to affix the CE mark to our products related to our testing services, including requirements for clinical evidence, pre-market assessment of safety and performance, quality management system, traceability of products, promotion and advertising, and conduct costly post-market testing and surveillance to monitor the safety or effectiveness of the tests related to our testing services in the EEA and detailed reporting obligations.

Failure to comply with federal, state, and foreign laboratory licensing requirements and the applicable requirements of the FDA or any other regulatory authority, or equivalent foreign regulatory authority, could cause us to lose the ability to perform our tests, experience disruptions to our business, or become subject to administrative or judicial sanctions.

We are subject to CLIA, a federal law that regulates clinical laboratories that perform testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention, or treatment of disease. CLIA regulations establish specific standards with respect to personnel qualifications, facility administration, proficiency testing, quality control, quality assurance, and inspections. We have a current CLIA certificate to conduct our tests at our laboratory in Fremont, California. To renew this certificate, we are subject to survey and inspection every two years. Because we are a CAP-accredited laboratory, the Centers for Medicare & Medicaid Services ("CMS") does not perform this survey and inspection and relies on our CAP survey and inspection. We also may be subject to additional unannounced inspections.

We are also required to maintain a license to conduct testing in California. California laws establish standards for day-to-day operation of our clinical reference laboratory, including the training and skills required of personnel and quality control. Several other states in which we operate also require that we hold licenses to test specimens from patients in those states, under certain circumstances. For example, our clinical reference laboratory is required to be licensed on a test-specific basis by New York as an out-of-state laboratory, and our LDTs must be approved by the New York State Department of Health (the "NYDOH") on a test-by-test basis before they are offered in New York. We are subject to periodic inspection by the NYDOH and are required to demonstrate ongoing compliance with NYDOH regulations and standards. To the extent NYDOH identified any non-compliance and we are unable to implement satisfactory corrective actions to remedy such non-compliance, the State of New York could withdraw approval for our tests. Additionally, states such as Maryland, Pennsylvania, and Rhode Island also require us to maintain out-of-state licenses. Other states may have similar requirements or may adopt similar requirements in the future. Although we have obtained licenses from states for our clinical reference laboratory where we believe we are required to be licensed, we may become aware of other states that require out-of-state laboratories to obtain licensure in order to accept specimens from the state, and it is possible that other states currently have such requirements or will have such requirements in the future. We may also be subject to regulation in foreign jurisdictions as we seek to expand international utilization of our tests or such jurisdictions adopt new licensure requirements, which may require review of our tests in order to offer them or may have other limitations such as restrictions on the transport of human blood necessary for us to perform our tests that may limit our ability to make our tests available outside of the U.S. Complying with licensure requirements in new jurisdictions may be expensive and/or time-consuming, may subject us to significant and unanticipated delays, or may be in conflict with other applicable requirements.

Failure to comply with applicable clinical laboratory licensure requirements may result in a range of enforcement actions, including license suspension, limitation, or revocation, directed plan of action, onsite monitoring, civil monetary penalties, and criminal sanctions as well as significant adverse publicity. Any sanction imposed under CLIA, its implementing regulations or state or foreign laws

or regulations governing clinical laboratory licensure, or our failure to renew our CLIA certificate, a state or foreign license or accreditation, could have a material adverse effect on our business, financial condition, and results of operations. Even if we were able to bring our laboratory back into compliance, we could incur significant expenses and potentially lose revenue in doing so.

Failure to comply with the IVDR may result in a range of enforcement actions by the regulatory authorities of EU Member States as well as repercussions for any CE Certificates of Conformity issued by notified bodies, including fines, suspension variation or withdrawal of CE Certificates of Conformity, product seizures, injunctions or the imposition of civil or criminal penalties which would adversely affect our business, operating results and prospects.

Although we market our test services as LDTs that are currently subject to the FDA's exercise of enforcement discretion, if any of our testing services fail to comply with FDA regulatory requirements as enforced, or if we are required or voluntarily submit one or more of our test services for marketing authorization from the FDA as medical devices, we would be subject to the applicable requirements of the FDC Act and the FDA's implementing regulations. The FDA is empowered to impose sanctions for violations of the FDC Act and the FDA's implementing regulations, including warning letters, civil and criminal penalties, injunctions, product seizure or recall, import bans, restrictions on the conduct of our operations and total or partial suspension of production. Any of the aforementioned sanctions could cause reputational damage, undermine our ability to maintain and increase our revenue, and harm our business, financial condition, and results of operations. In particular, if we or the FDA discover that any of our testing services have defects that call into question the accuracy of their results, we may be required to undertake a retest of all results and analyses provided during the period relevant to the defect, or recall the affected services. The direct costs incurred in connection with such a recall in terms of management time, administrative, and legal expenses and lost revenue, together with the indirect costs to our reputation, could harm our business, financial condition, and results of operations, and our ability to execute our business strategy. While we believe that we are currently in material compliance with applicable laws and regulations as currently enforced, the FDA or other regulatory agencies and authorities may not agree, and a determination that we have violated these laws or a public announcement that we are being investigated for possible violations of these laws could adversely affect our business, financial condition, results of operations, and prospects.

Disruptions to the operations of the FDA, the SEC and other government agencies, including those caused by funding shortages or executive branch policies, in addition to substantial uncertainty regarding the current administration's initiatives and staffing cuts and how these might impact the FDA, the SEC and other governmental agencies implementation of laws, regulations, policies and guidance, and its personnel, could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal functions on which the operation of our business and our business partners may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products or take action with respect to other regulatory matters can be affected by a variety of factors, including government budget and funding levels, the ability to hire and retain key personnel and accept payment of user fees, the availability of personnel and other resources, statutory, regulatory and policy changes that may otherwise affect the FDA's or comparable foreign regulatory authorities' ability to perform routine functions, and business disruptions, such as those caused by the COVID-19 pandemic. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the SEC and other government agencies on which our operations may rely, including grants that fund research and development activities by academic institutions, is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies, including substantial leadership departures, personnel cuts, and policy changes, may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business through our commercial relationships with pharmaceutical companies and collaborations with academic institutions. For example, over the last several years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough FDA, SEC and other government employees and stop activities. In addition, there have recently been terminations of large numbers of federal employees at various federal agencies, including the FDA. Changes and cuts in FDA staffing could result in delays in the FDA's responsiveness or in its ability to review submissions or applications, issue regulations or guidance, or implement or enforce regulatory requirements in a timely fashion or at all. If a subsequent prolonged government shutdown occurs, it and/or employee terminations or resignations could significantly impact the ability of the FDA or other federal agencies to timely review and process regulatory submissions of our pharma customers or collaboration partners, which could have a material adverse effect on our business. Further, future government shutdowns and/or employee terminations or resignations or could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations, or to timely obtain patent protection in the U.S. to protect our technology. Moreover, federal funding under the current administration of certain activities such as research and development grants to academic institutions has been, and may continue to be, more limited than recent historical funding.

There is substantial uncertainty as to whether and how the current administration will seek to modify or revise the requirements and policies of the FDA and other regulatory agencies with jurisdiction over the product candidates of our customers and collaboration partners and any products for which they obtain approval. This uncertainty could present new challenges to navigating development and approval of product candidates. Some of these efforts have manifested to date in the form of personnel cuts and measures that could impact the FDA's ability to hire and retain key personnel, which could result in delays or limitations on the ability of our pharma customers or collaboration partners to obtain guidance from the FDA on their product candidates in development and obtain the requisite regulatory approvals in the future. There remains general uncertainty regarding future activities. The current administration could issue or promulgate

executive orders, regulations, policies or guidance that adversely affect us or our customers or collaboration partners, or create a more challenging or costly environment to pursue the development of new products.

If our information technology systems or data, or those of third parties with whom we work or our data, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse consequences.

In the ordinary course of our business, we, and the third parties with whom we work, collect, process, receive, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, share and store (collectively, "process") proprietary, confidential, and sensitive information, including protected health information ("PHI"), personal information, credit card and other financial information, intellectual property, trade secrets, medical information, biometric information and genomic information (collectively, "sensitive information") owned or controlled by ourselves or our customers, payors, and other parties.

Cyberattacks, malicious internet-based activity, and online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties with whom we work. Such threats are prevalent and continue to increase, are becoming increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyberattacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, and the third parties with whom we work, may be vulnerable to a heightened risk of these attacks, including retaliatory cyberattacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell, and distribute our testing services.

We and the third parties with whom we work are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which are increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks, credential stuffing, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, attacks enhanced or facilitated by artificial intelligence ("AI"), software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, natural disasters, terrorism, and other similar threats. In particular, ransomware attacks are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, ability to provide our testing services, loss of data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. It may be difficult and/or costly to detect, investigate, mitigate, contain, and remediate a security incident. Our efforts to do so may not be successful.

Actions taken by us or the third parties with whom we work to detect, investigate, mitigate, contain, and remediate a security incident could result in outages, data losses, and disruptions of our business. Threat actors may also gain access to other networks and systems after a compromise of our networks and systems. For example, threat actors may use an initial compromise of one part of our environment to gain access to other parts of our environment, or leverage a compromise of our networks or systems to gain access to the networks or systems of third parties with whom we work, such as through phishing or supply chain attacks. Most of our employees are working remotely at least part of the time and such remote work has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations. Future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

We rely on third parties to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, on-site systems and cloud-based data centers, systems handling human resources, financial reporting and controls, customer relationship management, regulatory compliance, and other infrastructure operations. We also communicate sensitive data, including patient data, electronically, and through relationships with multiple third-party vendors and their subcontractors. These applications and data encompass a wide variety of sensitive information, including research and development information, patient data, commercial information, and business and financial information. Our ability to monitor these third parties' security practices is limited, and these third parties may not have adequate security measures in place. For example, in December 2025, we received notice from our e-mail service provider about certain suspicious Personalis email account activity. Upon notification of this incident, we conducted a thorough investigation and determined that a threat actor had gained access to a small number of user accounts and some patients' PHI may have been accessed. We are not aware of any unauthorized access to our financial systems or records or any impact to our test processing systems. While we have taken steps to (a) notify the affected patients and the U.S. Department of Health and Human Services ("HHS"), Office of Civil Rights of the incident, as required by law, and (b) mitigate the potential for incidents to occur in the future, there can be no assurance that these measures will be effective.

If the third parties with whom we work experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if the third parties with whom we work fail to satisfy their privacy or security-related

obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties and infrastructure in our supply chain or that of the third parties with whom we work have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our information technology systems or the third-party information technology systems that support us and our testing services.

Despite the measures we have taken to prevent unanticipated problems that could affect our information technology and telecommunications systems, failures or significant downtime of our information technology or telecommunications systems or those used by our third-party service providers could prevent us from conducting tests, preparing and providing reports to our customers, billing customers, collecting revenue, handling inquiries from our customers, conducting research and development activities, and managing the administrative aspects of our business. For example, in 2018, we experienced downtime in our information technology systems in connection with the adoption of new information technology, and our results of operations in the first and second quarters of 2018 were adversely affected as a result. In 2024, we experienced downtime in our information technology systems due to human error in connection with an upgrade by one of our third-party vendors to one of our information technology systems. Our results of operations were not materially adversely affected in the case of the latter downtime. Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties with whom we work) to provide our testing services.

We may expend significant resources or modify our business activities (including our clinical trial activities) to try to protect against security incidents. Additionally, certain data privacy and security obligations may require us to implement and maintain certain measures to protect our information technology systems and sensitive information.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps designed to detect, mitigate and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties with whom we work). However, we have not detected, and may not in the future, detect, and remediate all such vulnerabilities, including on a timely basis. Further, we have experienced, and may in the future experience, delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities, but we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit the vulnerability change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. Further, if the information technology systems of the third parties with whom we work become subject to security incidents, we may have insufficient recourse against such third parties, and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

We employ a shared responsibility model where our customers and partners are responsible for configuring and implementing security measures related to our platform. As part of this model, we make certain security features available to users that can be implemented at their discretion or identify security areas or measures for which they are responsible. For example, users can choose whether to implement and enforce multifactor authentication to access their accounts. In certain cases where users choose not to implement, or incorrectly implement, those features or measures, misuse our testing services, or otherwise experience their own vulnerabilities, policy violations, credential exposure or security incidents, even if we are not the cause of a resulting customer security issue or incident, our customer and partner relationships, reputation, and revenue may be adversely impacted.

Any of the previously identified or similar threats have in the past, and may in the future, cause a security incident or other interruption that have in the past, and may in the future, result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information or our information technology systems, or those of the third parties with whom we work. A security incident or other interruption could disrupt our ability (and that of third parties with whom we work) to provide our testing services and otherwise conduct our business in the ordinary course.

Unauthorized access, loss, or dissemination could also damage our reputation or disrupt our operations, including our ability to conduct our analyses, deliver test results, process claims and appeals, provide customer assistance, conduct research and development activities, collect, process, and prepare company financial information, provide information about our tests and other patient and physician education and outreach efforts through our website, and manage the administrative aspects of our business. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. For example, like many companies, we use Log4j with respect to certain software or systems to log security and performance information. In early 2022, we discovered a Log4j vulnerability in our environment although to date we have found no indication that our or our partners' data was exposed. Upon learning of this vulnerability, we applied a patch and made updates to our systems and infrastructure intended to reduce risks associated with the vulnerability. In December 2025, we received notice from our e-mail service provider about certain Personalis suspicious account email activity. See "— If our information technology systems or data, or those of third parties with whom we work or our data, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse consequences." We are not aware of any unauthorized access to our financial systems or records.

Applicable data privacy and security obligations, including applicable federal and/or state breach notification laws and foreign equivalents, as well as public company disclosure obligations, may require us, or we may voluntarily choose, to notify relevant stakeholders, including affected individuals, regulatory authorities and our stockholders, of certain security incidents or to take other actions, such as providing credit monitoring and identity theft protection services. Such disclosures and related actions can be costly, and the disclosure or the failure to comply with such applicable requirements could lead to adverse consequences. If we (or a third party with whom we work) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive information (including personal information); litigation (including class claims) and mass arbitration; indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may prevent or cause customers or partners to stop using our testing services, deter new customers or partners from using our testing services, and negatively impact our ability to grow and operate our business. Whether a cybersecurity incident is reportable to our stockholders may not be straightforward, may take considerable time to determine, and may be subject to change as the investigation of the incident progresses, including changes that may significantly alter any initial disclosure that we provide.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our data privacy and security practices. Additionally, we cannot be sure that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. Additionally, our sensitive information could be leaked, disclosed, or revealed as a result of or in connection with our employee's, personnel's, or vendor's use of AI technologies.

We are subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.

In the ordinary course of business, we process sensitive information, including data we collect from our customers about trial participants in connection with clinical trials. Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

In the United States, federal, state, and local governments have enacted numerous data privacy, and security laws, including data breach notification laws, personal information privacy laws, and consumer protection laws. For example, the Health Insurance Portability and Accountability Act ("HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act ("HITECH"), imposes specific requirements relating to the privacy, security, and transmission of individually identifiable health information. Penalties for failure to comply with HIPAA and HITECH include significant civil monetary penalties and criminal penalties in certain circumstances with fines up to $250,000 per violation and/or imprisonment. Further, various states, such as California and Massachusetts, have implemented similar privacy laws and regulations, such as the California Confidentiality of Medical Information Act, that impose restrictive requirements regulating the use and disclosure of health information and other personally identifiable information. These laws and regulations are not necessarily preempted by HIPAA, particularly if a state affords greater protection to individuals than HIPAA. Where state laws are more protective and applicable to us, we may have to comply with the stricter provisions. In addition to fines and penalties imposed upon violators, some of these state laws also afford private rights of action to individuals who believe their personal information has been misused. Similarly, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 ("CPRA") (collectively, "CCPA") applies to personal information of consumers, business representatives, and employees, and requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights, including those noted below. The CCPA provides for fines and allows private litigants affected by certain data breaches to recover significant statutory damages. Although the CCPA exempts some data processed in the context of clinical trials, the CCPA increases compliance costs and potential liability with respect to other personal information we maintain about California residents. In addition, the CPRA expands the CCPA's requirements, including by adding a new right for individuals to correct their personal information and establishing a new regulatory agency to implement and enforce the law. Other states, such as Virginia, Colorado, Connecticut and Utah have also enacted comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels. These state laws and the CCPA provide individuals with certain rights concerning their personal information, including the right to access, correct, or delete certain personal information, and opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our testing services. While these states, like the CCPA, also exempt some data processed in the context of clinical trials, these developments further complicate compliance efforts, and increase legal risk and compliance costs for us, the third parties upon whom we rely and our customers. Additionally, several states and localities have enacted statutes banning or restricting the collection of biometric information and regulators, such as the Federal Trade Commission, have indicated that use of biometric technologies (including facial recognition technologies) may be subject to additional scrutiny.

We may be subject to new laws governing the privacy of consumer health data, including reproductive, sexual orientation, and gender identity privacy rights. For example, Washington's My Health My Data Act broadly defines consumer health data, places restrictions on processing consumer health data (including imposing stringent requirements for consents), provides consumers certain rights with respect to their health data, and creates a private right of action to allow individuals to sue for violations of the law. Other states are considering and may adopt similar laws. California also recently passed a law protecting privacy of abortion-related records and other reproductive healthcare services.

Outside the U.S., an increasing number of laws, regulations, and industry standards govern data privacy and security. For example, the General Data Protection Regulation 2016/679 ("EU GDPR"), the United Kingdom's GDPR ("UK GDPR"), Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais) (Law No. 13,709/2018), and China's Personal Information Protection Law impose strict requirements for processing personal information. Under the EU GDPR and UK GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros under the EU GDPR, 17.5 million pounds sterling under the UK GDPR or, in each case, 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal information brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. In Canada, the Personal Information Protection and Electronic Documents Act and various related provincial laws, as well as Canada's Anti-Spam Legislation, applies to our operations. We also receive personal information from customers in Asia and may be subject to new and emerging data privacy and security regimes in Asia, including Japan's Act on the Protection of Personal Information, and Singapore's Personal Data Protection Act.

In the ordinary course of business, we may transfer personal information from Europe and other jurisdictions to the U.S. or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal information to other countries. In particular, the EEA and the U.K. have significantly restricted the transfer of personal information to the U.S. and other countries whose data privacy and security laws they generally believe are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal information from the EEA and U.K. to the U.S. in compliance with law, such as the EEA's standard contractual clauses, the U.K.'s International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework (and U.K. extension thereto) (which allows for transfers for relevant U.S.-based organizations who self-certify compliance and participate in such framework), these mechanisms are susceptible to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal information to the U.S. If there is no lawful manner for us to transfer personal information from the EEA, the U.K. or other jurisdictions to the U.S., or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal information necessary to operate our business. Additionally, companies that transfer personal information out of the EEA and U.K. to other jurisdictions, particularly to the U.S., are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the GDPR's cross-border data transfer limitations. EEA countries may also introduce national legislation further limiting the processing of personal genetic, biometric, or health data, which could limit our ability to collect, use and share data originating from the EEA, or could cause our compliance costs to increase, require us to change our practices, adversely impact our business, and harm our financial condition. The U.S. is also increasingly scrutinizing certain personal data transfers and may impose data localization requirements, for example, the U.S. Department of Justice's rule entitled the Preventing Access to U.S. Sensitive Personal Data and Government-Related Data by Countries of Concern or Covered Persons.

In addition to data privacy and security laws, because we process some credit card payments through a third-party payment processing partner, we are contractually subject to industry standards adopted by industry groups and may become subject to such obligations in the future. For example, we also are subject to the Payment Card Industry Data Security Standard ("PCI DSS"). The PCI DSS requires companies to adopt certain measures to ensure the security of cardholder information, including using and maintaining firewalls, adopting proper password protections for certain devices and software, and restricting data access. Noncompliance with PCI-DSS can result in penalties ranging from $5,000 to $100,000 per month by credit card companies, litigation, damage to our reputation, and revenue losses.

We also rely on vendors to process payment card data, who may be subject to PCI DSS, and our business may be negatively affected if our vendors are fined or suffer other consequences as a result of PCI DSS noncompliance. We are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain privacy laws, such as the GDPR, require our customers to impose specific contractual restrictions on their service providers. We publish privacy policies, marketing materials and other statements regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Our employees and personnel may use generative AI, agentic AI, and/or automated decision-making technologies (collectively, "AI") to perform their work, and the disclosure and use of personal information in AI technologies is subject to various data privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and consumer lawsuits. If we are unable to use AI, it could make our business less efficient and result in competitive disadvantages.

Obligations related to data privacy and security (and consumers' data privacy and security expectations) are quickly changing, becoming increasingly stringent, and creating uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our platform, services, information technologies, systems, and practices and to those of any third parties that process personal information on our behalf. In addition, these obligations may require us to change our business model. Our business model materially depends on our ability to process personal information, so we are particularly exposed to the risks associated with the rapidly changing legal landscape. For example, because we process PHI, personal information and sensitive information, we may be at heightened risk of regulatory scrutiny, and any changes in the regulatory framework could require us to fundamentally change our business model, including causing us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. We typically rely on our customers to obtain valid and appropriate consents from data subjects whose genetic samples and data we process on such customers' behalf particularly with respect to our RUO and clinical trial services, and we also typically rely on each provider ordering our LDTs or diagnostic services to obtain valid and appropriate consent from each of his or her patients whose genetic samples and data we process on such patient's behalf. Given that we do not typically obtain direct consent from such data subjects or patients, and we do not audit our customers or the ordering providers to ensure that they have obtained the necessary consents required by law, the failure of our customers or the order providers to obtain consents that are valid under applicable law could result in our own non-compliance with data privacy and security laws. For example, our NeXT Personal RUO test leverages WGS, and the scope of existing consents from our customers' clinical trial subjects may be insufficient to cover use of NeXT Personal on their samples, which may either limit uptake of NeXT Personal or expose our customers and ourselves to risk of exceeding the scope of prior consent for specimen testing. A failure, or a perceived failure, to address or comply with U.S. and foreign data privacy and security laws could result in government enforcement actions (which could include civil or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business. Claims that we have violated individuals' privacy rights, failed to comply with data privacy and security laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time consuming to defend, could result in adverse publicity and could have a material adverse effect on our business, financial condition, and results of operations.

If we or the third parties with whom we work fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims) and mass arbitration demands; additional reporting requirements and/or oversight; bans or restrictions on processing personal information; orders to destroy or not use personal information; and imprisonment of company officials. In particular, plaintiffs have become increasingly more active in bringing data privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; interruptions or stoppages in our business operations (including, clinical trials); interruptions or stoppages of data collection needed to train our algorithms; inability to process personal information or to operate in certain jurisdictions; limited ability to develop or commercialize our testing services; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could cause significant liability for us and harm our reputation.

We are exposed to the risk of employee fraud or other misconduct, including intentional failures to comply with government regulations, including federal and state healthcare fraud and abuse laws and regulations, to misuse information, including patient information, and to report financial information or data accurately or disclose unauthorized activities to us. Such misconduct could also involve the improper use of information obtained in the course of clinical studies, which could result in regulatory sanctions and cause serious harm to our reputation.

We have a code of conduct and ethics for our directors, officers and employees, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant administrative, civil and criminal penalties, damages, fines, imprisonment, exclusion from government healthcare programs, contractual damages, refunding of payments received by us, reputational harm, additional reporting, or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with the law and curtailment or restructuring of our operations. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees, and divert the attention of management in defending ourselves against any of these claims or investigations.

Complying with numerous statutes and regulations pertaining to our business is an expensive and time-consuming process, and any failure to comply could result in substantial penalties.

Our operations are or may be subject to other extensive federal, state, local, and foreign laws and regulations, all of which are subject to change. These laws and regulations currently include, among others:

- the federal Anti-Kickback Statute, which prohibits knowingly and willfully offering, paying, soliciting, or receiving remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for or to induce such person to refer an

individual, or to purchase, lease, order, arrange for, or recommend purchasing, leasing or ordering, any good, facility, item or service that is reimbursable, in whole or in part, under a federal healthcare program. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the false claims statutes;

- the federal Stark physician self-referral law, which prohibits a physician from making a referral for certain designated health services covered by the Medicare program, including laboratory and pathology services, if the physician or an immediate family member has a financial relationship with the entity providing the designated health services, and prohibits that entity from billing or presenting a claim for the designated health services furnished pursuant to the prohibited referral, unless an exception applies. Failure to refund amounts received as a result of a prohibited referral on a timely basis may constitute a false or fraudulent claim under the False Claims Act;

- the Anti-Markup Rule, which, among other things, prohibits a physician or supplier billing the Medicare program from marking up the price of a purchased diagnostic service performed by another laboratory or supplier that does not "share a practice" with the billing physician or supplier. Penalties may apply to the billing physician or supplier if Medicare or another payor is billed at a rate that exceeds the performing laboratory's charges to the billing physician or supplier, and the performing laboratory could be at risk under false claims laws, described below, for causing the submission of a false claim;

- the 14-Day Rule, also known as the Medicare Date of Service Rule, which prohibits a laboratory supplier from billing the Medicare program for tests performed on samples collected during or within 14 days of an inpatient hospital stay, unless an exception applies, and requires the laboratory supplier to bill the hospital in those cases. Penalties may apply to the laboratory supplier if Medicare determines that the Medicare program was inappropriately billed for testing that should have been billed to the hospital where the sample was collected;

- state client billing laws, which specify whether a person that did not perform the service is permitted to submit the claim for payment and if so, whether the non-performing person is permitted to mark up the cost of the services in excess of the price the purchasing provider paid for such services. For example, California has an anti-markup statute which prohibits providers from charging for any laboratory test that it did not perform unless the provider (a) notifies the patient, client or customer of the name, address, and charges of the laboratory performing the test, and (b) charges no more than what the provider was charged by the clinical laboratory which performed the test except for any other service actually rendered to the patient by the provider (for example, specimen collection, processing and handling) (California Business and Professions Code Section 655.5). This provision applies, with certain limited exceptions, to licensed persons such as physicians and clinical laboratories regulated under the Business and Professions Code. In addition, many states also have "direct-bill" laws, which means that the services actually performed by an individual or entity must be billed by such individual or entity, thus preventing ordering physicians from purchasing services from a laboratory and rebilling for the services they order. For example, California has a direct bill rule specific to anatomic pathology services that prohibits any provider from billing for anatomic pathology services if those services were not actually rendered by that person or under his or her direct supervision with some exemptions (California Business and Professions Code Section 655.7);

- the federal civil and criminal false claims laws, including the False Claims Act, which impose liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment to the federal government. These laws can apply to entities that provide information on coverage, coding, and reimbursement of their products and services and assistance with obtaining reimbursement to persons who bill payors. Private individuals can bring False Claims Act "qui tam" actions, on behalf of the government and such individuals, commonly known as "whistleblowers," may share in amounts paid by the entity to the government in fines or settlement;

- the federal Civil Monetary Penalties Law, which prohibits, among other things, the offering or transfer of remuneration to a Medicare or state healthcare program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state healthcare program, unless an exception applies;

- the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, biologicals, and medical devices or supplies that require premarket approval by or notification to the FDA, and for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, with certain exceptions, to report annually to CMS information related to (i) payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists, and chiropractors), other healthcare professionals (such as physicians assistants and nurse practitioners) and teaching hospitals, and (ii) ownership and investment interests held by physicians and their immediate family members;

- the HIPAA fraud and abuse provisions, which created federal civil and criminal statutes that prohibit, among other things, defrauding healthcare programs, willfully obstructing a criminal investigation of a healthcare offense, and falsifying or concealing a material fact or making any materially false statements in connection with the payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- HIPAA, as amended by HITECH, and their respective implementing regulations, which impose obligations on certain healthcare providers, health plans, and healthcare clearinghouses, known as covered entities, as well as individuals and entities that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, known as business associates, as well as their covered subcontractors, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in U.S. federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions;

- the Eliminating Kickbacks in Recovery Act of 2018 ("EKRA"), which prohibits payments for referrals to recovery homes, clinical treatment facilities, and laboratories and is similar to the federal Anti-Kickback Statute in that it creates criminal penalties for knowing or willful payment or offer, or solicitation or receipt, of any remuneration, whether directly or indirectly, overtly or covertly, in cash or in kind, in exchange for the referral or inducement of laboratory testing unless a specific exception applies. Unlike the federal Anti-Kickback Statute, EKRA's reach extends beyond federal health care programs to include private insurance (i.e., it is an "all payor" statute). Additionally, most of the safe harbors available under the federal Anti-Kickback Statute are not reiterated under EKRA, and certain EKRA safe harbors conflict with the safe harbors available under the federal Anti-Kickback Statute. Therefore, compliance with a federal Anti-Kickback safe harbor does not guarantee protection under EKRA. Because EKRA is a new law, there is very little additional guidance to indicate how and to what extent it will be interpreted, applied and enforced by the government. Currently, there is no proposed regulation interpreting or implementing EKRA, nor any public guidance released by a federal agency concerning EKRA;

- other federal and state fraud and abuse laws, such as anti-kickback laws, prohibitions on self-referral, fee-splitting restrictions, insurance fraud laws, prohibitions on the provision of tests at no or discounted cost to induce physician or patient adoption, and false claims acts, which may extend to services reimbursable by any payor, including private insurers;

- the prohibition on reassignment of Medicare claims, which, subject to certain exceptions, precludes the reassignment of Medicare claims to any other party;

- state laws that prohibit other specified practices, such as billing physicians for testing that they order as discussed above; waiving coinsurance, copayments, deductibles, and other amounts owed by patients; billing a state Medicaid program at a price that is higher than what is charged to one or more other payors, or exercising control over licensed professionals in violation of state laws prohibiting corporate practice of medicine and other professions, and prohibitions against the splitting of professional fees with licensed professionals; and

- similar foreign laws and regulations that apply to us in the countries in which we operate or may operate in the future.

As a clinical laboratory, our business practices may face additional scrutiny from government regulatory agencies and authorities such as the Department of Justice, the HHS Office of Inspector General (the "OIG"), and CMS. Certain arrangements between clinical laboratories and referring physicians have been identified in fraud alerts issued by the OIG as implicating the Anti-Kickback Statute. The OIG has stated that it is particularly concerned about these types of arrangements because the choice of laboratory, as well as the decision to order laboratory tests, typically are made or strongly influenced by the physician, with little or no input from patients. Moreover, the provision of payments or other items of value by a clinical laboratory to a referral source could be prohibited under the Stark Law unless the arrangement meets all criteria of an applicable exception. The government has been active in enforcement of these laws as they apply to clinical laboratories.

The growth of our business and our expansion outside of the U.S. may increase the potential of violating these laws or our internal policies and procedures. The risk of our being found in violation of these or other laws and regulations is further increased by the fact that many have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action brought against us for violation of these or other laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and reputational harm and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of these laws and regulations, we may be subject to any applicable penalty associated with the violation, including significant administrative, civil and criminal penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in federal healthcare programs, refunding of payments received by us, integrity oversight and reporting obligations, and curtailment or cessation of our operations. Any of the foregoing consequences could seriously harm our business and our financial results.

We could be adversely affected by violations of the FCPA and other worldwide anti-bribery laws.

We are subject to the FCPA, which prohibits companies and their intermediaries from making payments in violation of law to non-U.S. government officials for the purpose of obtaining or retaining business or securing any other improper advantage. Other U.S. companies in the medical device and pharmaceutical fields have faced criminal penalties under the FCPA for allowing their agents to deviate from appropriate practices in doing business with these individuals. We are also subject to similar anti-bribery laws in the jurisdictions in which we operate, including the U.K.'s Bribery Act of 2010, which also prohibits commercial bribery and makes it a crime for companies to fail to prevent bribery. These laws are complex and far-reaching in nature, and, as a result, we cannot assure you that we would not be required in the future to alter one or more of our practices to be in compliance with these laws or any changes in these

laws or the interpretation thereof. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction, involve significant costs and expenses, including legal fees, and could result in a material adverse effect on our business, prospects, financial condition or results of operations. We could also incur severe penalties, including criminal and civil penalties, disgorgement, and other remedial measures.

Changes in health care policy could increase our costs, decrease our revenue, and impact sales of and reimbursement for our tests.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (the "ACA"), became law. This law substantially changed the way health care is financed by both commercial payors and government payors, and significantly impacts our industry. The ACA contains a number of provisions that are expected to impact the business and operations of our customers, some of which in ways we cannot currently predict, including those governing enrollment in state and federal health care programs, reimbursement changes, and fraud and abuse, which will impact existing state and federal health care programs and will result in the development of new programs.

There have been executive, judicial and Congressional challenges and amendments to certain aspects of the ACA. For example, on July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was signed into law, which narrowed access to ACA marketplace exchange enrollment and declined to extend the ACA enhanced advanced premium tax credits that expired at the end of 2025, which, among other provisions in the law, are anticipated to reduce the number of Americans with health insurance. The OBBBA also is expected to reduce Medicaid spending and enrollment by implementing work requirements for some beneficiaries, capping state-directed payments, reducing federal funding, and limiting provider taxes used to fund the program. Congress is considering proposed legislation intended to further reduce healthcare costs with alternatives to replace the expired ACA subsidies. It is unclear how such future efforts to repeal and replace the ACA will impact the ACA and our business. Additional legislation may be enacted that further amends, or repeals, the ACA, which could result in lower numbers of insured individuals, reduced coverage for insured individuals and adversely affect our and our customers' business. The current administration is also pursuing policies to reduce regulations and expenditures across government including at HHS, the FDA, CMS and related agencies. These actions, presently directed by executive orders or memoranda from the Office of Management and Budget, may propose policy changes that create additional uncertainty for our business and our customers. Recent actions, for example, include directing agencies to reduce agency workforce and cut programs and imposing tariffs on imported products. Additionally, the current administration recently called on Congress to enact "The Great Healthcare Plan," to codify and expand Most-Favored Nation pricing, lower government subsidies to private insurance companies, increase healthcare price transparency, and enact restrictions on pharmacy benefit manager payment methodologies, among other things. These actions and policies may significantly reduce U.S. prices for certain health care products and services, potentially impacting manufacturers' global pricing strategies and profitability, while increasing their operational costs and compliance risks.

In addition, on August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, reduced Medicare payments to providers by 2% per fiscal year, effective on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain until 2032 unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The Medicare Access and CHIP Reauthorization Act of 2015, enacted on April 16, 2015 ("MACRA") repealed the formula by which Medicare made annual payment adjustments to physicians and replaced the former formula with fixed annual updates, and established a quality payment incentive program, also referred to as the Quality Payment Program. This program provides clinicians with two ways to participate, including through the Alternative Payment Models ("APMs"), and the Merit-based Incentive Payment System ("MIPS"). Under both APMs and MIPS, performance data collected each performance year will affect Medicare payments in later years, including potentially reducing payments.

In April 2014, Congress passed the Protecting Access to Medicare Act of 2014 ("PAMA"), which included substantial changes to the way in which clinical laboratory services are paid under Medicare. Under PAMA, laboratories that receive the majority of their Medicare revenue from payments made under the Physician Fee Schedule are required to report to CMS, beginning in 2017 and every three years thereafter (or annually for "advanced diagnostic laboratory tests"), private payor payment rates and volumes for their tests. CMS will use this data to calculate a weighted median payment rate for each test, which will be used to establish revised Medicare reimbursement rates for the tests. Laboratories that fail to report the required payment information may be subject to substantial civil monetary penalties. The payment rate applies to laboratory tests furnished by a hospital laboratory if the test is separately paid under the hospital outpatient prospective payment system. It is still too early to predict the full impact on reimbursement for our current tests or those in development.

It is unclear what impact quality and payment programs, such as MACRA, or pricing structures, such as those adopted under PAMA, may have on our business, financial condition, results of operations, or cash flows. We also anticipate there will continue to be proposals by legislators at both the federal and state levels, regulators and private payors to reduce costs while expanding individual healthcare benefits. Certain of these changes could impose additional limitations on the prices we will be able to charge for our tests, the coverage of or the amounts of reimbursement available for our tests from payors, including commercial payors and government payors. Therefore, even if favorable coverage and reimbursement status is attained, less favorable coverage policies and reimbursement rates may be implemented in the future.

If we use hazardous materials in a manner that causes injury, we could be liable for resulting damages.

Our activities currently require the use of hazardous chemicals and biological material. We cannot eliminate the risk of an accidental environmental release or injury to employees or third parties from the use, storage, handling, or disposal of these materials. In the event of an environmental release or injury, we could be held liable for any resulting damages, and any liability could exceed our resources or any applicable insurance coverage we may have. Additionally, we are subject on an ongoing basis to federal, state, and local laws and regulations governing the use, storage, handling, and disposal of these materials and specified waste products. The cost of maintaining compliance with these laws and regulations may become significant and our failure to comply may result in substantial fines or other consequences, and either could negatively affect our operating results.

Changes in tax laws or regulations could adversely affect our business and financial condition.

The OBBBA includes significant tax provisions that may materially affect our tax position. Key elements of the OBBBA include the permanent extension of certain expiring tax provisions, modifications to the international tax framework, and the restoration of favorable tax treatment for select business incentives. Changes introduced by the OBBBA—as well as any future federal tax reform—may impact corporate tax rates, the realization of our U.S. deferred tax assets, the taxation of foreign earnings, and the deductibility of certain expenses. These changes could materially affect the value of our deferred tax assets, result in significant one-time charges in current or future periods, or increase our future U.S. tax expense. In addition, the extent to which individual states will conform to the OBBBA or future federal tax legislation remains uncertain. Any such developments could have a material adverse effect on our business, cash flows, financial condition, or results of operations.

Our effective tax rate may fluctuate, and we may incur obligations in tax jurisdictions in excess of accrued amounts. *

We are subject to taxation in numerous U.S. states and territories, as well as various non-U.S. jurisdictions. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various jurisdictions that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each jurisdiction. Nevertheless, our effective tax rate may be different than experienced in the past due to numerous factors, including passage of the OBBBA, changes in the mix of our profitability from state to state, the results of examinations and audits of our tax filings, our inability to secure or sustain acceptable agreements with tax authorities, changes in accounting for income taxes and changes in tax laws. The foregoing items could increase our future tax expense, change our future intentions regarding reinvestment of foreign earnings, and could have a material adverse effect on our business, financial condition and results of operations. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations and may result in tax obligations in excess of amounts accrued in our financial statements.

Our business could be negatively impacted by environmental, social and corporate governance ("ESG") matters or our reporting of such matters.

There is an increasing focus from certain investors, employees, partners, and other stakeholders concerning ESG matters. We currently do not report our environmental emissions and absent a legal requirement to do so we currently do not plan to report our environmental emissions, and lack of reporting could result in certain investors declining to invest in our common stock. As ESG best practices and reporting standards continue to develop, we may incur increasing costs relating to ESG monitoring and reporting and complying with ESG initiatives. For example, California enacted Assembly Bill 1305 (“AB 1305”) in 2024 which created new annual disclosure requirements regarding substantiation of certain climate-related statements, and, if we report climate related statements in the future, could increase our compliance and reporting costs. Additionally, the SEC adopted rules designed to enhance and standardize climate-related disclosures, which have been stayed pending judicial review. If these rules or other climate-related disclosures rules become effective, they may significantly increase our compliance and reporting costs and may also result in disclosures that certain investors or other stakeholders deem to negatively impact our reputation and/or that harm our stock price. In the event that we communicate certain initiatives or goals regarding ESG matters in the future, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of certain investors and other stakeholders or our initiatives are not executed as planned, our business, financial condition, results of operations, and prospects may be adversely affected.

Intellectual Property Risks

Litigation or other proceedings or third-party claims of intellectual property infringement, misappropriation or other violations may require us to spend significant time and money, and could in the future prevent us from selling our tests or impact our stock price, any of which could have a material adverse effect.

Our commercial success will depend, in part, on our avoiding infringement of patents and the infringement, misappropriation, or other violation of proprietary rights of third parties, including, for example, the intellectual property of competitors. There is extensive intellectual property litigation involving the biotechnology and pharmaceutical industries and genetic sequencing technology, including with regard to liquid biopsy assays such as those designed to detect or quantify MRD or recurrence in patients previously diagnosed with cancer. Our activities may be subject to claims that we infringe or otherwise violate patents owned or controlled by third parties. Numerous U.S. and foreign patents and pending patent applications exist in the genetic testing market and are owned by third parties. We cannot assure you that our operations do not, or will not in the future, infringe existing or future patents. For example, we are aware of several

third-party issued U.S. patents and pending patent applications with claims relating to genetic sequencing technology and methodology that may be asserted against us and may be construed to encompass our testing services. In order to avoid liability related to an allegation of infringement of these third-party patents, we may find it necessary or prudent to initiate invalidity proceedings against such patents or to obtain licenses from such third-party intellectual property holders. If we are not able to invalidate such patents or obtain or maintain a license on commercially reasonable terms and such third parties assert infringement claims against us, we may be prevented from exploiting our technology and our business, financial condition, results of operations, and prospects may be materially and adversely affected. We may also be unaware of patents that a third party, including for example a competitor in the genetic testing market, might assert are infringed by our business. There may also be patent applications that, if issued as patents, could be asserted against us. Patent applications in the U.S. and elsewhere are typically published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Certain U.S. patent applications that will not be filed outside the U.S. can remain confidential until patents issue. Therefore, patent applications covering our testing services or technologies could have been filed by third parties without our knowledge. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our testing services, technologies, and their use. The scope of a patent claim is determined by an interpretation of the law, the written disclosure in a patent, and the patent's prosecution history and can involve other factors such as expert opinion. Our interpretation of the relevance or the scope of claims in a patent or a pending application may be incorrect, which may negatively impact our ability to market our testing services. Further, we may incorrectly determine that our technologies or services are not covered by a third-party patent or may incorrectly predict whether a third party's pending patent application will issue with claims of relevant scope. Our determination of the expiration date of any patent in the U.S. or abroad that we consider relevant may be incorrect, which may negatively impact our ability to develop and market our testing services.

Third-party intellectual property right holders may also actively bring infringement or other intellectual property-related claims against us, even if we have received patent protection for our technologies and services. Regardless of the merit of third parties' claims against us for infringement, misappropriation, or violations of their intellectual property rights, such third parties may seek and obtain injunctive or other equitable relief, which could effectively block our ability to perform our tests. Further, if a patent infringement suit were brought against us, we could be forced to stop or delay our development or sales of any tests or other activities that are the subject of such suit. Defense of these claims, even if such claims are resolved in our favor, could cause us to incur substantial expenses and be a substantial diversion of our employee resources even if we are ultimately successful. Any adverse ruling or perception of an adverse ruling in defending ourselves could have a material adverse impact on our cash position and stock price. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources.

As we continue to commercialize our tests in their current or an updated form, launch different and expanded tests, and enter new markets, other competitors or potential competitors might claim that our tests infringe, misappropriate, or violate their intellectual property rights as part of business strategies designed to impede our successful commercialization and entry into new markets. If such a suit were brought, regardless of merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability, or priority. Even if we are successful in defending against such a suit, we could incur substantial costs and diversion of the attention of our management and technical personnel in defending ourselves against such claims. A court of competent jurisdiction could hold that third-party patents asserted against us are valid, enforceable, and infringed, which could materially and adversely affect our ability to commercialize any services or technologies we may develop and any other technologies covered by the asserted third-party patents and any adverse ruling or perception of an adverse ruling in defending ourselves could have a material adverse impact on our cash position and stock price. If we are found to infringe, misappropriate, or otherwise violate a third party's intellectual property rights, and we are unsuccessful in demonstrating that such rights are invalid or unenforceable, we may be required to pay substantial damages, including treble damages and attorneys' fees for willful infringement; obtain one or more licenses from third parties in order to continue developing and marketing our testing services and technology, which may not be available on commercially reasonable terms (if at all) or may be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us; pay substantial royalties and other fees; and redesign any infringing tests or other activities, which may be impossible or require substantial time and monetary expenditure; or be prohibited from commercializing certain tests, all of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Where we collaborate with third parties in the development of technology, our collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information. Further, collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability. Also, we may be obligated under our agreements with our collaborators, licensors, customers, suppliers, and others to indemnify and hold them harmless for damages arising from intellectual property infringement by us.

If we cannot license rights to use technologies on reasonable terms, we may not be able to commercialize new services in the future.

In the future, we may identify additional third-party intellectual property we may need to license in order to engage in our business, including to develop or commercialize new services. However, such licenses may not be available on acceptable terms, or at all. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on sales of our testing services. Such royalties are a component of the cost of our testing services and may affect the margins on our testing services. In addition, such licenses may be nonexclusive, which could give our competitors access to the same intellectual property licensed to us. If we are unable

to enter into the necessary licenses on acceptable terms or at all, if any necessary licenses are subsequently terminated, if our licensors fail to abide by the terms of the licenses, if our licensors fail to prevent infringement by third parties, or if the licensed patents or other rights are found to be invalid or unenforceable, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

If licenses to third-party intellectual property rights are or become required for us to engage in our business, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. Moreover, we could encounter delays in the introduction of tests while we attempt to develop alternatives. Defense of any lawsuit or failure to obtain any of these licenses on favorable terms could prevent us from commercializing tests, which could materially affect our ability to grow and thus adversely affect our business and financial condition.

Developments or uncertainty in the patent statute, patent case law, or U.S. Patent and Trademark Office ("USPTO"), rules and regulations may impact the validity, scope or enforceability of our patent rights, thereby impairing our ability to protect our testing services.

Our patent rights, their associated costs, and the enforcement or defense of such patent rights may be affected by developments or uncertainty in the patent statute, patent case law, or USPTO rules and regulations.

The standards applied by the USPTO and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology patents. As such, we do not know the degree of future protection that we will have on our technologies, and services. While we will endeavor to try to protect our technologies, and services with intellectual property rights such as patents, as appropriate, the process of obtaining patents is time-consuming, expensive, and sometimes unpredictable.

In addition, the patent position of companies engaged in the development and commercialization of diagnostic tests is particularly uncertain. Various courts, including the Supreme Court have rendered decisions that affect the scope of patentability of certain inventions or discoveries relating to certain diagnostic tests and related methods. These decisions state, among other things, that a patent claim that recites an abstract idea, natural phenomenon or a law of nature (for example, the relationship between particular genetic variants and cancer) are not themselves patentable. Precisely what constitutes a law of nature or abstract idea is uncertain, and it is possible that certain aspects of genetic diagnostic tests would be considered natural laws. Accordingly, the evolving case law in the U.S. may adversely affect our ability to obtain patents and may facilitate third-party challenges to any owned or licensed patents. The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the U.S., and we may encounter difficulties in protecting and defending such rights in foreign jurisdictions. The legal systems of many other countries do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our patents in such countries. Proceedings to defend or enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

Patent terms may be inadequate to protect our competitive position for an adequate amount of time.*

Patents have a limited lifespan. In the U.S., the natural expiration of a patent is generally 20 years after its first effective non-provisional filing date. Although various extensions may be available, the life of a patent, and the protection it affords, is limited. Even if patents covering our technologies and services are obtained, once the patent life has expired, we may be open to competition from competitive services. Our issued patents will expire on dates ranging from 2033 to 2045, subject to any patent extensions that may be available for such patents. If patents are issued on our pending patent applications, the resulting patents are projected to expire on dates ranging from 2033 to 2045. In addition, although upon issuance in the U.S., a patent's life can be increased based on certain delays caused by the USPTO, this increase can be reduced or eliminated based on certain delays caused by the patent applicant during patent prosecution. If we do not have sufficient patent life to protect our technologies, products and services, our competitive position, business, financial condition, results of operations, and prospects will be adversely affected.

If we are not able to obtain and enforce patent protection for any services we develop and for our technologies, or if the scope of patent protection obtained is not sufficiently broad, our competitors and other third parties could develop and commercialize services and technology similar or identical to ours, and our ability to successfully commercialize our testing services, and technologies may be adversely affected.

We have applied, and we intend to continue applying, for patents covering such aspects of our technologies as we deem appropriate. However, the patent process is expensive, time consuming, and complex, and we may choose not to, or we may not be able to, apply for patents on certain aspects of our testing services and other technologies in a timely fashion, at a reasonable cost, in all jurisdictions or at all, and any potential patent coverage we obtain may not be sufficient to prevent substantial competition.

Moreover, the patent position of biotechnology companies can be highly uncertain because it involves complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in such companies' patents has emerged to date in the U.S. or elsewhere. Courts frequently render opinions in the biotechnology field that may affect the patentability of certain inventions or discoveries, including opinions that may affect the patentability of methods for analyzing nucleic acid sequences.

Others may independently develop similar or alternative technologies or design around technologies for which we may not be able to obtain patent protection. In addition, any patent applications we file may be challenged and may not result in issued patents or may be invalidated, rendered unenforceable or narrowed in scope after they are issued, and there is no guarantee any of our issued patents include or will include claims that are sufficiently broad to cover our testing services, and other technologies or to provide meaningful protection from our competitors. Consequently, we do not know whether any of our platform advances, services, and other technologies will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies, or services in a non-infringing manner.

Even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property, provide exclusivity for our technologies and services, or prevent others from designing around our claims. Any finding that our patents or applications are invalid, unpatentable, or unenforceable could harm our ability to prevent others from practicing the related technology, and a finding that others have inventorship or ownership rights to our patents and applications could require us to obtain certain rights to practice related technologies, which may not be available on favorable terms, if at all. If we initiate lawsuits to protect or enforce our patents, or litigate against third-party claims, which would be expensive, and, if we lose, we may lose some of our intellectual property rights. Furthermore, these lawsuits may divert the attention of our management and technical personnel. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

Once granted, patents may remain open to opposition, interference, re-examination, post-grant review, *inter partes* review, nullification or derivation action in court or before patent offices or similar proceedings for a given period after allowance or grant, during which time third parties can raise objections against such initial grant. In the course of such proceedings, which may continue for a protracted period of time, the patent owner may be compelled to limit the scope of the granted claims thus attacked, or may lose the granted claims altogether. An adverse determination in any such proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology, services and compete directly with us, without payment to us, or result in our inability to commercialize our testing services, and technologies without infringing third-party patent rights. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. If the breadth or strength of protection provided by our patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with us to license, develop or commercialize current or future services, or technologies. In addition, there can be no assurance that:

- others will not or may not be able to make, use, offer to sell, or sell tests that are the same as or similar to our testing services but that are not covered by the claims of the patents that we own or license;
- we or our future licensors or collaborators are the first to make the inventions covered by each of our issued patents and pending patent applications that we own or license;
- we or our future licensors or collaborators are the first to file patent applications covering certain aspects of our inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- a third party may not challenge our patents and, if challenged, a court would hold that our patents are valid, enforceable, and infringed;
- any issued patents that we own or may license will provide us with any competitive advantages, or will not be challenged by third parties;
- we may develop or in-license additional proprietary technologies that are patentable;
- pending patent applications that we own or may license will lead to issued patents;
- the patents of others will not have a material or adverse effect on our business, financial condition, results of operations, and prospects; and
- our competitors do not conduct research and development activities in countries where we do not have enforceable patent rights and then use the information learned from such activities to develop competitive products or services for sale in our major commercial markets.

The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability. Some of our patents or patent applications have been challenged or may be challenged at a future point in time in opposition, derivation, reexamination, *inter partes* review, post-grant review, or interference proceedings. Any successful opposition to these patents or any other patents owned by or, if applicable in the future, licensed to us could deprive us of rights necessary for the practice of our technologies or the successful commercialization of any services or technologies that we may develop, which could lead to increased competition to our business and harm our business. Since patent applications in the U.S. and most other countries are confidential for a period of time after filing, we cannot be certain that we or our licensors were the first to file any patent application related to our technologies or services. Furthermore,

an interference proceeding can be provoked by a third party or instituted by the USPTO to determine who was the first to invent any of the subject matter covered by the patent claims of our applications for any application with an effective filing date before March 16, 2013.

Where we obtain licenses from or collaborate with third parties, in some circumstances, we may not have the right to control the preparation, filing, and prosecution of patent applications, or to maintain the patents, covering technology that we license from third parties. We may also require the cooperation of our licensors and collaborators to enforce any licensed patent rights, and such cooperation may not be provided. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. Moreover, if we do obtain necessary licenses, we will likely have obligations under those licenses, and any failure to satisfy those obligations could give our licensor the right to terminate the license. Termination of a necessary license could have a material adverse impact on our business.

It is also possible that we fail to file patent applications covering inventions made in the course of development and commercialization activities before a competitor or another third party files a patent application covering, or publishes information disclosing, a similar, independently-developed invention. Such competitor's patent application may pose obstacles to our ability to obtain or limit the scope of patent protection we may obtain. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, collaborators, contract manufacturers, consultants, advisors, and other third parties, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or were the first to file for patent protection of such inventions. To determine the priority of these inventions, we have participated, and may in the future participate, in interference proceedings, derivation proceedings, *inter partes* review proceedings, or other post-grant proceedings declared by the USPTO or a foreign patent office that have resulted, and could in the future result, in substantial cost to us. The outcome of such proceedings is uncertain. No assurance can be given that other patent applications will not have priority over our patent applications. In addition, changes to the patent laws of the U.S. allow for various post-grant opposition proceedings, such as *inter partes* review proceedings, providing additional methods for others to challenge our patents. For example, two of our patents were recently challenged and subsequently invalidated during *inter partes* reviews initiated by Foresight. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms or at all, or if a non-exclusive license is offered and our competitors gain access to the same technology. Furthermore, if third parties bring these proceedings against our patents, we could experience significant costs and management distraction.

We have in the past been involved in legal proceedings to enforce our intellectual property rights and may in the future become involved in other lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming, and unsuccessful.

Our intellectual property rights involve complex factual, scientific and legal questions. We operate in an industry characterized by significant intellectual property litigation. Even though we may believe that we have a valid patent on a particular technology, others may infringe our patents or the patents of our licensing partners. For example, in the past we filed complaints against Foresight for infringement of certain of our patents relating to detection of MRD, which complaints we agreed to stipulate to dismiss, pursuant to a settlement agreement with Foresight in June 2024. In addition, our patents or the patents of our licensors may become involved in inventorship, priority, or validity disputes. To counter or defend against such claims can be expensive and time consuming. In an infringement proceeding, a court may refuse to stop the other party from using the technology at issue on the grounds that our owned and in-licensed patents do not cover the technology in question. Further, in such proceedings, the defendant could counterclaim that our asserted patent covering our testing services is invalid or unenforceable, and the court may agree that our asserted patent is invalid or unenforceable. In patent litigation in the U.S., defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with the prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the U.S. or abroad, even outside the context of litigation. Such mechanisms include re-examination, post grant review, inter partes review, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover our testing services or the services or products of our competitors. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. An adverse result in any litigation or other proceeding could put one or more of our owned or in-licensed patents at risk of being invalidated or interpreted narrowly. For example, two of our patents were recently challenged and subsequently invalidated during *inter partes* reviews initiated by Foresight. Such a loss of patent protection could have a material adverse impact on our business. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims have caused and may continue to cause us to incur significant expenses and could distract our personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

If we are unable to protect the confidentiality of our trade secrets and know-how, our business and competitive position would be harmed.

We seek protection for certain aspects of our technologies and services through the filing of patents, registration of copyrights, and use of non-disclosure agreements. In addition, we also rely on trade secrets and proprietary know-how protection for our confidential and proprietary information, and we have taken security measures to protect this information. These measures, however, may not provide adequate protection for our trade secrets, know-how, or other confidential information. Among other things, we seek to protect our trade secrets, know-how, and confidential information by entering into confidentiality agreements with parties who have access to them, such as our employees, collaborators, contract manufacturers, consultants, advisors, and other third parties. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. Moreover, there can be no assurance that any confidentiality agreements that we have with our employees, consultants, or other third parties will provide meaningful protection for our trade secrets, know-how, and confidential information or will provide adequate remedies in the event of unauthorized use or disclosure of such information. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Accordingly, there also can be no assurance that our trade secrets or know-how will not otherwise become known or be independently developed by competitors.

Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, trade secrets may be independently developed by others in a manner that could prevent legal recourse by us. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, our competitive position would be materially and adversely harmed.

Trade secrets and know-how can be difficult to protect as trade secrets and know-how will over time be disseminated within the industry through independent development, the publication of journal articles, and the movement of personnel skilled in the art from company to company or academic to industry scientific positions. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position. Because from time to time we expect to rely on third parties in the development, manufacture and provision of our testing services, we must, at times, share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, license agreements, collaboration agreements, supply agreements, consulting agreements, or other similar agreements with our advisors, employees, collaborators, licensors, suppliers, third-party contractors, and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets and know-how. Despite the contractual provisions employed when working with third parties, the need to share trade secrets, know-how, and other confidential information increases the risk that such trade secrets and know-how become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or know-how, or other unauthorized use or disclosure would impair our competitive position and may have an adverse effect on our business and results of operations.

In addition, these agreements typically restrict the ability of our advisors, employees, collaborators, licensors, suppliers, third-party contractors, and consultants to publish data potentially relating to our trade secrets or know-how, although our agreements may contain certain limited publication rights. Despite our efforts to protect our trade secrets and know-how, our competitors may discover our trade secrets or know-how, either through breach of our agreements with third parties, independent development, or publication of information by any of our third-party collaborators. A competitor's discovery of our trade secrets or know-how would impair our competitive position and have a material adverse impact on our business.

We may not be able to enforce our intellectual property rights throughout the world.

Filing, prosecuting, maintaining, defending, and enforcing patents on our testing services and technologies in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the U.S. can be less extensive than those in the U.S. Competitors may use our technologies in jurisdictions where we have not sought or obtained patent protection to develop their own products and services and, further, may export otherwise infringing products to territories where we have patent protection or licenses but enforcement is not as strong as that in the U.S. These services and products may compete with our testing services and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as the laws of the U.S., and many companies have encountered significant challenges in establishing and enforcing their proprietary rights outside of the U.S. These challenges can be caused by the absence or inconsistency of the application of rules and methods for the establishment and enforcement

of intellectual property rights outside of the U.S. In addition, the legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to healthcare. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation of our other intellectual property rights. For example, many foreign countries, including EU countries, India, Japan, and China, have compulsory licensing laws under which a patent owner may be compelled under specified circumstances to grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit given that we may have limited remedies available if patents are infringed or if we are compelled to grant a license to a third party, which could materially diminish the value of those patents and limit our potential revenue opportunities. Furthermore, patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we have chosen and in the future may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

Proceedings to defend or enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in the U.S. and foreign countries may affect our ability to obtain adequate protection for our testing services and other technologies and the enforcement of intellectual property. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other provisions during the patent application and prosecution process. Periodic maintenance fees, renewal fees, annuity fees, and various other governmental fees on patents and/or applications will be due to be paid to the USPTO and various other governmental patent agencies outside of the U.S. in several stages over the lifetime of the patents and/or applications. We employ reputable professionals and rely on such third parties to help us comply with these requirements and effect payment of these fees with respect to the patents and patent applications that we own. Noncompliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official communications within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which noncompliance has resulted or can result in abandonment or lapse of a patent or patent application, resulting in loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case, which could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

Third parties may assert that our employees or consultants have wrongfully used or disclosed confidential information or misappropriated trade secrets.

We employ individuals who were previously employed or otherwise engaged with universities or genetic testing, diagnostic or other healthcare companies, including our competitors or potential competitors.

Although we have policies to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees or consultants have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of a former employer or other third parties. Further, we may be subject to ownership disputes in the future arising, for example, from conflicting obligations of consultants or others who are involved in developing our intellectual property. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Such claims could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our use of "open source" software could subject our proprietary software to general release, adversely affect our ability to sell our testing services, and subject us to possible litigation.

A portion of the products, services or technologies licensed, developed, and/or distributed by us incorporate so-called "open source" software and we may incorporate open source software into other products, services or technologies in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. Some open source licenses contain requirements that we disclose source code for modifications we make to the open source software and that we license such modifications

to third parties at no cost. In some circumstances, distribution of our software in connection with open source software could require that we disclose and license some or all of our proprietary code in that software, as well as distribute our technologies or provide our testing services that use particular open source software at no cost to the user. We monitor our use of open source software in an effort to avoid uses in a manner that would require us to disclose or grant licenses under our proprietary source code; however, there can be no assurance that such efforts will be successful. Open source license terms are often ambiguous and such use could inadvertently occur. There is little legal precedent governing the interpretation of many of the terms of these licenses, and the potential impact of these terms on our business may result in unanticipated obligations regarding our testing services and technologies. Companies that incorporate open source software into their products have, in the past, faced claims seeking enforcement of open source license provisions and claims asserting ownership of open source software incorporated into their products. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of an open source license, we could incur significant legal costs defending ourselves against such allegations. In the event such claims were successful, we could be subject to significant damages or be enjoined from the provision of our testing services. In addition, if we combine our proprietary software with open source software in certain ways, under some open source licenses, we could be required to release the source code of our proprietary software, which could substantially help our competitors develop products and services that are similar to or better than ours and otherwise adversely affect our business. These risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on our business, financial condition, and results of operations.

If we fail to comply with our obligations under license or technology agreements with third parties, we may be required to pay damages and we could lose license rights that are critical to our business.

We license certain intellectual property that is important to our business, and, in the future, we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. For example, our agreements with third parties, such as Illumina, include certain non-exclusive license rights that are essential to the operation of our business as it is currently conducted. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from selling our testing services, or inhibit our ability to commercialize future services. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to enforce licensed patents against infringing third parties, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. In addition, our rights to certain technologies, including those of Illumina, are licensed to us on a non-exclusive basis. The owners of these non-exclusively licensed technologies are therefore free to license them to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights.

We may be subject to claims challenging the inventorship of our patents and other intellectual property.

We, or our licensors, may be subject to claims that former employees, collaborators, or other third parties have an interest in our patents, trade secrets, or other intellectual property as an inventor or co-inventor. For example, we, or our licensors, may have inventorship disputes arise from conflicting obligations of employees, consultants, or others who are involved in developing our testing services, or technologies. Litigation may be necessary to defend against these and other claims challenging inventorship or our licensors' ownership of our owned or in-licensed patents, trade secrets, or other intellectual property. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to our testing services, or technologies. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and prospects.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented, or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we need for name recognition by potential partners or customers in our markets of interest. During trademark registration proceedings, we may receive rejections. Although we would be given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in the USPTO and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings. If we are unable to establish brand name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

Financial and Market Risks and Risks Related to Owning Our Common Stock

***Our inability to raise additional capital on acceptable terms in the future may limit our ability to continue to operate our business and further expand our operations. **

We may seek to raise additional capital through equity offerings, debt financings, collaborations, or licensing arrangements to continue executing on our long-term business plan. Additional funding may not be available to us on acceptable terms, or at all.

The various ways we could raise additional capital carry potential risks. If we raise funds by issuing equity securities, dilution to our stockholders would result. Any equity securities issued may also provide for rights, preferences, or privileges senior to those of holders of our common stock. In addition, the issuance of additional equity securities by us, or the possibility of such issuance, may cause the market price of our common stock to decline. If we raise funds by issuing debt securities, those debt securities would have rights, preferences, and privileges senior to those of holders of our common stock. The terms of debt securities issued or borrowings pursuant to a credit agreement, if available, could impose significant restrictions on our operations. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights, and other operating restrictions that could adversely affect our ability to conduct our business. In the event that we enter into collaborations or licensing arrangements to raise capital, we may be required to accept unfavorable terms. These agreements may require that we relinquish or license to a third party on unfavorable terms our rights to tests we otherwise would seek to develop or commercialize ourselves, or reserve certain opportunities for future potential arrangements when we might be able to achieve more favorable terms.

If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more research and development programs or sales and marketing initiatives. Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruption to and volatility in the credit and financial markets in the U.S. and worldwide resulting from macroeconomic conditions, actual or perceived changes in interest rates and inflation, geopolitical conflicts and government shutdowns. In addition, we may have to work with a partner on one or more aspects of our tests or market development programs, which could lower the economic value of those tests or programs to us. While we believe our existing cash, cash equivalents and short-term investments will be sufficient to meet our anticipated cash requirements for at least the next 12 months, rising costs and interest rates due to inflation or other economic conditions may cause our capital expenditures and operating expenses to increase more than expected, and we cannot assure you that we will generate sufficient revenue from commercial sales to adequately fund our operating needs or achieve or sustain profitability. If we are unable to raise additional funding on acceptable terms, or at all, or if we consume our existing capital more quickly than expected, it could negatively impact our ability to retain and attract employees and our competitive position, business, financial condition, results of operations, and prospects will be adversely affected.

The market price of our common stock may be volatile or may decline steeply or suddenly regardless of our operating performance, we may not be able to meet investor or analyst expectations, and you may lose all or part of your investment.

The market price of our common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- issuance of new or updated research reports by securities analysts or changed recommendations for our stock;
- competition from existing tests or new tests that may emerge;
- announcements by us or our competitors relating to significant acquisitions, strategic partnerships, joint ventures, collaborations, capital commitments, or by or pertaining to our customers, particularly the VA MVP and Moderna as our largest customers;
- the timing and amount of our investments in the growth of our business;
- actual or anticipated changes in regulatory oversight of our business or issues we may face with regulators;
- additions or departures of key management or other personnel;
- inability to obtain additional funding;
- sales of our common stock by us or our stockholders in the future;
- disputes or other developments related to our intellectual property or other matters, including litigation;
- health epidemics or pandemics, geopolitical conflicts, inflation, global supply chain issues, regional or national economic slowdowns, recessions, depressions or other economic downturns;

- announcements, developments or uncertainties relating to our pending merger with Tempus AI, Inc., including the anticipating timing, likelihood or failure of completion of the merger; and
- other general economic, industry, and market conditions, including factors unrelated to our operating performance or the operating performance of our competitors.

In addition, the stock market in general, and the market for life sciences companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies, including in connection with the COVID-19 pandemic, global supply chain challenges, inflation and fears of economic recession, which have resulted in depressed stock prices for many companies notwithstanding the lack of a fundamental change in their underlying business models or prospects. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Moreover, because of these fluctuations, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide.

Our quarterly results may fluctuate significantly, which could adversely impact the value of our common stock.

Our quarterly results of operations, including our revenue, gross margin, profitability, and cash flows, may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, our quarterly results should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control. For example, most of our large customers are not obliged to deliver tissue samples or other specimens to us at any particular time or at all. The rate at which we receive tissue samples or other specimens can vary dramatically from quarter to quarter, and is difficult or impossible for us to accurately forecast. Our receipt and processing of tissue samples and other specimens from our customers leads to our recognition of revenue, and as such the variable rates of delivery of customer samples will lead to variations in our revenue from quarter to quarter. For example, we often see fluctuations in receipt and processing of samples and revenue in the fourth quarter due, in part, to the concentration of holidays in late November and in December, and some of our biopharmaceutical customers have fiscal years ending in December, which we believe may impact the timing of samples or payments provided by such customers. Fluctuations in quarterly results may adversely impact the value of our common stock. Factors that may cause fluctuations in our quarterly financial results include, without limitation, those listed elsewhere in this "Risk Factors" section. We also may face competitive pricing pressures, and we may not be able to maintain our pricing in the future, which would adversely affect our operating results.

Unstable market, economic and geo-political conditions may have serious adverse consequences on our business, financial condition and stock price.

The global credit and financial markets have experienced extreme volatility and disruptions (including as a result of military conflicts, tariffs and recession concerns). These disruptions can result in severely diminished liquidity and credit availability, increases in inflation, declines in consumer confidence, declines in economic growth, swings in unemployment rates and uncertainty about economic stability. The financial markets and the global economy may also be adversely affected by the impact of tariffs, other restrictive trade policies, supply chain disruptions, labor shortages, fluctuations in currency exchange rates, changes in interest rates, military conflict, acts of terrorism, government shutdowns or other geopolitical events. Sanctions imposed, and other actions taken, by the United States and other countries in response to geopolitical conflicts, may also continue to adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. Deterioration in credit and financial markets and confidence in economic conditions may continue. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment, higher inflation, or continued unpredictable and unstable market conditions. If the current equity and credit markets continue to deteriorate, it may make any necessary debt or equity financing more difficult, more costly and more dilutive. Our portfolio of corporate and government bonds could also be adversely impacted. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our operations, growth strategy, financial performance and stock price and could require us to delay or abandon development or commercial initiatives. In addition, there is a risk that one or more of our current service providers, manufacturers and other partners may not survive an economic downturn or rising inflation, which could directly affect our ability to attain our operating goals on schedule and on budget.

Other international and geo-political events could also have a serious adverse impact on our business. While we cannot predict the broader consequences, geo-political conflicts and retaliatory and counter-retaliatory actions could continue to affect, and potentially materially adversely affect, global trade, currency exchange rates, inflation, regional economies, and the global economy, which in turn may increase our costs, disrupt our supply chain, impair our ability to raise or access additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition, and results of operations.

Moreover, our ability to provide our testing services is dependent on timely shipping of samples. Any disruption in shipping or significant increase in shipping rates and oil and fuel prices or other cost increases, including in connection with military conflicts, sanctions or tariffs, could have an adverse effect on our business, financial condition, and results of operations.

Adverse developments affecting the financial services industry could adversely affect our current and projected business operations and our financial condition and results of operations.

Adverse developments that affect financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to bank failures and market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. In addition, on May 1, 2023, the FDIC seized First Republic Bank and sold its assets to JPMorgan Chase & Co.

Although we assess our banking relationships as we believe necessary or appropriate, our access to cash in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect the financial institutions with which we have banking relationships. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could also include factors involving financial markets or the financial services industry generally. The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations. These could include, but may not be limited to, delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets; or termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

In addition, widespread investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

We maintain our cash at financial institutions, often in balances that exceed federally insured limits.

We maintain the majority of our cash and cash equivalents in accounts at banking institutions in the U.S that we believe are of high quality. Cash held in these accounts often exceed the FDIC insurance limits. If such banking institutions were to fail, we could lose all or a portion of amounts held in excess of such insurance limitations. As noted above, the FDIC took control of SVB, Signature Bank, Silvergate Capital Corp and First Republic Bank in the first half of 2023. While we did have an account at SVB, we were able to recover all of our deposits when the FDIC stepped in and allowed us to transfer funds held at SVB to another bank without incurring any losses. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position.

Insiders or holders of greater than five percent of our outstanding common stock may exercise significant control over our company and will be able to influence corporate matters.*

Our directors, executive officers and their affiliates, and holders of greater than five percent of our outstanding common stock, if they were to act together, would be able to exercise significant influence over our management and affairs and matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. This concentration of ownership may have the effect of delaying or preventing a third party from acquiring control of our company and could adversely affect the market price of our common stock and may not be in the best interests of our other stockholders. In November 2023, we entered into the Tempus Agreement (see Note 8 to our Consolidated Financial Statements included in this Form 10-Q for additional information), pursuant to which, Tempus agreed to certain voting commitments that require Tempus to vote the shares it acquired from exercising its warrants for our common stock in accordance with the recommendations of the majority of our board of directors with respect to director nominations for any meeting of our stockholders occurring on or before December 31, 2025, as well as various compensation-related matters. These voting commitments terminate when the parties' exclusivity obligations expire or terminate under the Tempus Agreement. On July 20, 2026, we, Tempus, Aviary Development, Inc. (a wholly owned subsidiary of Tempus), and Toucan Development, LLC (a wholly owned subsidiary of Tempus) entered into a Merger Agreement (see Note 13, Pending Acquisition by Tempus, in Part 1, Item 1 of this Form 10-Q in our Consolidated Financial Statements for additional information). In addition, in December 2024, we entered into an Investment Agreement with Merck (see Note 8 to our Consolidated Financial Statements included in this Form 10-Q for additional information), pursuant to which Merck agreed to certain voting commitments that require Merck to vote, subject to specified exceptions, any shares of our common stock that Merck owns in accordance with the recommendations of our board of directors. Such voting commitments generally apply to director nominations for

any meeting of our stockholders, amendments to our charter to increase the authorized shares of our common stock, various compensation-related matters, and ratification of our auditors. These voting commitments terminate upon the earlier of the second anniversary of the date of the investment agreement with Merck and the first time that Merck and its affiliates no longer own at least 50% of our shares owned by Merck immediately following the date of the investment agreement with Merck. Concurrently with the execution of the Merger Agreement, Merck entered into a Voting Agreement with the Company (see Note 13, Pending Acquisition by Tempus, in Part 1, Item 1 of this Form 10-Q in our Consolidated Financial Statements for additional information).

Future sales of shares by existing stockholders, or the perception that such sales could occur, could cause our stock price to decline.

Sales of a substantial number of shares of our common stock into the public market, including sales by members of our management or board of directors or entities affiliated with such members, could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock and could impair our ability to raise capital through the sale of additional equity or equity-related securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock. As of September 30, 2026, we had 108,378,087 shares of common stock outstanding, all of which shares were eligible as of such date for sale in the public market, subject in some cases to the volume limitations and manner of sale and other requirements under Rule 144. In addition, upon issuance, shares of common stock subject to outstanding options under our stock option plans will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. If our existing stockholders sell substantial amounts of our common stock in the public market, or if the public perceives that such sales could occur, this could have an adverse effect on the market price of our common stock.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our common stock.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to pay any cash dividends on our common stock in the foreseeable future. In addition, our ability to pay cash dividends on our capital stock is limited by our credit agreement and may be prohibited or limited by the terms of any future debt financing arrangement. As a result, any investment returns on our common stock will depend upon increases in the value for our common stock, which are not certain.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans and under our at-the-market facility, could result in additional dilution of the percentage ownership of our stockholders and could cause the stock price of our common stock to decline.

In the future, we may sell common stock, rights to purchase common stock, convertible securities, or other equity securities in one or more transactions at prices and in a manner we determine from time to time. We also expect to issue common stock to employees, directors, and consultants pursuant to our equity incentive plans. If we sell common stock, rights to purchase common stock, convertible securities, or other equity securities in subsequent transactions, or common stock is issued pursuant to equity incentive plans, investors may be materially diluted. In addition, new investors in such subsequent transactions could gain rights, preferences, and privileges senior to those of holders of our common stock.

If securities or industry analysts do not publish research or reports about our business, or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts or the content and opinions included in their reports. Securities analysts may elect not to provide research coverage of our company, and such lack of research coverage may adversely affect the market price of our common stock. The price of our common stock could also decline if one or more equity research analysts downgrade our common stock or issue other unfavorable commentary or cease publishing reports about us or our business. If one or more equity research analysts cease coverage of our company, we could lose visibility in the market, which in turn could cause our stock price to decline.

Holders of our common stock could be adversely affected if we issue preferred stock.

Pursuant to our amended and restated certificate of incorporation, our board of directors is authorized to issue up to 10,000,000 shares of preferred stock without any action on the part of our stockholders. Our board of directors will also have the power, without stockholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation, or winding up, and other terms. In the event that we issue preferred stock in the future that has preferences over our common stock with respect to payment of dividends or upon our liquidation, dissolution, or winding up, or if we issue preferred stock that is convertible into our common stock at greater than a one-to-one ratio, the voting and other rights of the holders of our common stock or the market price of our common stock could be adversely affected.

Our ability to use net operating losses to offset future taxable income may be subject to limitations.

As of December 31, 2025, we had federal and state net operating loss carryforwards of approximately $509.5 million and approximately $392.3 million, respectively. Certain of our federal and state net operating loss carryforwards will begin to expire, if not utilized, beginning in 2031. These net operating loss carryforwards could expire unused and be unavailable to offset future taxable income. Under the 2017 Tax Cuts and Jobs Act (the “Tax Cuts and Jobs Act”), as modified by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), federal net operating losses incurred in tax years beginning in 2018 and thereafter may be carried forward indefinitely, but the deductibility of such federal net operating losses for tax years beginning after 2020 is limited. It is uncertain if and to what extent various states will conform to the Tax Cuts and Jobs Act, as modified by the CARES Act. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes (including certain tax credits) to offset its post-change income or taxes may be limited. We have experienced ownership changes in the past, and we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards is materially limited, it could harm our future operating results by effectively increasing our future tax obligations.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions include the following:

- establish a classified board of directors so that not all members of our board of directors are elected at one time;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws;
- restrict the forum for certain litigation against us to Delaware; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Any provision of our amended and restated certificate of incorporation or amended and restated bylaws, or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the U.S. will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;

- any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; and

- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the U.S. will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nonetheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions, and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

The requirements of being a public company consume substantial resources, may result in litigation and may divert management's attention.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Global Market and other applicable securities rules and regulations. Complying with these rules and regulations has increased and will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly and increase demand on our systems and resources, particularly in the event we no longer qualify as a "smaller reporting company" as defined in the Exchange Act. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are required to disclose changes made in our internal control and procedures on a quarterly basis. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. We may be required to hire additional employees or engage outside consultants to comply with these requirements, which will increase our costs and expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment will result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected. By disclosing information in this document and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If those claims are successful, our business could be seriously harmed. Even if the claims do not result in litigation or are resolved in our favor, the time and resources needed to resolve them could divert our management's resources and seriously harm our business.

As a public company, it may be increasingly expensive for us to obtain director and officer liability insurance and, in the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

In addition, as a result of our disclosure obligations as a public company, we have reduced strategic flexibility as compared to our competitors that are privately-held companies, and are under pressure to focus on short-term results, which may materially and adversely affect our ability to achieve long-term profitability.

We currently are a smaller reporting company, and any decision on our part to avail ourselves of certain reduced reporting and disclosure requirements applicable to smaller reporting companies could make our common stock less attractive to investors.

We currently are a "smaller reporting company" as defined in the Exchange Act. We intend to take advantage of exemptions from various reporting requirements applicable to other public companies that are not smaller reporting companies, including scaled disclosure on executive compensation.

We cannot predict if investors will find our common stock less attractive if we choose to rely on any of the exemptions afforded smaller reporting companies. If some investors find our common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We have implemented disclosure controls and procedures designed to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. As a result, because of these inherent limitations in our control system, misstatements or omissions due to error or fraud may occur and may not be detected, which could result in failures to file required reports in a timely manner and filing reports containing incorrect information. Any of these outcomes could result in SEC enforcement actions, monetary fines or other penalties, damage to our reputation, and harm to our financial condition.

If we fail to maintain effective internal control over financial reporting in the future, the accuracy and timing of our financial reporting may be adversely affected.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404(a) of the Sarbanes-Oxley Act, or any testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal control over financial reporting could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We currently are a non-accelerated filer. For so long as we remain a non-accelerated filer, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. An independent assessment of the effectiveness of our internal control over financial reporting could detect problems that our management's assessment might not. Undetected material weaknesses in our internal control over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During our last fiscal quarter, certain of our officers (as defined in Rule 16a-1(f) under the Exchange Act) terminated written plans for the sale of our securities as set forth in the table below.

Name and Position	Action Type	Date of Action	Plan Termination Date	Type of Trading Arrangement		Aggregate Number of Shares Subject to Plan
				Rule 10b5-1*	Non-Rule 10b5-1**	
Christopher Hall, Chief Executive Officer and Director	Termination	July 23, 2026	July 23, 2026	X		400,000
Richard Chen, President and Chief Medical Officer	Termination	July 23, 2026	July 23, 2026	X		900,000
Aaron Tachibana, Chief Financial Officer and Chief Operating Officer	Termination	July 23, 2026	July 23, 2026	X		269,901

* Contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

**Non-Rule 10b5-1 trading arrangement as defined in Item 408(c) of Regulation S-K under the Exchange Act.

Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1Ω	Agreement and Plan of Merger, dated as of July 20, 2026, by and among Tempus AI, Inc., Aviary Development, Inc., Toucan Development, LLC and the Registrant.	8-K	001-38943	2.1	7/20/2026
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	8-K	001-38943	3.1	6/24/2019
3.2	Amended and Restated Bylaws of the Registrant.	10-K	001-38943	3.2	2/26/2026
10.1	Voting Agreement, dated July 20, 2026, by and between Merck Sharp & Dohme LLC and the Registrant.	8-K	001-38943	10.1	7/20/2026
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1†	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2†	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101*	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part I, Item 1, “Financial Statements” of this Quarterly Report on Form 10-Q.				
104*	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.				

* Filed herewith.

† The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

Ω Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted exhibits and schedules upon request by the SEC; *provided*, *however*, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934 for any schedules so furnished.

SIGNATURES

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

Date: November 4, 2026

Personalis, Inc.

By: /s/ Aaron Tachibana
Aaron Tachibana
Chief Financial Officer and Chief Operating Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher Hall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Personalis, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 4, 2026

By: /s/ Christopher Hall
Christopher Hall
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Aaron Tachibana, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Personalis, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 4, 2026

By: /s/ Aaron Tachibana
Aaron Tachibana
Chief Financial Officer and Chief Operating Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Personalis, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2026

By: /s/ Christopher Hall
Christopher Hall
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Personalis, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2026

By: /s/ Aaron Tachibana
Aaron Tachibana
Chief Financial Officer and Chief Operating Officer
(Principal Financial and Accounting Officer)