

REFINITIV

DELTA REPORT

10-Q

TXG - 10X GENOMICS, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

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TOTAL DELTAS 715

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

FORM 10-Q

(Mark One)

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

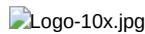
For the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39035



10x Genomics, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

45-5614458

(State or other jurisdiction of
incorporation or organization)

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

6230 Stoneridge Mall Road

94588

Pleasanton, California

(Zip Code)

(Address of principle executive offices)

(925) 401-7300

(Registrant's telephone number, including area code)

N/A

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock, par value \$0.00001 per share	TXG	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of **October 31, 2023** **April 15, 2024**, the registrant had **104,151,768** **105,651,593** shares of Class A common stock, \$0.00001 par value per share, outstanding and 14,056,833 shares of Class B common stock, \$0.00001 par value per share, outstanding.

Table of Contents

	Page
PART I.	FINANCIAL INFORMATION
Item 1.	Financial Statements (Unaudited) 3
	Condensed Consolidated Balance Sheets 3
	Condensed Consolidated Statements of Operations 4
	Condensed Consolidated Statements of Comprehensive Loss 5
	Condensed Consolidated Statements of Stockholders' Equity 6
	Condensed Consolidated Statements of Cash Flows 87
	Notes to Condensed Consolidated Financial Statements 98
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations 2119
Item 3.	Quantitative and Qualitative Disclosures about Market Risk 2723
Item 4.	Controls and Procedures 2723
PART II.	OTHER INFORMATION 2825
Item 1.	Legal Proceedings 2825
Item 1A.	Risk Factors 2825
Item 5.	Other Information 2825
Item 6.	Exhibits 2926
	Signatures 3027

10x Genomics, Inc.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933, as amended, (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), which are subject to the those sections' "safe harbor" created by those sections. All statements, included in this Quarterly Report, other than statements of historical facts, may be forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "might," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "see," "estimate," "predict," "potential," "would," "likely," "seek" or "continue" or the negatives variations of these terms or variations of them or similar terminology generally can identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking, determinative. These forward-looking statements include statements regarding 10x Genomics, Inc.'s expectations regarding our plans, objectives, goals, beliefs, business strategies, results of operations, financial position, sufficiency of our capital resources, business outlook, future events, business conditions, key business metrics and key factors affecting our performance, gross margin trends, including the potential impacts of acquisitions, changes in product mix, average selling prices of

our products and opportunities for cost reductions, expected future investments including anticipated capital expenditures, anticipated size of market opportunities and our ability to capture them, expected uses, performance and benefits of our products and services, business trends and the impact of macroeconomic conditions, including inflation and rising interest rates, other information. These statements are based on management's current expectations, forecasts, beliefs, opinions, assumptions and information currently available to management, at the time of filing and actual should not be relied upon as 10x Genomics, Inc.'s views as of any subsequent date. Actual outcomes and results could differ materially from these statements due to a number of several factors.

You should not rely upon 10x Genomics, Inc. disclaims any obligation to update any published forward-looking statements except as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. required by law.

The outcome of the events described in these forward-looking statements is subject to material risks, uncertainties and other factors including that could affect 10x Genomics, Inc.'s financial and operating results and cause actual results to differ from those indicated by the forward-looking statements made include those described in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report and Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 ("Annual Report") December 31, 2023. Moreover, Our periodic filings are accessible on the U.S. Securities and Exchange Commission's website at www.sec.gov. Although we operate believe the expectations reflected in a very competitive and rapidly changing environment. New the forward-looking statements are reasonable, new risks and uncertainties may emerge, from time to time and it is not possible for us to predict all risks and uncertainties that could have an their impact on the forward-looking statements contained in this Quarterly Report. We cannot assure you that Moreover, the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements. For a more detailed discussion of the risks, uncertainties and other factors that could cause actual results to differ, please refer to the "Risk Factors" in our Annual Report and this Quarterly Report, as such risk factors may be updated from time to time in our periodic filings with the U.S. Securities and Exchange Commission ("SEC"). Our periodic filings are accessible on the SEC's website at www.sec.gov.

The forward-looking statements made in this Quarterly Report 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 to reflect events or circumstances after the date of this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot provide any assurance that these expectations will prove to be correct nor can we guarantee that the future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or occur and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. Further, our forward-looking statements may not accurately or fully reflect the potential impact of adverse geopolitical and macroeconomic events, international economic, political, legal compliance, social and business factors such as inflation and supply chain interruptions may have on our business, financial condition, results of operations and cash flows.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should may not be read to indicate that we have conducted an exhaustive inquiry into, or review of, based upon all potentially available relevant information. These statements are inherently uncertain and We cannot guarantee future events, circumstances, results, performance or achievements. In light of the foregoing, investors are cautioned urged not to unduly rely upon these statements, place undue reliance on any forward-looking statement or third-party data in reaching any conclusion or making any investment decision about any securities of the Company.

Unless otherwise stated or the context otherwise indicates, references to "we," "us," "our," "the Company," "10x" and similar references refer to 10x Genomics, Inc. and its subsidiaries.

Channels for Disclosure of Information

Investors and others should note that we may announce material information to the public through filings with the SEC, our website (<https://www.10xGenomics.com>), press releases, public conference calls, public webcasts and our social media accounts, (<https://X.com/10xGenomics>, <https://www.facebook.com/10xGenomics> and <https://www.linkedin.com/company/10xgenomics>). We use these channels to communicate with our customers and the public about the Company, our products, our services, our financial results, business developments and other matters. We encourage our investors, the media and others to review the information disclosed through such channels as such information could be deemed to be material information. The information on such channels, including on our website and our social media accounts, is not incorporated by reference in this Quarterly Report and shall not be deemed to be incorporated by reference into any other filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing. Please note that this list of disclosure channels may be updated from time to time.

10x Genomics, Inc.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

10x Genomics, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

		September			
		30, 2023	December 31, 2022		
		(Unaudited)		(Note 1)	
		March 31, 2024		March 31, 2024	December 31, 2023
		(Unaudited)		(Unaudited)	(Note 1)
Assets	Assets				
Current assets:	Current assets:				
Current assets:					
Current assets:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 311,264	\$ 219,746		
Marketable securities	Marketable securities	45,643	210,238		
Restricted cash		500	2,633		
Accounts receivable, net					
Accounts receivable, net					
Accounts receivable, net	Accounts receivable, net	103,847	104,211		
Inventory	Inventory	80,917	81,629		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	20,177	16,578		
Total current assets	Total current assets	562,348	635,035		
Property and equipment, net	Property and equipment, net	285,008	289,328		
Restricted cash		2,974	4,974		
Operating lease right-of-use assets					
Operating lease right-of-use assets					
Operating lease right-of-use assets	Operating lease right-of-use assets	69,192	69,882		
Goodwill	Goodwill	4,511	4,511		
Intangible assets, net	Intangible assets, net	21,833	22,858		
Other noncurrent assets	Other noncurrent assets	2,674	2,392		
Total assets	Total assets	\$ 948,540	\$1,028,980		
Liabilities and stockholders' equity	Liabilities and stockholders' equity				
Current liabilities:	Current liabilities:				
Current liabilities:					
Current liabilities:					
Accounts payable					
Accounts payable					
Accounts payable	Accounts payable	\$ 18,836	\$ 21,599		

Accrued compensation and related benefits	Accrued compensation and related benefits	28,477	32,675
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	36,256	59,779
Deferred revenue	Deferred revenue	11,143	7,867
Deferred revenue			
Deferred revenue			
Operating lease liabilities	Operating lease liabilities	10,005	9,037
Total current liabilities			
Total current liabilities			
Total current liabilities	Total current liabilities	104,717	130,957
Operating lease liabilities, noncurrent	Operating lease liabilities, noncurrent	88,468	86,139
Operating lease liabilities, noncurrent			
Operating lease liabilities, noncurrent			
Deferred revenue, noncurrent			
Other noncurrent liabilities	Other noncurrent liabilities	10,139	6,141
Total liabilities	Total liabilities	203,324	223,237
Commitments and contingencies (Note 5)			
Commitments and contingencies (Note 4)			
Stockholders' equity:	Stockholders' equity:		
Preferred stock			
Preferred stock			
Preferred stock	Preferred stock	—	—
Common stock	Common stock	2	2
Additional paid-in capital	Additional paid-in capital	1,981,359	1,839,397
Accumulated deficit	Accumulated deficit	(1,235,468)	(1,029,321)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(677)	(4,335)
Total stockholders' equity	Total stockholders' equity	745,216	805,743
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 948,540	\$1,028,980

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

10x Genomics, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended				Nine Months Ended			
	September 30,		September 30,		2023		2022	
	2023	2022	2023	2022	2023	2022	2023	2022
Three Months Ended								
March 31,								
Three Months Ended								
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Interest expense						
Interest expense						
Other expense, net						
Other expense, net						
Other expense, net	Other expense, net	(1,248)	(1,950)	(4,268)	(4,193)	
Total other income (expense)		3,051	(39)	7,976	(712)	
Total other income						
Total other income						
Total other income						
Loss before provision for income taxes						
Loss before provision for income taxes						
Loss before provision for income taxes	Loss before provision for income taxes	(91,744)	(40,035)	(202,165)	(145,560)	
Provision for income taxes	Provision for income taxes	1,242	1,879	3,982	3,225	
Provision for income taxes						
Provision for income taxes						
Net loss						
Net loss	Net loss	\$ (92,986)	\$ (41,914)	\$ (206,147)	\$ (148,785)	
Net loss per share, basic and diluted	Net loss per share, basic and diluted	\$ (0.79)	\$ (0.37)	\$ (1.77)	\$ (1.31)	
Net loss per share, basic and diluted						
Net loss per share, basic and diluted						
Weighted-average shares of common stock used in computing net loss per share, basic and diluted	Weighted-average shares of common stock used in computing net loss per share, basic and diluted	117,728,293	114,112,382	116,693,008	113,555,750	
Weighted-average shares of common stock used in computing net loss per share, basic and diluted						
Weighted-average shares of common stock used in computing net loss per share, basic and diluted						

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

10x Genomics, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				

		2024	2024	2024			
Net loss	Net loss	\$ (92,986)	\$ (41,914)	\$ (206,147)	\$ (148,785)		
Other comprehensive income (loss), net of tax:							
Unrealized gains (losses) on available-for-sale marketable securities		425	(1,459)	1,921	(5,188)		
Net loss							
Net loss							
Other comprehensive income, net of tax:							
Other comprehensive income, net of tax:							
Other comprehensive income, net of tax:							
Unrealized gains on available-for-sale marketable securities							
Unrealized gains on available-for-sale marketable securities							
Unrealized gains on available-for-sale marketable securities							
Realized loss on available-for-sale marketable securities reclassified into net loss							
Realized loss on available-for-sale marketable securities reclassified into net loss							
Realized loss on available-for-sale marketable securities reclassified into net loss	Realized loss on available-for-sale marketable securities reclassified into net loss	—	—	1,715	—		
Foreign currency translation adjustment	Foreign currency translation adjustment	(133)	(68)	22	(326)		
Foreign currency translation adjustment							
Foreign currency translation adjustment							
Other comprehensive income (loss), net of tax							
Other comprehensive income (loss), net of tax							
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	292	(1,527)	3,658	(5,514)		
Comprehensive loss	Comprehensive loss	\$ (92,694)	\$ (43,441)	\$ (202,489)	\$ (154,299)		
Comprehensive loss							
Comprehensive loss							

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

10x Genomics, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss		Total Stockholders' Equity
	Shares	Amount					
Balance as of December 31, 2023	119,095,362	\$ 2	\$ 2,025,890	\$ (1,284,420)	\$ (429)	\$ 741,043	
Issuance of Class A common stock related to equity awards	605,487	—	1,638	—	—	—	1,638
Stock-based compensation	—	—	36,129	—	—	—	36,129
Net loss	—	—	—	(59,949)	—	—	(59,949)
Other comprehensive loss	—	—	—	—	(27)	—	(27)
Balance as of March 31, 2024	119,700,849	\$ 2	\$ 2,063,657	\$ (1,344,369)	\$ (456)	\$ 718,834	

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)		Total Stockholders' Equity
	Shares	Amount					
Balance as of December 31, 2022	115,195,009	\$ 2	\$ 1,839,397	\$ (1,029,321)	\$ (4,335)	\$ 805,743	
Issuance of Class A common stock related to equity awards	978,333	—	2,400	—	—	—	2,400
Stock-based compensation	—	—	42,133	—	—	—	42,133
Net loss	—	—	—	(50,747)	—	—	(50,747)
Other comprehensive income	—	—	—	—	2,856	—	2,856
Balance as of March 31, 2023	116,173,342	2	1,883,930	(1,080,068)	(1,479)	—	802,385
Issuance of Class A common stock related to equity awards	1,150,093	—	7,096	—	—	—	7,096
Stock-based compensation	—	—	45,724	—	—	—	45,724
Net loss	—	—	—	(62,414)	—	—	(62,414)
Other comprehensive income	—	—	—	—	510	—	510
Balance as of June 30, 2023	117,323,435	2	1,936,750	(1,142,482)	(969)	—	793,301
Issuance of Class A common stock related to equity awards	874,282	—	4,374	—	—	—	4,374
Stock-based compensation	—	—	40,235	—	—	—	40,235
Net loss	—	—	—	(92,986)	—	—	(92,986)
Other comprehensive income	—	—	—	—	292	—	292
Balance as of September 30, 2023	118,197,717	\$ 2	\$ 1,981,359	\$ (1,235,468)	\$ (677)	\$ 745,216	

10x Genomics, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)		Total Stockholders' Equity
	Shares	Amount					
Balance as of December 31, 2021	112,514,977	\$ 2	\$ 1,680,865	\$ (863,321)	\$ 22	\$ 817,568	
Issuance of Class A common stock related to equity awards	761,373	—	7,826	—	—	—	7,826
Vesting of shares subject to repurchase, including early exercised options	—	—	32	—	—	—	32
Stock-based compensation	—	—	26,137	—	—	—	26,137
Net loss	—	—	—	(42,413)	—	—	(42,413)
Other comprehensive loss	—	—	—	—	(2,465)	—	(2,465)
Balance as of March 31, 2022	113,276,350	2	1,714,860	\$ (905,734)	\$ (2,443)	—	806,685

Issuance of Class A common stock related to equity awards	610,447	—	6,360	—	—	6,360
Vesting of shares subject to repurchase, including early exercised options	—	—	32	—	—	32
Stock-based compensation	—	—	36,419	—	—	36,419
Net loss	—	—	—	(64,458)	—	(64,458)
Other comprehensive loss	—	—	—	—	(1,522)	(1,522)
Balance as of June 30, 2022	113,886,797	2	1,757,671	(970,192)	(3,965)	783,516
Issuance of Class A common stock related to equity awards	541,705	—	2,039	—	—	2,039
Vesting of shares subject to repurchase, including early exercised options	—	—	32	—	—	32
Stock-based compensation	—	—	33,646	—	—	33,646
Net loss	—	—	—	(41,914)	—	(41,914)
Other comprehensive loss	—	—	—	—	(1,527)	(1,527)
Balance as of September 30, 2022	114,428,502	\$ 2	\$ 1,793,388	\$ (1,012,106)	\$ (5,492)	\$ 775,792

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)		Total Stockholders' Equity
	Shares	Amount					
	115,195,009	\$ 2	\$ 1,839,397	\$ (1,029,321)	\$ (4,335)	\$ 805,743	
Balance as of December 31, 2022	115,195,009	\$ 2	\$ 1,839,397	\$ (1,029,321)	\$ (4,335)	\$ 805,743	
Issuance of Class A common stock related to equity awards	978,333	—	2,400	—	—	—	2,400
Stock-based compensation	—	—	42,133	—	—	—	42,133
Net loss	—	—	—	(50,747)	—	—	(50,747)
Other comprehensive income	—	—	—	—	2,856	—	2,856
Balance as of March 31, 2023	116,173,342	\$ 2	\$ 1,883,930	\$ (1,080,068)	\$ (1,479)	\$ 802,385	

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

10x Genomics, Inc. Condensed Consolidated Statements of Cash Flows (Unaudited) (In thousands)							
		Nine Months Ended September 30,					
		2023	2022				
		Three Months Ended March 31,					
		2024	2024				
Operating activities:	Operating activities:						
Net loss							
Net loss							
Net loss	Net loss	\$(206,147)	\$(148,785)				
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:						
Stock-based compensation expense	Stock-based compensation expense	128,032	95,874				
Stock-based compensation expense							

Stock-based compensation expense			
Depreciation and amortization	Depreciation and amortization	25,795	18,847
Amortization of right-of-use assets	Amortization of right-of-use assets	6,118	5,687
Lease impairment charges		2,785	—
Lease and asset impairment charges			
Realized loss on marketable securities	Realized loss on marketable securities	1,715	—
Other	Other	470	1,120
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable	Accounts receivable		
Accounts receivable	Accounts receivable	361	1,673
Inventory	Inventory	257	(19,761)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(3,646)	(2,457)
Other noncurrent assets	Other noncurrent assets	(290)	411
Accounts payable	Accounts payable	(2,811)	6,082
Accrued compensation and other related benefits	Accrued compensation and other related benefits	(4,169)	(3,163)
Deferred revenue	Deferred revenue	6,637	1,845
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	9,153	2,867
Accrued expenses and other current liabilities			
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities		
Operating lease liability	Operating lease liability	(5,864)	(4,566)
Other noncurrent liabilities	Other noncurrent liabilities	649	(3,003)
Net cash used in operating activities	Net cash used in operating activities	(40,955)	(47,329)
Investing activities:	Investing activities:		

Purchases of property and equipment	Purchases of property and equipment	(45,151)	(91,927)
Purchases of property and equipment			
Purchases of property and equipment			
Purchases of intangible assets	Purchases of intangible assets	(923)	—
Purchases of marketable securities		—	(282,871)
Acquisition of business, net of cash acquired		—	(1,500)
Proceeds from sales of marketable securities			
Proceeds from sales of marketable securities			
Proceeds from sales of marketable securities	Proceeds from sales of marketable securities	96,137	41,401
Proceeds from maturities of marketable securities	Proceeds from maturities of marketable securities	70,331	17,182
Net cash provided by (used in) investing activities		120,394	(317,715)
Net cash provided by investing activities			
Financing activities:			
Payments on financing arrangement			
Payments on financing arrangement			
Payments on financing arrangement	Payments on financing arrangement	(5,814)	(5,409)
Issuance of common stock from exercise of stock options and employee stock purchase plan purchases		13,870	16,225
Net cash provided by financing activities		8,056	10,816
Issuance of common stock from exercise of stock options			
Issuance of common stock from exercise of stock options			
Issuance of common stock from exercise of stock options			
Net cash provided by (used in) financing activities			
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(110)	(295)

Net increase (decrease) in cash, cash equivalents, and restricted cash	87,385	(354,523)
Cash, cash equivalents, and restricted cash at beginning of period	227,353	596,073
Cash, cash equivalents, and restricted cash at end of period	\$ 314,738	\$ 241,550
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		
Supplemental disclosures of cash flow information:	Supplemental disclosures of cash flow information:	
Supplemental disclosures of cash flow information:		
Supplemental disclosures of cash flow information:		
Cash paid for interest		
Cash paid for interest		
Cash paid for interest	\$ 436	\$ 841
Cash paid for taxes	\$ 4,451	\$ 3,649
Noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable and accrued expenses and other current liabilities	Purchases of property and equipment included in accounts payable and accrued expenses and other current liabilities	
	\$ 2,900	\$ 29,290
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities	
	\$ 7,170	\$ 16,562
Contingent consideration payable from business acquisition		
	\$ —	\$ 1,500

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

10x Genomics, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Description of Business and Basis of Presentation

Organization and Description of Business

10x Genomics, Inc. (the "Company") is a life sciences technology company focused on building innovative products and solutions to interrogate, understand and master biological systems at resolution and scale that matches the complexity of biology. The Company's integrated solutions include the Company's Chromium X Series and Chromium Connect instruments, which the Company refers to as "Chromium instruments," the Company's Visium CytAssist and Xenium Analyzer instruments, which the Company refers to as "Spatial instruments," and the Company's proprietary microfluidic chips, slides, reagents and other consumables for the Company's Chromium, Visium and Xenium solutions, which the Company refers to as "consumables." The Company bundles its software with these products to guide customers through the workflow, from sample preparation through analysis and visualization. The Company was incorporated in the state of Delaware in July 2012 and began commercial and manufacturing operations and selling its instruments and consumables in 2015. The Company is headquartered in Pleasanton, California and has wholly-owned subsidiaries in Asia, Europe, Oceania and North America.

Basis of Presentation

The accompanying condensed consolidated financial statements, which include the Company's accounts and the accounts of its wholly-owned subsidiaries, are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The condensed consolidated balance sheets at **December 31, 2022** **December 31, 2023** have been derived from the audited consolidated financial statements of the Company at that date. Certain information and footnote disclosures typically included in the Company's audited consolidated financial statements have been condensed or omitted. The accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company's financial position, results of operations, comprehensive loss and cash flows for the periods presented, but are not necessarily indicative of the results of operations to be anticipated for any future annual or interim period. All intercompany transactions and balances have been eliminated. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

The accompanying unaudited condensed consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and related notes for the year ended **December 31, 2022** **December 31, 2023** included in the Company's Annual Report on Form 10-K filed with the SEC on **February 16, 2023** **February 15, 2024** (our "Annual Report").

2. Summary of Significant Accounting Policies

There were no material changes in the Company's significant accounting policies during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**. See Note 2 – Summary of Significant Accounting Policies to the consolidated financial statements included in the Company's Annual Report for information regarding the Company's significant accounting policies.

Revenue Recognition

The Company generates revenue from sales of products and services, and its products consist of instruments and consumables. Revenue from product sales is recognized when control of the product is transferred, which is generally upon shipment to the customer. Instrument service agreements, which relate to extended warranties, are typically entered into for one-year terms, following the expiration of the standard one-year warranty period. Revenue for extended warranties is recognized ratably over the term of the extended warranty period as a stand ready performance obligation. Revenue is recorded net of discounts, distributor commissions and sales taxes collected on behalf of governmental authorities. Customers are invoiced generally upon shipment, or upon order for services, and payment is typically due within **45** **30** days. Cash received from customers in advance of product shipment or providing services is recorded as a contract liability. The Company's contracts with its customers generally do not include rights of return or a significant financing component.

The Company regularly enters into contracts that include various combinations of products and services which are generally distinct and accounted for as separate performance obligations. The transaction price is allocated to each performance obligation in proportion to its standalone selling price. The Company determines standalone selling price using average selling

10x Genomics, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

prices with consideration of current market conditions. If the product or service has no history of sales or if the sales volume is not sufficient, the Company relies upon prices set by management, adjusted for applicable discounts.

Net Loss Per Share

Net loss per share is computed using the two-class method required for multiple classes of common stock and participating securities. The rights, including the liquidation and dividend rights and sharing of losses, of the Class A common stock and Class B common stock are identical, other than voting rights. As the liquidation and dividend rights and sharing of losses are identical, the undistributed earnings are allocated on a proportionate basis and the resulting net loss per share will, therefore, be the same for both Class A and Class B common stock on an individual or combined basis.

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period, adjusted for outstanding shares that are subject to repurchase.

For the calculation of diluted net loss per share, basic net loss per share is adjusted by the effect of dilutive securities including awards under the Company's equity compensation plans. Diluted net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding. For periods in which the

Company reports net losses, diluted net loss per share is the same as basic net loss per share because potentially dilutive shares of common stock are not assumed to have been issued if their effect is anti-dilutive.

3. Asset Acquisition Recently Issued Accounting Pronouncement and Disclosure Rules

On January 28, 2023, In December 2023, the FASB issued ASU No. 2023-09, Income Taxes, which prescribes standardized categories and disaggregation of information in the reconciliation of provision for income taxes, requires disclosure of disaggregated income taxes paid, and modifies other income tax-related disclosure requirements. The updated standard is effective beginning with the Company's fiscal year 2025 annual reporting period. Early adoption is permitted. The Company signed an agreement is currently evaluating the impact that the updated standard will have on its related disclosures.

In March 2024, the Securities and Exchange Commission (SEC) issued Final Rule No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. If effected as issued, the rule would require registrants to acquire provide certain intangible and other assets for an upfront cash payment of \$10.0 million relating climate related disclosures in their annual reports. While in April 2024 the SEC stayed Final Rule No. 33-11275 in connection with legal challenges to an intellectual property license. Upon the close of the transaction on July 14, 2023, the Company paid additional cash consideration of \$10.0 million upon acquiring the assets. Under the agreement, rule, the Company is obligated to provide additional cash consideration if certain technology development milestones are met. As of September 30, 2023, the Company has paid \$21.3 million relating to the completion of development milestones. Up to \$15.0 million of cash consideration is due if an additional technology development milestone is met. Furthermore, the Company expects to pay cash consideration tied to future sales milestones if such milestones are met.

The transaction was accounted for as an asset acquisition. In connection with this acquisition and milestone payments, the Company acquired an in-process research and development intangible asset of \$41.4 million during the three months ended September 30, 2023 which did not have alternative future use and therefore was recognized as an expense and included as a component of in-process research and development in the condensed consolidated statements process of operations. The Company also acquired an intangible asset analyzing the impact of \$0.2 million the rule on its related to assembled workforce which is included in "Intangible assets, net" in the condensed consolidated balance sheets.

The following table summarizes the value of assets acquired and liabilities assumed (in thousands):

Assets Acquired and Liabilities Assumed			
In-process research and development		\$	41,402
Intangible assets - acquired workforce			200
Property and equipment			671
Other assets and liabilities, net			(1,160)
Total net assets acquired		\$	41,113

disclosures.

10x Genomics, Inc. Notes to Unaudited Condensed Consolidated Financial Statements

4.3. Other Financial Statement Information

Available-for-sale Securities

Available-for-sale securities consisted of the following (in thousands):

		September 30, 2023				December 31, 2022				U		
		Gross		Gross		Gross		Gross				
		Amortized	Unrealized	Unrealized	Cost	Amortized	Unrealized	Unrealized	Cost	Fair Value		
Cost		Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value	Cost	Measurement		
March 31, 2024												
Amortized												
Cost												
Amortized												
Cost												
Amortized												
Cost												
Cash		Cash				U						
equivalents:		equivalents:										
Money	Money											
market	market											
funds	funds	\$296,315	\$	—	\$	—	\$296,315	\$163,184	\$	—	\$163,184	
											Level 1	

10x Genomics, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

The contractual maturities of marketable securities as of **September 30, 2023** **March 31, 2024** were as follows (in thousands):

	Fair Value
Due in one year or less	\$ 43,305 15,199
Due after one year to five years	2,338 834
Total marketable securities	\$ 45,643 16,033

The carrying value of the marketable securities as of September 30, 2023 includes \$7.2 million of U.S. Government Treasury securities which matured on September 30, 2023 and are pending settlement.

The Company incurred no material gross realized gains or losses from available-for-sales debt securities during the three months ended September 30, 2023 and the three and nine months ended September 30, 2022 March 31, 2024. During the nine months ended September 30, 2023, the The Company incurred gross realized losses of \$1.7 million and no gross realized gains from the sale of available-for-sales debt securities. securities during the three months ended March 31, 2023. Realized gains (losses) on the sale of marketable securities are recorded in "Other expense, net" in the condensed consolidated statements of operations.

The available-for-sale debt securities are subject to a periodic impairment review. For investments in an unrealized loss position, the Company determines whether a credit loss exists by considering information about the collectability of the instrument, current market conditions and reasonable and supportable forecasts of economic conditions. The Company recognizes an allowance for credit losses, up to the amount of the unrealized loss when appropriate, and writes down the amortized cost basis of the investment if it is more likely than not that the Company will be required or will intend to sell the investment before recovery of its amortized cost basis. Allowances for credit losses and write-downs are recognized in "Other expense, net," and unrealized losses not related to credit losses are recognized in "Accumulated other comprehensive loss." There are no allowances for credit losses for the periods presented. As of **September 30, 2023** **March 31, 2024**, the gross unrealized losses on available-for-sale securities are related to market interest rate changes and not attributable to credit.

10x Genomics, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

Inventory

Inventory was comprised of the following (in thousands):

	September	December
30,	31,	
2023		2022

		March 31, 2024		March 31, 2024		December 31, 2023
Purchased materials	Purchased materials	\$ 35,829		\$ 34,497		
Work in progress	Work in progress	23,245		24,650		
Finished goods	Finished goods	21,843		22,482		
Inventory	Inventory	\$ 80,917		\$ 81,629		

Property and Equipment, Net

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

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Land	Land	\$ 36,757	\$ 36,780		
Building	Building	144,877	—		
Laboratory equipment and machinery	Laboratory equipment and machinery	68,021	54,658		
Computer equipment and software	Computer equipment and software	16,297	12,565		
Furniture and fixtures	Furniture and fixtures	10,910	9,642		
Leasehold improvements	Leasehold improvements	95,013	91,518		
Construction in progress	Construction in progress	7,006	152,995		
Total property and equipment	Total property and equipment	378,881	358,158		
Less: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	(93,873)	(68,830)		
Property and equipment, net	Property and equipment, net	\$285,008	\$289,328		

During the three months ended March 31, 2024, the Company recorded impairment charges of \$2.1 million related to computer equipment and software of which \$0.3 million, \$0.7 million and \$1.1 million was classified in cost of revenue, research

10x Genomics, Inc. Notes to Unaudited Condensed Consolidated Financial Statements

and development, and selling, general and administrative expenses, respectively, in the condensed consolidated statement of operations. The impairment charge was triggered by a decision to discontinue a productivity engineering project.

Accrued Compensation and Related Benefits

Accrued compensation and related benefits were comprised of the following as of the dates indicated (in thousands):

	September 30, 2023	December 31, 2022
Accrued payroll and related costs	\$ 2,027	\$ 2,052
Accrued bonus	15,783	17,081
Accrued commissions	5,348	5,143
Accrued acquisition-related compensation	—	5,470
Other	5,319	2,929
Accrued compensation and related benefits	<u><u>\$ 28,477</u></u>	<u><u>\$ 32,675</u></u>

10x Genomics, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

	March 31, 2024	December 31, 2023
Accrued payroll and related costs	\$ 6,356	\$ 2,262
Accrued bonus	6,510	18,254
Accrued commissions	2,701	6,410
Other	5,103	3,179
Accrued compensation and related benefits	<u><u>\$ 20,670</u></u>	<u><u>\$ 30,105</u></u>

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities were comprised of the following as of the dates indicated (in thousands):

	March 31,		March 31,		December 31,	
	2024		2024		2023	
Accrued purchase consideration						
Accrued legal and related costs						
	September 30, 2023	December 31, 2022				
Accrued legal and related costs	\$ 5,584	\$ 3,102				
Accrued license fee	—	6,231				
Accrued royalties for licensed technologies						
Accrued royalties for licensed technologies						
Accrued royalties for licensed technologies	Accrued royalties for licensed technologies	Accrued royalties for licensed technologies	5,344	4,707		
Accrued property and equipment	Accrued property and equipment	Accrued property and equipment	2,814	26,750		
Accrued professional services	Accrued professional services	Accrued professional services	7,591	5,180		
Product warranties	Product warranties	Product warranties	6,435	3,023		
Taxes payable	Taxes payable	Taxes payable	3,693	4,079		
Other	Other	Other	4,795	6,707		

Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	\$36,256	\$59,779
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Product Warranties

Changes in the reserve for product warranties were as follows for the periods indicated (in thousands):

		Nine Months Ended September 30,		Three Months Ended March 31,		Three Months Ended March 31,	
		2023	2022	2024		2023	
Beginning of period	Beginning of period	\$3,023	\$ 994				
Amounts charged to cost of revenue	Amounts charged to cost of revenue	7,780	3,590				
Repairs and replacements	Repairs and replacements	(4,368)	(2,616)				
End of period	End of period	\$6,435	\$1,968				

Revenue and Deferred Revenue

As of **September 30, 2023** **March 31, 2024**, the aggregate amount of remaining performance obligations related to separately sold extended warranty service agreements or allocated amounts for extended warranty service agreements bundled with sales of instruments was **\$17.7 million** **\$24.1 million**, of which approximately **\$11.1 million** **\$14.3 million** is expected to be recognized to revenue in the next 12 months, with the

10x Genomics, Inc. Notes to Unaudited Condensed Consolidated Financial Statements

remainder thereafter. The contract liabilities of **\$17.7 million** **\$24.1 million** and **\$11.0 million** **\$22.0 million** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively, consisted of deferred revenue related to extended warranty service agreements.

The following revenue recognized for the periods were included in contract liabilities as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, respectively (in thousands):

Deferred revenue recognized	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	\$ 1,534	\$ 1,043	\$ 5,497	\$ 3,940

10x Genomics, Inc. Notes to Unaudited Condensed Consolidated Financial Statements

Deferred revenue recognized	Three Months Ended March 31,	
	2024	2023
	\$ 6,928	\$ 2,107

The following table represents revenue by source for the periods indicated (in thousands). Spatial products include the Company's Visium and Xenium products:

Deferred revenue recognized	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	\$ 1,534	\$ 1,043	\$ 5,497	\$ 3,940

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
		2024		2024		2024	
Instruments							
Instruments							
Instruments	Instruments						
Chromium	Chromium	\$ 12,231	\$ 14,936	\$ 36,716	\$ 43,309		
Chromium							
Chromium							
Spatial							
Spatial							
Spatial	Spatial	22,711	5,963	48,357	6,755		
Total instruments revenue	Total instruments revenue	34,942	20,899	85,073	50,064		
Total instruments revenue							
Total instruments revenue							
Consumables							
Consumables							
Consumables	Consumables						
Chromium	Chromium	100,282	97,868	302,172	280,195		
Chromium							
Chromium							
Spatial							
Spatial							
Spatial	Spatial	14,091	10,239	37,067	23,796		
Total consumables revenue	Total consumables revenue	114,373	108,107	339,239	303,991		
Total consumables revenue							
Total consumables revenue							
Services							
Services							
Services	Services	4,329	2,066	10,436	6,122		
Total revenue	Total revenue	\$ 153,644	\$ 131,072	\$ 434,748	\$ 360,177		
Total revenue							
Total revenue							

The following table presents revenue by geography based on the location of the customer for the periods indicated (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022	
Americas					
United States		\$ 96,094	\$ 75,345	\$ 260,769	\$ 202,159
Americas (excluding United States)		2,917	2,236	8,581	5,997
Total Americas		99,011	77,581	269,350	208,156
Europe, Middle East and Africa		32,019	27,927	91,687	74,067
Asia-Pacific					

China ¹	12,431	16,313	39,217	48,079
Asia-Pacific (excluding China)	10,183	9,251	34,494	29,875
Total Asia-Pacific	22,614	25,564	73,711	77,954
Total Revenue	\$ 153,644	\$ 131,072	\$ 434,748	\$ 360,177

¹Includes Hong Kong effective from the first quarter of 2023. Comparative periods have been adjusted for this inclusion.

	Three Months Ended	
	March 31,	
	2024	2023
Americas		
United States	\$ 75,637	\$ 76,281
Americas (excluding United States)	3,993	2,515
Total Americas	79,630	78,796
Europe, Middle East and Africa	34,721	28,422
Asia-Pacific		
China	13,924	14,031
Asia-Pacific (excluding China)	12,731	13,036
Total Asia-Pacific	26,655	27,067
Total Revenue	\$ 141,006	\$ 134,285

5.4. Commitments and Contingencies

Lease Agreements

The Company leases office, laboratory, manufacturing, distribution and distribution server space in various locations worldwide. On November 6, 2020, the Company entered into a Master Lease Agreement ("MLA"), consisting of various lease components, to lease additional office building space near the Company's Pleasanton, California headquarters. All of the lease components related to the MLA have commenced and the MLA is expected to terminate on June 30, 2033.

10x Genomics, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

Future net lease payments related to the Company's operating lease liabilities as of **September 30, 2023** **March 31, 2024** is as follows (in thousands):

Operating Leases		
2023 (excluding the nine months ended September 30, 2023)	\$ 2,958	
2024	16,720	
Operating Leases		
2024 (excluding the three months ended March 31, 2024)		
2025	2025	15,628
2026	2026	16,382
2027	2027	15,647
2028		
Thereafter	Thereafter	56,349
Total lease payments	Total lease payments	\$ 123,684
Less: imputed interest	Less: imputed interest	(25,211)

Present value of operating lease liabilities	Present value of operating lease liabilities	<u>98,473</u>
Operating lease liabilities, current	Operating lease liabilities, current	\$ 10,005
Operating lease liabilities, noncurrent	Operating lease liabilities, noncurrent	88,468
Total operating lease liabilities	Total operating lease liabilities	\$ <u>98,473</u>

The following table summarizes additional information related to operating leases as of **September 30, 2023** **March 31, 2024**:

	September 30, 2023	December 31, 2022
Weighted-average remaining lease term	7.7 years	8.1 years
Weighted-average discount rate	5.8 %	5.5 %

During the nine months ended September 30, 2023, the Company made the decision to vacate some of its leased office space for the remaining lease term through 2025 and entered into an agreement to sublease certain portions of the vacated office space. In connection with this decision and based upon the expected cash flow from the sublease, the Company recognized \$2.8 million of impairment loss associated with these long-lived assets within selling, general and administrative expenses on the condensed consolidated statement of operations during the nine months ended September 30, 2023. The Company did not incur lease impairment charges during the three months ended September 30, 2023.

	March 31, 2024	December 31, 2023
Weighted-average remaining lease term	7.3 years	7.5 years
Weighted-average discount rate	5.9 %	5.9 %

Litigation

The Company is regularly subject to lawsuits, claims, arbitration proceedings, administrative actions and other legal and regulatory proceedings involving intellectual property disputes, commercial disputes, competition and other matters, and the Company may become subject to additional types of lawsuits, claims, arbitration proceedings, administrative actions, government investigations and legal and regulatory proceedings in the future.

NanoString

On May 6, 2021, the Company filed suit against NanoString Technologies, Inc. ("NanoString") in the U.S. District Court for the District of Delaware alleging that NanoString's GeoMx Digital Spatial Profiler and associated instruments and reagents infringe U.S. Patent Nos. 10,472,669, 10,662,467, 10,961,566, 10,983,113 and 10,996,219 (the "GeoMx Action"). On May 19, 2021, the Company filed an amended complaint additionally alleging that the GeoMx products infringe U.S. Patent Nos. 11,001,878 and 11,008,607. On May 4, 2022, the Company filed an amended complaint in the GeoMx Action additionally alleging that the GeoMx products infringe U.S. Patent No. 11,293,917 and withdrawing the Company's claim claims of infringement of U.S. Patent No. 10,662,467. The Company seeks, is seeking, among other relief, injunctive relief and unspecified damages (including attorneys' fees) in relation to NanoString's making, using, selling, offering to sell, exporting and/or importing in the United States the GeoMx Digital Spatial Profiler and associated instruments and reagents. NanoString filed its answer to the GeoMx Action on May 18, 2022. A Markman hearing was held on February 17, 2023 and the Court issued its claim construction order on February 28, 2023. On September 7, 2023, the Court issued an order granting the Company's motion for summary judgment that the

10x Genomics, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

asserted patents are not invalid for indefiniteness and denying NanoString's motion for summary judgment that the asserted patents are invalid for indefiniteness and lack of written description. Trial On November 17, 2023, a jury found that NanoString willfully infringed the asserted patents and that the asserted patents are valid. The jury awarded the Company more than \$31 million in damages, consisting of approximately \$25 million in lost profits and approximately \$6 million in royalties. Post-trial motions, including the Company's motions for a permanent injunction, ongoing royalties, enhanced damages, attorneys' fees and pre- and post-judgment interest, are pending. NanoString filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code in the U.S. bankruptcy court in Delaware on February 4, 2024, and the Court's consideration of these post-trial motions is scheduled currently stayed due to the bankruptcy filing. Due to the uncertainties in collecting the jury award, the Company has not recorded a receivable from November 13 NanoString as of March 31, 2024.

10x Genomics, Inc.

Notes to November 17, 2023, Unaudited Condensed Consolidated Financial Statements

On February 28, 2022, the Company filed a second suit against NanoString in the U.S. District Court for the District of Delaware alleging that NanoString's CosMX Spatial Molecular Imager and associated instruments, reagents and services infringe U.S. Patent Nos. 10,227,639 and 11,021,737 (the "CosMX Action"). On May 12, 2022, the Company filed an amended complaint in the CosMX Action additionally alleging that the CosMX products **additionally** infringe U.S. Patent Nos. 11,293,051, 11,293,052 and 11,293,054. NanoString filed its answer to the CosMX Action on May 26, 2022. On March 1, 2023, the Company filed a second amended complaint additionally alleging that the CosMX products infringe U.S. Patent No. 11,542,554. The Company **seeks, is seeking**, among other relief, injunctive relief and unspecified damages (including attorneys' fees) in relation to NanoString's making, using, selling, offering to sell, exporting and/or importing in the United States the CosMX Spatial Molecular Imager and associated instruments, reagents and services. NanoString filed its answer to the second amended complaint on March 22, 2023. Discovery is in progress. A Markman hearing **is scheduled for December 2023** **was held on January 10, 2024**, and **trial is scheduled for September 2024**. The Court issued its claim construction order on February 1, 2024.

On August 16, 2022, NanoString filed a counterclaim in the CosMX Action alleging that the Company's Visium products infringe U.S. Patent No. 11,377,689 (the "689 patent"). The Company filed its answer to NanoString's counterclaim in the CosMX Action on August 30, 2022. On November 23, 2022, the Company moved to sever claims relating to NanoString's assertion of the 689 patent and consolidate those claims with the patent case NanoString filed against the Company on October 20, 2022 (discussed below). On January 24, 2023, the Court granted the Company's motion.

On April 27, 2023 **May 1, 2023**, NanoString filed a motion in the CosMX Action to add antitrust, unfair competition, **tort** and contract counterclaims. NanoString seeks, among other relief, **injunctive injunction** relief (including that the Company grant NanoString a license to the patents that the Company asserted against NanoString in the CosMX Action) and unspecified damages (including **attorney's attorneys' fees**). On July 10, 2023, the Court denied NanoString's motion **for leave** to add a contract counterclaim but otherwise granted the **motion**. **motion for leave to amend**. On May 24, 2023, NanoString filed a motion to bifurcate its amended counterclaims and a motion for expedited discovery. On June 6, 2023, the Court denied NanoString's motion to bifurcate and granted its motion for expedited discovery. The Company believes NanoString's claims are meritless and intends to vigorously defend itself.

On October 20, 2022, NanoString filed suit against the Company in the U.S. District Court for the District of Delaware alleging that the Company's Visium products infringe U.S. Patent No. 11,473,142 (the "142 patent"), a continuation of the 689 patent (the "NanoString Action"). NanoString seeks, among other relief, injunctive relief and unspecified damages (including attorneys' fees) in relation to the Company's making, using, selling, offering to sell, exporting and/or importing in the United States Visium products and associated instruments, reagents and services. On January 24, 2023, the Court severed NanoString's claims with respect to the 689 patent from the CosMX Action and consolidated those claims with **the NanoString** **this action**. **Discovery is in progress**. NanoString filed an amended complaint on January 27, 2023. The Company filed an answer to the NanoString Action on February 10, 2023. **Discovery is in progress**. A Markman hearing **is scheduled for December 2023** **was held on January 10, 2024**, and **trial is scheduled for December 2024**. The Court issued its claim construction order on February 1, 2024. The Company believes NanoString's claims in the NanoString Action are meritless and intends to vigorously defend itself.

On August 16 and September 25, 2023, the Company filed petitions for inter partes review ("IPR") of the 689 patent and the 142 patent, respectively. **On February 1, 2024**, **IPR was instituted for the 689 patent**. **An institution decision for the IPR against the 142 patent is pending**.

On March 9, 2022, the Company filed suit in the Munich Regional Court in Germany alleging that NanoString's CosMX Spatial Molecular Imager and associated instruments, reagents and services infringe EP Patent No. 2794928B1 (the "EP928 patent") (the "Germany CosMX Action"). A hearing on infringement was held on March 23, 2023. On May 17, 2023, the Munich Regional Court found that the CosMX products infringe the EP928 patent and issued a permanent injunction requiring NanoString to stop selling and supplying CosMX instruments and reagents for RNA detection in Germany. The injunction took effect on June 1, 2023. On May 25, 2023, NanoString filed an appeal of the **German** **CosMX Action** in the Munich Higher Regional Court. A hearing date has not yet been set for this appeal. On October 30, 2023, NanoString requested that the Higher Regional Court **temporarily stay enforcement of the injunction pending the appeal**. On December 20, 2023, the Higher Regional Court granted NanoString's request conditioned upon NanoString posting a 2.3 million Euro security deposit. To date, NanoString has not posted this security deposit.

On July 29, 2022, NanoString filed a nullity action with the German Federal Patent Court challenging the validity of the **EP928 Patent**. **EP 928 patent**. On February 10, 2023, the Federal Patent Court issued a preliminary opinion upholding the validity of certain claims of the **EP928** **EP 928** patent directed to **in situ** analysis. A hearing on validity is scheduled before the Federal Patent Court in May 2024 and a decision is expected around the end of 2024.

10x Genomics, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

On June 1, 2023, the Company filed **suit** **requests for preliminary injunctions** in the Munich Local Division of the Unified Patent Court ("UPC") alleging that NanoString's CosMX Spatial Molecular Imager and associated instruments, reagents and services **for RNA detection** infringe the EP928 patent and EP Patent No. 4108782 (the "EP782 patent") (the "UPC CosMX Actions"). In **Hearings were held for the UPC CosMX Actions**, the Company sought

10x Genomics, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

preliminary injunctions with respect to NanoString's CosMx instruments EP 782 and reagents for RNA detection in the jurisdictions of the UPC in which the EP928 EP 928 patents on September 5 and EP782 patents are in effect. September 19, respectively. On September 19, 2023, the UPC granted the Company's request for the EP782 patent and issued a preliminary injunction requiring NanoString to stop selling and supplying CosMx instruments and reagents for RNA detection in all 17 UPC member states. On October 10, 2023, the UPC denied the Company's preliminary injunction request for the EP928 patent. On October 2, 2023, NanoString filed an appeal of the preliminary injunction for the EP782 patent in the UPC Court of Appeals. An oral hearing for this appeal is scheduled for was held before the UPC Court of Appeals on December 18, 2023. The UPC Court of Appeals overturned the preliminary injunction on February 26, 2024.

On August 31 and September 18, 2023, the Company filed main requests in the Munich Local Division of the UPC alleging that NanoString's NanoString's CosMx Spatial Molecular Imager and associated instruments, reagents and services for RNA detection infringe the EP782 EP 782 and EP928 EP 928 patents, respectively. No hearings have yet been set for these main requests.

On July 18, 2023, NanoString filed an opposition in the European Patent Office challenging the validity of the EP782 patent. No schedule has yet been set for this opposition. On July 27, 2023, NanoString filed a revocation action in the Munich Central Division of the UPC challenging the validity of the EP928 patent. An oral hearing

On January 30, 2024, NanoString filed a petition for IPR of U.S. Patent No. 11,542,554, which is asserted by the Company against NanoString in the CosMx Action.

The impact of NanoString's bankruptcy filing on the Company's actions against NanoString outside of the U.S. District Court for February 2024 in connection with this revocation action, the District of Delaware is not yet fully resolved.

Vizgen

In May 2022, On May 3, 2022, the Company filed suit against Vizgen, Inc. ("Vizgen") in the U.S. District Court for the District of Delaware alleging that Vizgen's MERSCOPE Platform and workflow and/or Vizgen's Lab Services program, including associated instruments and reagents, infringe U.S. Patent Nos. 11,021,737, 11,293,051, 11,293,052, 11,293,054 and 11,299,767. The Company seeks, among other relief, injunctive injunction relief and unspecified damages (including attorneys' fees) in relation to Vizgen's making, using, selling, offering to sell, exporting and/or importing in the United States the MERSCOPE Platform and workflow and/or Vizgen's Lab Services program, including associated instruments and reagents. On July 25, 2022, Vizgen filed a motion to dismiss the Company's claims for willful and indirect infringement, which the Court denied on September 19, 2022. Discovery is in progress. A Markman hearing is scheduled for December 2023 was held on January 10, 2024, and trial is scheduled for November 2024, the Court issued its claim construction order on February 1, 2024.

On August 30, 2022, Vizgen filed its answer and counterclaims alleging that the Company's Xenium products infringe product infringes U.S. Patent No. 11,098,303 (the "303 patent"). Vizgen seeks, among other relief, injunctive injunction relief and unspecified damages (including attorneys' fees) in relation to the Company's making, using, selling, offering to sell, exporting and/or importing in the United States Xenium products, including associated instruments and reagents. Vizgen also filed counterclaims alleging that the Company tortiously interfered with Vizgen's contractual and business relationship with Harvard and that the Company engaged in unfair practices under Massachusetts state law. On October 27, 2022, the Company filed a partial answer and motion to dismiss the infringement counterclaim and the tort counterclaims. On February 2, 2023, the Company's motion to dismiss was denied. The Company believes Vizgen's claims are meritless and intends to vigorously defend itself.

On March 15, 2023, the Company filed an amended complaint additionally alleging that the MERSCOPE Platform and workflow and Vizgen's Lab Services program infringe U.S. Patent No. 11,549,136 and withdrawing its claim of infringement of U.S. Patent No. 11,293,054. On April 17, 2023, Vizgen filed its answer adding amended counterclaims including antitrust, unfair competition, tort and contract counterclaims. Vizgen seeks, among other relief, injunctive relief (including that the Company grant Vizgen a license to the patents that the Company asserted against Vizgen) and unspecified damages (including attorneys' fees). On May 18, 2023, the Company filed a motion to dismiss Vizgen's amended counterclaims. On July 10, 2023, the Court granted the Company's motion to dismiss Vizgen's contract counterclaim but otherwise denied the Company's motion to dismiss. The Company believes Vizgen's claims are meritless and intends to vigorously defend itself.

10x Genomics, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

On June 1, 2023, the Company filed suit in the Hamburg Local Division of the Unified Patent Court alleging that Vizgen's MERSCOPE products infringe the EP782 patent. A hearing date has not yet been set. The Company seeks, among other relief, injunctive injunction relief and unspecified damages (including attorneys' fees) in relation to Vizgen's MERSCOPE products in the jurisdictions of the all 17 UPC in which the EP782 patent is in effect member states. A hearing has not yet been set.

On August 30, 2023, the Company filed a petition for IPR of the 303 patent. Institution was denied on March 7, 2024.

On April 17, 2024, Vizgen filed a motion for leave to amend its counterclaims to add additional antitrust counterclaims alleging bundling and predatory pricing. The Court granted Vizgen's motion for leave to amend on April 26, 2024. The Company believes Vizgen's claims are meritless and intends to vigorously defend itself.

Trial on the Company's claims and on Vizgen's counterclaims is scheduled for February 2025.

Parse

On August 24, 2022, the Company filed suit against Parse Biosciences, Inc. ("Parse") in the U.S. District Court for the District of Delaware alleging that Parse's Evercode Whole Transcriptomics products and ATAC-seq products infringe U.S. Patent Nos. 10,155,981 (the "981 patent"), 10,697,013 10,240,197, 10,150,995, (the "995" 013 patent"),

10,240,197 (the "197 patent"), 10,150,995, 10,619,207 and 10,738,357. The Company seeks, among other relief, injunctive injunction relief and unspecified damages (including attorneys' fees) in relation to Parse's

10x Genomics, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

making, using, selling, offering to sell, exporting and/or importing in the United States the Parse's Evercode Whole Transcriptomics products and ATAC-seq products. On October 17, 2022, Parse filed a motion to dismiss alleging that the asserted claims are directed to patent ineligible subject matter. The Court held a hearing on the motion to dismiss on November 22, 2022, and supplemental briefing was submitted on December 15, 2022. On September 14, 2023, the Court denied the motion. Parse filed its answer on October 6, 2023. Discovery is in progress. A Markman hearing is scheduled for February 2024, and trial is scheduled for December 2024.

Between April 20 and June 21, 2023, Parse filed petitions for IPR of all of the patents asserted. On October 13, 2023, IPR was instituted on the 981 patent. The PTAB denied institution of Parse's petitions for IPR on the other five asserted patents. On October 19, 2023, IPR institution was denied on January 2 and 5, 2024, Parse filed rehearing requests with the 995 patent. Institution decisions PTAB for the 197 and 013 patents, respectively. On February 5, 2024, the PTAB instituted IPRs for the 197 and 013 patents on Parse's requests for rehearing.

On November 6, 2023, Parse filed a motion to stay the other Delaware action pending the IPRs. On December 21, 2023, the court denied Parse's motion to stay. On February 8, 2024, Parse filed a renewed motion to stay. On February 20, 2024, the court denied Parse's renewed motion to stay.

Curio

On December 1, 2023, the Company filed suit against Curio Bioscience, Inc. ("Curio") in the U.S. District Court for the District of Delaware alleging that the Curio Seeker Spatial Mapping Kit and associated products and services infringe U.S. Patent Nos. 10,480,022, 10,662,468, 11,001,879, 11,549,138, and 11,761,030. On February 1, 2024, Curio filed a motion to dismiss alleging that the asserted patents claims are expected directed to patent ineligible subject matter. Trial is scheduled for May 2026.

On December 4, 2023, the Company filed a request for a preliminary injunction in the Dusseldorf Local Division of the UPC alleging that the Curio Seeker Spatial Mapping Kit and associated products and services infringe EP Patent No. 2697391 (the "EP 391 patent"). A hearing was held on March 26, 2024. On April 30, 2024, the UPC granted the Company's request and issued a preliminary injunction requiring Curio to stop offering, marketing, using or possessing these Curio Seeker products and services in Germany, France and Sweden. The preliminary injunction is enforceable upon provision of a 2.0 million Euro security by December 2023, the Company.

6.5. Capital Stock

As of September 30, 2023 March 31, 2024, the number of shares of Class A common stock and Class B common stock issued and outstanding were 104,140,884 105,644,016 and 14,056,833, respectively.

10x Genomics, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

The following table represents the number of shares of Class B common stock converted to shares of Class A common stock upon the election of the holders of such shares during the periods:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Class B common stock converted to Class A common stock	—	—	4,610,422	779,210
Three Months Ended				
March 31,				
	2024		2023	
Class B common stock converted to Class A common stock	—	—	600,000	

7.6. Equity Incentive Plans

Stock-based Compensation

The Company recorded stock-based compensation expense in the condensed consolidated statement of operations for the periods presented as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
Cost of revenue				
Cost of revenue				
Cost of revenue	Cost of revenue	\$ 1,844	\$ 1,281	\$ 5,140
Research and development	Research and development	17,856	14,476	55,196
Research and development	Research and development			41,346
Selling, general and administrative	Selling, general and administrative			
Selling, general and administrative	Selling, general and administrative			
Selling, general and administrative	Selling, general and administrative	20,535	17,757	67,696
Total stock-based compensation expense	Total stock-based compensation expense	\$ 40,235	\$ 33,514	\$ 128,032
Total stock-based compensation expense	Total stock-based compensation expense			\$ 95,874

Restricted Stock Units

Restricted stock unit activity for the nine three months ended September 30, 2023 March 31, 2024 is as follows:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value (per share)	
Outstanding as of December 31, 2022		5,836,192	\$ 52.21
Granted		2,069,494	51.19
Vested		(1,433,832)	60.09
Cancelled		(772,870)	54.79
Outstanding as of September 30, 2023		<u>5,698,984</u>	<u>\$ 49.50</u>

10x Genomics, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

	Restricted Stock Units	Weighted-Average Grant Date Fair Value (per share)	
Outstanding as of December 31, 2023		5,334,134	\$ 48.26
Granted		992,112	41.74
Vested		(445,112)	59.12
Cancelled		(302,316)	46.32
Outstanding as of March 31, 2024		<u>5,578,818</u>	<u>\$ 46.34</u>

Stock Options

Stock option activity for the **nine** three months ended **September 30, 2023** **March 31, 2024** is as follows:

	Stock Options	Weighted-Average Exercise Price
Outstanding as of December 31, 2022	7,964,557	\$ 37.10
Granted	357,457	52.18
Exercised	(1,451,596)	6.78
Cancelled and forfeited	(404,590)	78.54
Outstanding as of September 30, 2023	<u>6,465,828</u>	<u>\$ 42.15</u>

	Stock Options	Weighted-Average Exercise Price
Outstanding as of December 31, 2023	5,946,786	\$ 42.17
Exercised	(160,375)	10.21
Cancelled and forfeited	(182,251)	41.53
Outstanding as of March 31, 2024	<u>5,604,160</u>	<u>\$ 43.11</u>

Market-based Performance Stock Awards

In March **2023** **2024**, the Company granted **172,842** **219,168** performance **restricted** stock **unit** awards (PSAs) **units** (PSUs) under the 2019 Plan to certain members of management which are subject to the achievement of certain stock price thresholds **performance conditions** established by the Company's Compensation Committee of the Board of Directors. Directors as described below:

The PSAs each vest in equal installments upon the achievement

10x Genomics, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

i. 50% of stock price thresholds of \$72.14, \$96.19 and \$120.24 respectively, calculated target PSUs earned will be based on the volume-weighted average price per share Company's compound annual growth rate (CAGR) of the Company's Class A Revenue over a two-year performance period from January 1, 2024 to December 31, 2025. Holders may earn from 0% to 175% of the target amount of shares and earned PSUs will then be subject to service-based vesting; and

ii. 50% of target PSUs earned will be based on the relative Total Shareholder Return (TSR) of the Company's common stock over the immediately trailing 20 trading day period for each respective threshold. The stock price thresholds can be met any time prior as compared to the fifth anniversary TSR of the date members of grant, the Russell 3000 Medical Equipment and Services Sector Index over a three-year performance period from January 1, 2024 to December 31, 2026. Depending on the results relative to the TSR market condition, the holders may earn from 0% to 200% of the target amount of shares which will vest at the end of the performance period.

The PSUs will be forfeited if the performance conditions are not achieved at the end of the relative performance periods as described above. The vesting of the PSAs PSUs can also be triggered upon certain change in control events and achievement of certain change in control price thresholds or in the event of death or disability.

The weighted-average grant date fair value values of the PSAs was \$43.13. PSUs relating to CAGR and TSR components were \$37.43 and \$44.80 per share respectively. Stock-based compensation expense recognized for these market-based awards was approximately \$1.8 million and \$3.8 million \$0.1 million for the three and nine months ended **September 30, 2023** **March 31, 2024**.

The Company estimates the fair values of shares granted under the PSAs market-based TSR PSUs using a Monte Carlo simulation model with the following assumptions:

Expected volatility	71% 66%
Risk-free interest rate	3.7% 4.5%
Expected dividend yield	—%

In **September 2022**, **March 2023**, the Company granted **709,025** PSAs including RSUs and a performance stock option **172,842** PSUs under the 2019 Plan to certain members of management, which are subject to the achievement of certain stock price thresholds established by the Company's Compensation Committee of the Board of Directors.

As of **September 30, 2023** **March 31, 2024**, the performance periods for the 2024 PSUs were not completed and none of the stock price thresholds for the 2023 PSUs had been met for any of the PSAs, resulting in no shares vesting or becoming exercisable.

2019 Employee Stock Purchase Plan

A total of **3,486,671** **3,686,671** shares of Class A common stock were reserved for issuance under the 2019 Employee Stock Purchase Plan ("ESPP"). The price at which Class A common stock is purchased under the ESPP is equal to 85% of the fair market value of the common stock on the first day of the offering period or purchase date, whichever

is lower.

During the **nine** three months ended **September 30, 2023** **March 31, 2024** and **2022**, 117,280 and 91,871 shares of Class A common stock, respectively, were issued under the ESPP. There were 2023, no shares of Class A common stock were issued under the ESPP during the three months ended September 30, 2023 and 2022. As of September 30, 2023 **March 31, 2024**, there were **2,991,320** **3,091,063** shares available for issuance under the ESPP.

10x Genomics, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

8.7. Net Loss Per Share

The following outstanding shares of common stock equivalents were excluded from the computation of diluted net loss per share for the periods presented because including them would have had an anti-dilutive effect:

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
		Three Months Ended		Three Months Ended	
		March 31,		March 31,	
		Three Months Ended		Three Months Ended	
		March 31,		March 31,	
		Three Months Ended		Three Months Ended	
		March 31,		March 31,	
		2024		2024	
		2024		2024	
		2024		2024	
Stock options to purchase common stock					
Stock options to purchase common stock					
Stock options to purchase common stock	Stock options to purchase common stock	6,465,828	8,350,916	6,465,828	8,350,916
Restricted stock units	Restricted stock units	5,698,984	5,810,722	5,698,984	5,810,722
Restricted stock units					
Restricted stock units					
Shares committed under ESPP					
Shares committed under ESPP					
Shares committed under ESPP	Shares committed under ESPP	105,292	74,835	105,292	74,835
Total	Total	<u><u>12,270,104</u></u>	<u><u>14,236,473</u></u>	<u><u>12,270,104</u></u>	<u><u>14,236,473</u></u>
Total					
Total					

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

You should read the following discussion of our financial condition and results of operations in conjunction with our unaudited condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report and our audited consolidated financial statements and notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023** filed with the SEC on **February 16, 2023** **February 15, 2024** (our "Annual Report"). As discussed in the section titled "Special Note Regarding Forward-Looking Statements," the following discussion and analysis, in addition to historical financial information, contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled "Risk Factors" in this Quarterly Report and Part I, Item 1A of our Annual Report.

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

Overview

We are a life sciences technology company focused on building innovative products and solutions to interrogate, understand and master biology. Our integrated solutions include instruments, consumables and software for analyzing biological systems at resolution and scale that matches the complexity of biology. We have launched multiple products that enable researchers to understand and interrogate biological analytes in their full biological context. Our commercial product portfolio leverages our Chromium X Series and Chromium Connect instruments, which we refer to as "Chromium instruments," our Visium CytAssist, an instrument designed to simplify the Visium solution workflow by facilitating the transfer of transcriptomic probes from standard glass slides to Visium slides, and our Xenium Analyzer, an instrument designed for fully automated high-throughput analysis of cells in their tissue environment, which we refer to as "Spatial instruments," and our proprietary microfluidic chips, slides, reagents and other consumables for our Chromium, Visium and Xenium solutions, which we refer to as "consumables." We bundle our software with these products to guide customers through the workflow, from sample preparation through analysis and visualization.

Our products cover a wide variety of applications and allow researchers to analyze biological systems at fundamental resolutions and on massive scale, such as at the single cell level for millions of cells. Customers purchase instruments and consumables from us for use in their experiments. In addition to instrument and consumable sales, we derive revenue from post-warranty service contracts for our instruments.

Since our inception in 2012, we have incurred net losses in each year. Our net losses were **\$93.0 million** **\$59.9 million** and **\$206.1 million** **\$50.7 million** for the three and nine months ended **September 30, 2023** **March 31, 2024** and **\$41.9 million** and **\$148.8 million** for the three and nine months ended **September 30, 2022** **March 31, 2023**, respectively. As of **September 30, 2023** **March 31, 2024**, we had an accumulated deficit of **\$1.2 billion** **\$1.3 billion** and cash, cash equivalents and marketable securities totaling **\$356.9 million** **\$371.8 million**. We expect to continue to incur significant expenses for the foreseeable future and to incur operating losses in the near term. We expect our expenses will continue to increase in connection with our ongoing activities, as we:

- attract, hire and retain qualified personnel;
- scale our technology platforms and introduce new products and services;
- protect and defend our intellectual property;
- acquire businesses or technologies; and
- invest in processes, tools and infrastructure to support the growth of our business.

Results of Operations

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenue	\$ 153,644	\$ 131,072	\$ 434,748	\$ 360,177
Cost of revenue	58,115	30,377	141,217	83,559
Gross profit	95,529	100,695	293,531	276,618
Operating expenses:				
Research and development	66,507	67,290	205,065	202,053
In-process research and development	41,402	—	41,402	—
Selling, general and administrative	82,415	73,401	257,205	219,413
Total operating expenses	190,324	140,691	503,672	421,466
Loss from operations	(94,795)	(39,996)	(210,141)	(144,848)
Other income (expense):				
Interest income	4,300	2,025	12,269	3,832
Interest expense	(1)	(114)	(25)	(351)
Other expense, net	(1,248)	(1,950)	(4,268)	(4,193)
Total other income (expense)	3,051	(39)	7,976	(712)
Loss before provision for income taxes	(91,744)	(40,035)	(202,165)	(145,560)
Provision for income taxes	1,242	1,879	3,982	3,225
Net loss	\$ (92,986)	\$ (41,914)	\$ (206,147)	\$ (148,785)

Comparison of the Three and Nine Months Ended **September 30, 2023** **March 31, 2024** and **2022** **2023**

Revenue

Revenue increased \$22.6 million \$6.7 million, or 17% 5%, to \$153.6 million \$141.0 million for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023. Instruments revenue increased \$14.0 \$6.3 million, or 67% 33%, to \$34.9 \$25.5 million for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023, primarily due to higher volume of Spatial instruments sold. The revenue for the three months ended September 30, 2023 includes the sales of Xenium instruments. There were no Xenium instruments sold during the three months ended September 30, 2022 and CytAssist began shipping in June 2022. Chromium instruments revenue decreased \$2.7 \$3.8 million, or 18% 32%, to \$12.2 million \$7.9 million primarily due to lower volume of Chromium instruments sold and changes in product mix sold. Consumables revenue increased \$6.3 million, decreased \$2.0 million, or 6% 2%, to \$114.4 \$110.3 million for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023, primarily driven by growth in Spatial consumables sales.

Revenue increased \$74.6 million, or 21%, to \$434.7 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Instruments revenue increased \$35.0 million, or 70%, to \$85.1 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to higher volume of Spatial instruments sold. The revenue for the nine months ended September 30, 2023 includes the sales of Xenium instruments. There were no Xenium instruments sold during the nine months ended September 30, 2022 and CytAssist began shipping in June 2022. Chromium instruments revenue decreased \$6.6 million, or 15%, to \$36.7 million primarily due to lower volume of Chromium instruments sold and changes in product mix. Consumables revenue increased \$35.2 million, or 12%, to \$339.2 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily driven by growth in Chromium consumables sales.

Cost of revenue, gross profit and gross margin

		Three Months Ended September 30,				Change				Nine Months Ended September 30,				Change								
		Three Months Ended March 31,								Three Months Ended March 31,				Three Months Ended March 31,								
		(dollars in thousands)		(dollars in thousands)		2023		2022		\$		%		2023		2022		\$		%		
Cost of revenue	Cost of revenue	\$	58,115	\$	30,377	\$	27,738	91	%	\$	141,217	\$	83,559	\$	57,658	69	%					
Cost of revenue																						
Gross profit	Gross profit	\$	95,529	\$	100,695	\$	(5,166)	(5)	%	\$	293,531	\$	276,618	\$	16,913	6	%					
Gross margin	Gross margin	62	%		77	%																
Gross margin	Gross margin																					

Cost of revenue increased \$27.7 million \$12.2 million, or 91% 34%, to \$58.1 million \$48.1 million for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023. The increase was primarily driven by higher manufacturing costs of \$24.8 million \$10.5 million due to increased sales and higher costs of associated with newly introduced products \$1.8 million and \$2.0 million of higher warranty charges and \$1.7 million of higher inventory write-downs.

Cost of revenue increased \$57.7 million, or 69%, charges. Gross margin decreased by 7% percentage points to \$141.2 million for the nine months ended September 30, 2023 as compared 66% primarily due to the nine months ended September 30, 2022. The increase was primarily change in product mix driven by higher manufacturing costs of \$49.8 million due to increased sales and higher costs of newly introduced products, \$4.5 million of higher inventory write-downs and \$3.7 million of higher warranty charges. Xenium instruments.

We expect our gross margin will continue to trend lower due in part to change in product mix with newly introduced products, and the impacts impact of inflation including, among other impacts, employee compensation and benefits, increased supply chain costs and increased costs due to expanding our operations infrastructure, royalty obligations which vary by product. In particular, the Xenium instrument currently carries a significantly lower margin than our other instruments. As we continue to scale our manufacturing capacity, we We believe that there are potential increases for average selling price, as well as potential opportunities for cost reductions and also for increases due to average selling price that we expect economies of scale, will improve instrument margin over the long term.

Operating expenses

		Three Months Ended September 30,				Change				Nine Months Ended September 30,				Change							
		Three Months Ended March 31,								Three Months Ended March 31,				Three Months Ended March 31,							
		(dollars in thousands)		(dollars in thousands)		2023		2022		\$		%		2023		2022		\$		%	
Operating expenses	Operating expenses	\$	1,000	\$	1,000	\$	1,000	\$	1,000	\$	1,000	%	\$	1,000	\$	1,000	\$	1,000	\$	1,000	%
Operating expenses	Operating expenses	\$	1,000	\$	1,000	\$	1,000	\$	1,000	\$	1,000	%	\$	1,000	\$	1,000	\$	1,000	\$	1,000	%

(dollars in thousands)											
(dollars in thousands)											
(dollars in thousands)	(dollars in thousands)	2023	2022	\$	%	2023	2022	\$	%		
Research and development	Research and development	\$ 66,507	\$ 67,290	\$ (783)	(1)%	\$ 205,065	\$ 202,053	\$ 3,012	1%		
In-process research and development		41,402	—	41,402	100	41,402	—	41,402	100		
Research and development											
Research and development											
Selling, general and administrative											
Selling, general and administrative											
Selling, general and administrative	Selling, general and administrative	82,415	73,401	9,014	12	257,205	219,413	37,792	17		
Total operating expenses	Total operating expenses	\$ 190,324	\$ 140,691	\$ 49,633	35%	\$ 503,672	\$ 421,466	\$ 82,206	20%		
Total operating expenses											
Total operating expenses											

Research and development expenses decreased \$0.8 million increased \$1.5 million, or 1% 2%, to \$66.5 million \$68.6 million for the three months ended September 30, 2023 March 31, 2024, as compared to the three months ended September 30, 2022 March 31, 2023. The decrease increase was primarily driven by lower laboratory materials \$0.6 million of higher personnel expenses and supplies \$0.7 million of \$4.2 million higher costs for facilities and lower consulting information technology to support operational expansion. During the three months ended March 31, 2024, we recorded impairment charges of \$2.1 million related to computer equipment and professional services software of \$0.9 million which \$0.7 million was classified as research and development expense in our condensed consolidated statement of operations. The impairment charge was triggered by a decision to discontinue a productivity engineering project.

Selling, general and administrative expenses increased \$2.5 million, or 3%, to \$85.8 million for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. The decrease increase was partially offset primarily driven by higher personnel \$5.9 million of increased outside legal expenses of \$2.9 million, including \$3.4 million in stock-based compensation expense, \$0.8 million and \$2.0 million of higher costs for facilities and information technology to support operational expansion, and \$0.6 million increase in other expenses.

Research and development expenses increased \$3.0 million, or 1%, to \$205.1 million for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. The increase was primarily driven partially offset by an increase a decrease in personnel expenses of \$13.8 million, \$5.6 million including \$13.9 million a decrease of \$5.7 million in stock-based compensation expense, \$2.8 million of higher costs for facilities and information technology to support operational expansion, and \$0.9 million increase in other expenses. The increase is partially offset by lower costs of laboratory materials and supplies of \$13.2 million and \$1.1 million in consulting and professional services.

In-process research and development expense. During the three months ended September 30, 2023 March 31, 2024, we recorded impairment charges of \$2.1 million related to the January 2023 agreement to acquire certain intangible computer equipment and other assets software of which \$1.1 million was accounted for classified as an asset acquisition. In connection with the acquisition, we recognized an in-process research and development intangible asset of \$41.4 million which did not have alternative future use and therefore was recognized as an expense during the period. See Note 3 to the condensed consolidated financial statements for further details. There were no similar purchases in the three and nine months ended September 30, 2022.

Selling, selling, general and administrative expenses increased \$9.0 million, or 12%, to \$82.4 million for the three months ended September 30, 2023, as compared to the three months ended September 30, 2022. The increase was primarily driven by \$4.0 million in our condensed consolidated statement of increased outside legal expenses, increased personnel expenses of \$2.8 million which was primarily stock-based compensation expense, \$0.8 million of higher marketing expenses, \$0.6 million of higher costs for facilities and information technology to support operational expansion and higher consulting and professional services of \$0.6 million operations.

Selling, general and administrative expenses increased \$37.8 million, or 17%, to \$257.2 million for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. The increase was primarily driven by increased personnel expenses of \$16.0 million, including \$16.9 million in stock-based compensation expense, \$12.3 million of increased outside legal expenses, \$5.6 million of higher costs for facilities and information technology to support operational expansion, \$2.3 million of increased marketing expenses and \$1.2 million of higher consulting and professional services expenses.

We Excluding acquisitions, we expect our operating expenditures to continue to increase in 2024 and beyond as we invest to support increase our investment in new and existing research and development projects, commercial efforts to support revenue growth and incentivize and incentives to retain key talent. In addition, we expect increased legal costs in remaining quarters of 2024 to support the protection of our intellectual property portfolio.

Other income (expense), net

Three Months Ended	September 30,	Change	Nine Months Ended	September 30,	Change

		Three Months Ended March 31,											
		Three Months Ended March 31,											
		Three Months Ended March 31,											
(dollars in thousands)	(dollars in thousands)	(dollars in thousands)	(dollars in thousands)	2023	2022	\$	%	2023	2022	\$	%	2023	2022
Interest income	Interest income	\$ 4,300	\$ 2,025	\$ 2,275	112	%	\$ 12,269	\$ 3,832	\$ 8,437	220	%		
Interest income													
Interest expense													
Interest expense	Interest expense	(1)	(114)	113	(99)	%	(25)	(351)	326	(93)	%		
Other expense, net	Other expense, net	(1,248)	(1,950)	702	(36)	%	(4,268)	(4,193)	(75)	2	%		
Other expense, net													
Total other income (expense)		\$ 3,051	\$ (39)	\$ 3,090	(7,923)	%	\$ 7,976	\$ (712)	\$ 8,688	(1,220)	%		
Total other income													
Total other income													
Total other income													

Interest income increased by \$2.3 million \$0.9 million for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022. Interest income increased by \$8.4 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 March 31, 2023. The increase was primarily due to interest income generated from our cash equivalents and marketable securities during the three and nine months ended September 30, 2023 March 31, 2024 reflecting an increase in interest rates.

Other expense, net decreased by \$0.7 million \$0.5 million, or 36% 31% for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023. The decrease was driven by lower net realized and unrealized losses from foreign currency rate measurement fluctuations. Other expense, net increased by \$0.1 million, or 2% for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The increase was primarily driven by \$1.7 million of realized losses from the sale of available-for-sale debt securities, partially offset by lower net realized and unrealized losses from foreign currency rate measurement fluctuations.

Provision for Income Taxes

The Company's provision for income taxes was \$1.2 million \$2.1 million and \$4.0 million, \$1.1 million, respectively, for the three and nine months ended September 30, 2023 March 31, 2024, and \$1.9 million and \$3.2 million, respectively, for as compared to the three and nine months ended September 30, 2022 March 31, 2023. The increase in the provision for income taxes consists was primarily due to higher foreign taxes, income. Deferred tax assets related to our domestic operations are fully offset by a valuation allowance.

Liquidity and Capital Resources

As of September 30, 2023 March 31, 2024, we had \$356.9 \$371.8 million in cash and cash equivalents and marketable securities. Short-term restricted cash of \$0.5 million and long-term restricted cash of \$3.0 million primarily serves as collateral for outstanding letters of credit for facilities. We have generated negative cumulative cash flows from operations since inception through September 30, 2023 March 31, 2024, and we have generated losses from operations since inception as reflected in our accumulated deficit of \$1.2 billion \$1.3 billion.

We currently anticipate making aggregate capital expenditures of between approximately \$20 million \$15 million and \$25 million \$20 million during the next 12 months, which we expect to include, among other expenditures, equipment to be used for manufacturing and research and development.

Our future capital requirements will depend on many factors including our revenue growth rate, research and development efforts, investments in or acquisitions of complementary or enhancing technologies or businesses, the timing and extent of additional capital expenditures to invest in existing and new facilities, the expansion of sales and

marketing and international activities, legal costs associated with defending and enforcing intellectual property rights and the introduction of new products.

We take a long-term view in growing and scaling our business and we regularly review acquisition and investment opportunities, and we may in the future enter into arrangements to acquire or invest in businesses, real estate, services and technologies, including intellectual property rights, and any such acquisitions or investments could significantly increase our capital needs. We regularly review opportunities that meet our long-term growth objectives.

In January 2023, we signed an agreement to acquire certain intangible and other assets for an upfront cash payment of \$10.0 million relating to an intellectual property license. Upon the close of the transaction in July 2023, we paid additional cash consideration of \$10.0 million upon acquiring the assets. Under the agreement, we are obligated to provide additional cash consideration if certain technology development milestones are met. As of September 30, 2023, we have paid \$21.3 million relating to the completion of development milestones. Up to \$15.0 million of cash consideration is due if an additional technology development milestone is met. Furthermore, we expect to pay cash consideration tied to future sales milestones if such milestones are met.

We expect to continue to incur operating losses for the foreseeable future. We believe that our existing cash and cash equivalents and cash generated from sales of our products will be sufficient to meet our anticipated cash needs for at least the next 12 months. However, our liquidity assumptions may prove to be incorrect, and we could exhaust our available financial resources sooner than we currently expect. We maintain the majority of our cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions. 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.

We intend to continue to evaluate market conditions and may in the future pursue additional sources of funding, such as mortgage or other financing, to further enhance our financial position and to execute our business strategy. In addition, should prevailing economic, financial, business or other factors adversely affect our ability to meet our operating cash requirements, we could be required to obtain funding through traditional or alternative sources of financing. We cannot be certain that additional funds would be available to us on favorable terms when required, or at all.

Sources of liquidity

Since our inception, we have financed our operations and capital expenditures primarily through sales of convertible preferred stock and common stock, revenue from sales of our products and the incurrence of indebtedness. In September 2019, we completed our initial public offering for aggregate proceeds of \$410.8 million, net of offering costs, underwriter discounts and commissions. In September 2020, we completed a public offering of our Class A common stock for aggregate proceeds of \$482.3 million, after deducting offering costs, underwriting discounts and commissions.

The following table summarizes our cash flows for the periods indicated:

		Nine Months Ended September 30,			
		Three Months Ended March 31,		Three Months Ended March 31,	
(in thousands)	(in thousands)	2023	2022	(in thousands)	2024
Net cash provided by (used in):	Net cash provided by (used in):				
Operating activities	Operating activities				
Operating activities	Operating activities	\$ (40,955)	\$ (47,329)		
Investing activities	Investing activities	120,394	(317,715)		
Financing activities	Financing activities	8,056	10,816		
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(110)	(295)		

Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 87,385	\$(354,523)
Net increase (decrease) in cash and cash equivalents		

Operating activities

The net cash used in operating activities of \$41.0 million \$15.7 million for the nine three months ended September 30, 2023 March 31, 2024 was primarily due to a net loss of \$206.1 \$59.9 million, of which \$41.4 million related to in-process research and development expense, partially offset by stock-based compensation expense of \$128.0 million, depreciation and amortization of \$25.8 million, amortization of leased right-of-use assets of \$6.1 million, lease impairment charges of \$2.8 million, realized losses on sale of marketable securities of \$1.7 million, other non-cash expenses of \$0.5 million and net cash inflow from changes in operating assets and liabilities of \$0.3 million. The net cash inflow from operating assets and liabilities was primarily due to an increase in accrued expenses and other current liabilities of \$9.2 million, an increase in deferred revenue of \$6.6 million, an increase in other noncurrent liabilities of \$0.6 million and a decrease in accounts receivable of \$0.4 million. The net cash inflow from operating assets and liabilities was primarily offset by a decrease in operating lease liability of \$5.9 million, a decrease in accrued compensation and other related benefits of \$4.2 million primarily related to the prior year annual bonus payments, an increase in prepaid expenses and other current assets of \$3.6 million and a decrease in accounts payable of \$2.8 million due to timing of vendor payments.

The net cash used in operating activities of \$47.3 million for the nine months ended September 30, 2022 was primarily due to a net loss of \$148.8 million, net cash outflow from changes in operating assets and liabilities of \$20.1 million \$6.3 million, partially offset by stock-based compensation expense of \$95.9 million, \$36.1 million, depreciation and amortization of \$18.8 million \$9.2 million, lease and asset impairment charges of \$2.5 million, amortization of leased right-of-use assets of \$5.7 million \$2.3 million, amortization and other non-cash expenses of premium and accretion of discount on marketable securities, net of \$0.7 million and loss on disposal of property and equipment of \$0.5 million. \$0.4 million. The net cash outflow from operating assets and liabilities was primarily due to a decrease in accrued expenses and other current liabilities of \$12.7 million primarily driven by a payment of \$20.0 million related to purchase consideration, an increase in inventory of \$19.8 million due to ramp-up of inventory for anticipated demand and supply chain management, a decrease of \$4.6 million due to payment of operating lease liabilities, \$9.9 million, a decrease in accrued compensation and other related benefits of \$3.2 million due \$9.4 million related to the prior year annual bonus payments and a decrease in other noncurrent liabilities operating lease liability of \$3.0 million and an increase in prepaid expenses and other current assets of \$2.5 million, \$3.0 million. The net cash outflow from operating assets and liabilities was partially offset by an increase in accounts payable receivable of \$6.1 million \$23.5 million due to timing of vendor payments, collections, an increase in accrued expenses accounts payable of \$4.6 million and other current liabilities of \$2.9 million, an increase in deferred revenue of \$1.8 million \$2.1 million.

The net cash used in operating activities of \$4.1 million for the three months ended March 31, 2023 was primarily due to a net loss of \$50.7 million, net cash outflow from changes in operating assets and liabilities of \$6.0 million, primarily offset by stock-based compensation expense of \$42.1 million, depreciation and amortization of \$6.5 million, amortization of leased right-of-use assets of \$2.1 million, realized losses on sale of marketable securities of \$1.7 million, and other non-cash expenses of \$0.2 million. The net cash outflow from operating assets and liabilities was primarily due to a decrease in accrued compensation and other related benefits of \$15.1 million related to the prior year annual bonus payments, an increase in other noncurrent assets of \$10.5 million primarily due to an upfront payment for an intellectual property license of \$10.0 million, an increase in prepaid expenses and other current assets of \$4.3 million, and a decrease in operating lease liability of \$2.3 million. The net cash outflow from operating assets and liabilities was partially offset by a decrease of accounts receivable of \$1.7 million \$26.3 million due to timing of collections, collections and an increase in deferred revenue of \$1.1 million.

Investing activities

The net cash provided by investing activities of \$120.4 million \$10.6 million in the nine three months ended September 30, 2023 March 31, 2024 was due to proceeds from sales and maturities of marketable securities of \$96.1 million \$0.6 million and \$70.3 \$13.0 million, respectively, partially offset by purchases of property and equipment of \$2.9 million.

The net cash provided by investing activities of \$120.0 million in the three months ended March 31, 2023 was due to proceeds from sales and maturities of marketable securities of \$93.3 million and \$31.9 million, respectively, partially offset by purchases of property and equipment and intangible assets of \$45.2 million \$4.6 million and \$0.9 million, \$0.7 million, respectively.

The net cash used in investing activities of \$317.7 million in the nine months ended September 30, 2022 was due to purchases of marketable securities of \$282.9 million and property and equipment of \$91.9 million and payment of acquisition-related holdback cash of \$1.5 million, partially offset by proceeds from sales and maturities of marketable securities of \$41.4 million and \$17.2 million, respectively.

Financing activities

The net cash provided by financing activities of \$8.1 million \$1.6 million in the nine three months ended September 30, 2023 March 31, 2024 was primarily from proceeds related to the issuance of common stock from the exercise of stock options.

The net cash used in financing activities of \$3.4 million in the three months ended March 31, 2023 was primarily from proceeds of \$13.9 million \$2.4 million from the issuance of common stock from the exercise of stock options, and employee stock purchase plan, partially offset by payments on financing arrangements of \$5.8 million.

The net cash provided by financing activities of \$10.8 million in the nine months ended September 30, 2022 was primarily from proceeds of \$16.2 million from the issuance of common stock from the exercise of stock options and employee stock purchase plan purchases partially offset by payments on financing arrangements of \$5.4 million.

Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and the applicable rules and regulations of the SEC. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses incurred during the reporting periods. 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.

There have been no significant changes in our critical accounting policies and estimates during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** as compared to the critical accounting policies and estimates disclosed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our most recent Annual Report on Form 10-K filed with the SEC on **February 16, 2023** **February 15, 2024**.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For financial market risks related to changes in interest rates and foreign currency exchange rates, reference is made to Item 7A "Quantitative and Qualitative Disclosures about Market Risk" contained in Part II of our Annual Report. Our exposure to market risk has not changed materially since **December 31, 2022** **December 31, 2023**.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports 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 the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of **September 30, 2023** **March 31, 2024**.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) during the quarter ended **September 30, 2023** **March 31, 2024** that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

10x Genomics, Inc.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are regularly subject to lawsuits, claims, arbitration proceedings, administrative actions and other legal and regulatory proceedings involving intellectual property disputes, commercial disputes, competition and other matters, and we may become subject to additional types of lawsuits, claims, arbitration proceedings, administrative actions, government investigations and legal and regulatory proceedings in the future and as our business grows, including proceedings related to product liability or our acquisitions, securities issuances or our business practices, including public disclosures about our business. Our success depends in part on our non-infringement of the patents or proprietary rights of third parties. In the past, third parties have asserted and may in the future assert that we are employing their proprietary technology without authorization. We have been involved in multiple patent litigation matters and other proceedings in the past and we expect that given the litigious history of our industry and the high profile of operating as a public company, third parties may claim that our products infringe their intellectual property rights. We have also initiated litigation to defend our technology including technology developed through our significant investments in research and development. It is our general policy not to out-license our patents but to protect our sole right to own and practice them. There are inherent uncertainties in these legal matters, some of which are beyond management's control, making the ultimate outcomes difficult to predict.

Refer to Note **54** to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report.

Item 1A. Risk Factors.

There have been no material changes to our risk factors that we believe are material to our business, results of operations and financial condition from the risk factors previously disclosed in our Annual Report, and any documents incorporated by reference therein, which is accessible on the SEC's website at www.sec.gov.

Item 5. Other Information

None of our directors or officers (as defined in Rule 16a-1 under the Exchange Act) adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement during the quarter ended **September 30, 2023** **March 31, 2024**, as such terms are defined under Item 408(a) of Regulation S-K, except as follows:

On **September 13, 2023** **December 13, 2023**, Serge Saxonov, James L. Wilbur, our former Chief Executive Commercial Officer, adopted a Rule 10b5-1 trading arrangement that was intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 147,095 shares of the Company's common stock. The expiration date of the trading arrangement was December 31, 2024. On February 21, 2024, the trading arrangement was terminated at the election of Dr. Wilbur.

On March 10, 2024, Shehnaaz Suliman, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to **152,000** **20,016** shares of the Company's common stock. The expiration date of the trading arrangement is June 14, 2024.

On March 11, 2024, Benjamin J. Hindson, Chief Scientific Officer and President, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 22,496 shares of the Company's common stock plus up to **40,000** **190,845** carryover shares from a prior 10b5-1 plan that will expire on **December 29, 2023** **June 14, 2024**, subject to certain conditions. The expiration date of the trading arrangement is **December 31, 2024** **June 13, 2025**.

Item 6. Exhibits.

Exhibit Number	Exhibit Title	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	8-K	001-39035	3.1	9/16/2019	
3.2	Amended and Restated Bylaws of the Registrant.	10-Q	001-39035	3.2	11/3/2022	
4.1	Form of Stock Certificate for Class A common stock of the Registrant.	S-1	333-233361	4.2	8/19/2019	
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document.					
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					
104	Cover Page Interactive Data File (the Cover Page Interactive Data File does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).					

* This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

Signatures

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

10x Genomics, Inc.

Date: November 2, 2023 April 30, 2024

By: /s/ Serge Saxonov

Serge Saxonov
Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 2, 2023 April 30, 2024

By: /s/ Justin J. McAnear

Justin J. McAnear
Chief Financial Officer
(Principal Financial and Accounting Officer)

3027

Exhibit 31.1

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Serge Saxonov, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of 10x Genomics, 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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 2, 2023 April 30, 2024

By: /s/ Serge Saxonov

Serge Saxonov
Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Justin J. McAnear, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of 10x Genomics, 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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 2, 2023** **April 30, 2024**

By: /s/ Justin J. McAnear

Justin J. McAnear
Chief Financial Officer
(Principal Financial and Accounting Officer)

**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**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Serge Saxonov, the Chief Executive Officer of 10x Genomics, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024** (the "Report") of the Company 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 2, 2023** **April 30, 2024**

By: **/s/ Serge Saxonov**

Serge Saxonov
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**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Justin J. McAnear, the Chief Financial Officer of 10x Genomics, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024** (the "Report") of the Company 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 2, 2023** **April 30, 2024**

By: **/s/ Justin J. McAnear**

Justin J. McAnear
Chief Financial Officer
(Principal Financial and Accounting Officer)

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