
**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, 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: 001-39486

QUANTUM-SI INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

85-1388175

(State or other jurisdiction of incorporation or organization)

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

**29 Business Park Drive
Branford, Connecticut**
(Address of principal executive offices)

06405

(Zip Code)

(866) 688-7374
(Registrant's telephone number, including area code)

Not applicable

(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(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 per share	QSI	The Nasdaq Stock Market LLC
Redeemable warrants, each whole warrant exercisable for one share of Class A common stock, each at an exercise price of \$11.50 per share	QSIAW	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 type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" 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. O

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 November 7, 2024, the registrant had 122,775,352 shares of Class A common stock outstanding and 19,937,500 shares of Class B common stock outstanding.

QUANTUM-SI INCORPORATED
TABLE OF CONTENTS

	Page
<u>Cautionary Note Regarding Forward-Looking Statements</u>	3
Part I.	
<u>Financial Information</u>	4
Item 1.	
<u>Financial Statements</u>	4
<u>Condensed Consolidated Balance Sheets as of September 30, 2024, and December 31, 2023 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2024 and 2023 (unaudited)</u>	5
<u>Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and nine months ended September 30, 2024 and 2023 (unaudited)</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023 (unaudited)</u>	7
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	8
Item 2.	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
Item 3.	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	33
Item 4.	
<u>Controls and Procedures</u>	34
Part II.	
<u>Other Information</u>	35
Item 1.	
<u>Legal Proceedings</u>	35
Item 1A.	
<u>Risk Factors</u>	35
Item 2.	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	35
Item 3.	
<u>Defaults Upon Senior Securities</u>	35
Item 4.	
<u>Mine Safety Disclosures</u>	35
Item 5.	
<u>Other Information</u>	36
Item 6.	
<u>Exhibits</u>	36
<u>Signatures</u>	37

In this Quarterly Report on Form 10-Q, the terms "we", "us", "our", the "Company" or "Quantum-Si" mean Quantum-Si Incorporated and our subsidiaries. Quantum-Si Incorporated was incorporated in Delaware on June 10, 2020.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that relate to future events, our future operations or financial performance, or our plans, strategies and prospects. These statements are based on the beliefs and assumptions of our management team. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events or performance, are forward-looking statements. The actual results may differ from its expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions (or the negative versions of such words or expressions) are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, our expectations with respect to future performance and development and commercialization of products and services. The forward-looking statements are based on projections prepared by, and are the responsibility of, management and involve significant risks and uncertainties that could cause the actual results to differ materially from those discussed in the forward-looking statements. Most of these factors are outside our control and are difficult to predict. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- the impact of international conflicts, pandemics or epidemics on our business;
- the inability to maintain the listing of our Class A common stock on The Nasdaq Stock Market LLC;
- changes in applicable laws or regulations;
- our ability to raise financing in the future;
- the success, cost and timing of our product development and commercialization activities;
- the commercialization and adoption of our existing products, including the Platinum® protein sequencing instrument, and the success of any product we may offer in the future;
- our ability to obtain and maintain regulatory approval for our products, and any related restrictions and limitations of any approved product;
- our ability to identify, in-license or acquire additional technology;
- our ability to maintain our existing lease, license, manufacture and supply agreements;
- our ability to compete with other companies currently marketing or engaged in the development or commercialization of products and services that serve customers engaged in proteomic analysis, many of which have greater financial and marketing resources than us;
- the size and growth potential of the markets for our products and services, and our ability to serve those markets once commercialized, either alone or in partnership with others;
- our estimates regarding future expenses, future revenue, capital requirements and needs for additional financing; and
- our financial performance.

These forward-looking statements are based on information available as of the date of this report, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Important factors could cause actual results, performance or achievements to differ materially from those indicated or implied by forward-looking statements such as those described in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 and this Quarterly Report on Form 10-Q, and in other filings that we make with the Securities and Exchange Commission. The risks described under the heading "Risk Factors" are not exhaustive. New risk factors emerge from time to time, and it is not possible to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements, which speak only as of the date hereof. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

QUANTUM-SI INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and par value amounts)
(unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 42,268	\$ 133,860
Marketable securities	154,076	123,876
Accounts receivable, net of allowance of \$ 0 and \$ 0 , respectively	1,022	368
Inventory	4,091	3,945
Prepaid expenses and other current assets	4,371	4,261
Total current assets	205,828	266,310
Property and equipment, net	16,254	16,275
Internally developed software, net	—	532
Operating lease right-of-use assets	13,677	14,438
Other assets	695	695
Total assets	<u>\$ 236,454</u>	<u>\$ 298,250</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,153	\$ 1,766
Accrued payroll and payroll-related costs	4,603	4,943
Accrued contracted services	2,133	1,519
Accrued expenses and other current liabilities	2,839	1,815
Current portion of operating lease liabilities	3,614	1,566
Total current liabilities	15,342	11,609
Warrant liabilities	357	1,274
Operating lease liabilities	10,211	13,737
Other long-term liabilities	24	11
Total liabilities	25,934	26,631
Commitments and contingencies (Note 15)		
Stockholders' equity		
Class A Common stock, \$ 0.0001 par value; 600,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 122,775,352 and 121,832,417 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	12	12
Class B Common stock, \$ 0.0001 par value; 27,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 19,937,500 shares issued and outstanding as of September 30, 2024 and December 31, 2023	2	2
Additional paid-in capital	773,873	767,239
Accumulated other comprehensive loss	153	—
Accumulated deficit	(563,520)	(495,634)
Total stockholders' equity	<u>210,520</u>	<u>271,619</u>
Total liabilities and stockholders' equity	<u>\$ 236,454</u>	<u>\$ 298,250</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

QUANTUM-SI INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share amounts)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue:				
Product	\$ 764	\$ 216	\$ 1,776	\$ 654
Service	23	7	90	28
Total revenue	787	223	1,866	682
Cost of revenue	420	115	876	372
Gross profit	367	108	990	310
Operating expenses:				
Research and development	16,171	16,587	42,653	50,588
Selling, general and administrative	12,284	10,696	36,236	33,010
Total operating expenses	28,455	27,283	78,889	83,598
Loss from operations	(28,088)	(27,175)	(77,899)	(83,288)
Dividend and interest income	2,688	2,572	9,149	7,274
Unrealized gain on trading securities	—	1,953	—	8,302
Realized loss on trading securities	—	(1,901)	—	(6,489)
Change in fair value of warrant liabilities	121	(162)	917	(81)
Other income (expense), net	9	(15)	(10)	370
Loss before provision for income taxes	(25,270)	(24,728)	(67,843)	(73,912)
Provision for income taxes	(43)	—	(43)	—
Net loss	<u><u>\$ (25,313)</u></u>	<u><u>\$ (24,728)</u></u>	<u><u>\$ (67,886)</u></u>	<u><u>\$ (73,912)</u></u>
Net loss per common share attributable to common stockholders, basic and diluted	\$ (0.18)	\$ (0.17)	\$ (0.48)	\$ (0.52)
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	142,399	141,660	142,039	141,154
Other comprehensive gain (loss):				
Net unrealized gain on marketable securities, net of tax	\$ 163	\$ —	\$ 163	\$ —
Foreign currency translation adjustment	(3)	—	(10)	—
Total other comprehensive gain, net of tax	160	—	153	—
Comprehensive loss	<u><u>\$ (25,153)</u></u>	<u><u>\$ (24,728)</u></u>	<u><u>\$ (67,733)</u></u>	<u><u>\$ (73,912)</u></u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

QUANTUM-SI INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

	Class A common stock		Class B common stock		Additional paid-in capital	Accumulated other comprehensive (loss) gain		Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount		(loss) gain	deficit		
Balance - December 31, 2023	121,832,417	\$ 12	19,937,500	\$ 2	\$ 767,239	\$ —	\$ (495,634)	\$ 271,619	
Common stock issued upon vesting of restricted stock units	46,572	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,645	—	—	—	1,645
Net unrealized loss on marketable securities, net of tax	—	—	—	—	—	(28)	—	—	(28)
Refund of issuance costs from 2021 Business Combination	—	—	—	—	14	—	—	—	14
Foreign currency translation	—	—	—	—	—	(5)	—	—	(5)
Net loss	—	—	—	—	—	—	(19,474)	—	(19,474)
Balance - March 31, 2024	121,878,989	\$ 12	19,937,500	\$ 2	\$ 768,898	\$ (33)	\$ (515,108)	\$ 253,771	
Common stock issued upon exercise of stock options	96,069	—	—	—	136	—	—	—	136
Common stock issued upon vesting of restricted stock units	407,274	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,426	—	—	—	2,426
Net unrealized gain on marketable securities, net of tax	—	—	—	—	—	28	—	—	28
Foreign currency translation	—	—	—	—	—	(2)	—	—	(2)
Net loss	—	—	—	—	—	—	(23,099)	—	(23,099)
Balance - June 30, 2024	122,382,332	\$ 12	19,937,500	\$ 2	\$ 771,460	\$ (7)	\$ (538,207)	\$ 233,260	
Common stock issued upon exercise of stock options	41,470	—	—	—	2	—	—	—	2
Common stock issued upon vesting of restricted stock units	351,550	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,411	—	—	—	2,411
Net unrealized gain on marketable securities, net of tax	—	—	—	—	—	163	—	—	163
Foreign currency translation	—	—	—	—	—	(3)	—	—	(3)
Net loss	—	—	—	—	—	—	(25,313)	—	(25,313)
Balance - September 30, 2024	122,775,352	\$ 12	19,937,500	\$ 2	\$ 773,873	\$ 153	\$ (563,520)	\$ 210,520	

	Class A common stock		Class B common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount			
Balance - December 31, 2022	120,006,757	\$ 12	19,937,500	\$ 2	\$ 758,366	\$ (399,674)	\$ 358,706
Common stock issued upon exercise of stock options and vesting of restricted stock units	1,552,583	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	3,908	—	3,908
Net loss	—	—	—	—	—	(23,611)	(23,611)
Balance - March 31, 2023	121,559,340	\$ 12	19,937,500	\$ 2	\$ 762,274	\$ (423,285)	\$ 339,003
Common stock issued upon exercise of stock options and vesting of restricted stock units	74,273	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,865	—	1,865
Net loss	—	—	—	—	—	(25,573)	(25,573)
Balance - June 30, 2023	121,633,613	\$ 12	19,937,500	\$ 2	\$ 764,139	\$ (448,858)	\$ 315,295
Common stock issued upon exercise of stock options and vesting of restricted stock units	156,921	—	—	—	357	—	357
Stock-based compensation	—	—	—	—	1,141	—	1,141
Net loss	—	—	—	—	—	(24,728)	(24,728)
Balance - September 30, 2023	121,790,534	\$ 12	19,937,500	\$ 2	\$ 765,637	\$ (473,586)	\$ 292,065

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

QUANTUM-SI INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (67,886)	\$ (73,912)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,606	3,063
Non-cash lease expense	1,808	1,486
Unrealized (gain) loss on trading securities, net	—	(8,302)
Realized (gain) loss on trading securities, net	—	6,489
(Accretion) amortization on marketable securities	(6,517)	—
Gain on disposal of fixed assets	—	(8)
Write-down of inventory	2,391	—
Change in fair value of warrant liabilities	(917)	81
Change in fair value of contingent consideration	—	(400)
Stock-based compensation	6,482	6,914
Other	23	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(654)	(466)
Inventory	(1,625)	(2,325)
Prepaid expenses and other current assets	(545)	(236)
Operating lease right-of-use assets	—	(83)
Other assets	—	(4)
Accounts payable	89	(732)
Accrued expenses and other current liabilities	1,343	(2,656)
Other long-term liabilities	(2,525)	19
Operating lease liabilities	13	(1,995)
Net cash used in operating activities	(64,914)	(73,067)
Cash flows from investing activities:		
Purchases of property and equipment	(3,148)	(4,877)
Internally developed software - capitalized costs	(59)	(763)
Purchases of marketable securities	(262,043)	—
Sales and maturities of marketable securities	238,500	88,000
Net cash (used in) provided by investing activities	(26,750)	82,360
Cash flows from financing activities:		
Proceeds from exercise of stock options	138	357
Deferred offering costs	(70)	(147)
Refund of issuance costs from 2021 Business Combination	14	—
Net cash provided by financing activities	82	210
Effect of exchange rate changes on cash and cash equivalents	(10)	—
Net (decrease) increase in cash and cash equivalents	(91,592)	9,503
Cash and cash equivalents at beginning of period	133,860	84,319
Cash and cash equivalents at end of period	\$ 42,268	\$ 93,822
Supplemental disclosure of non-cash investing and financing activities:		
Property and equipment purchased but not paid	\$ 497	\$ 59
Deferred offering costs payable	\$ 75	\$ 136

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

QUANTUM-SI INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(Unaudited)

Note 1. Organization and Description of Business

Quantum-Si Incorporated (including its subsidiaries, the "Company" or "Quantum-Si") was incorporated in Delaware on June 10, 2020 as HighCape Capital Acquisition Corp. ("HighCape"). The Company's legal name became Quantum-Si Incorporated following a business combination on June 10, 2021 between the Company and Q-SI Operations Inc. (formerly Quantum-Si Incorporated) (the "Business Combination"), which was founded in 2013.

The Company is an innovative life sciences company with the mission of transforming single-molecule analysis and democratizing its use by providing researchers and clinicians access to the proteome, the set of proteins expressed within a cell. The Company has developed a proprietary universal single-molecule detection platform that the Company is first applying to proteomics to enable Next-Generation Protein Sequencing™ ("NGPS"), the ability to sequence proteins in a massively parallel fashion (rather than sequentially, one at a time), and can be used for the study of nucleic acids. The Company's platform is currently comprised of the Platinum® NGPS instrument, the Platinum Analysis Software service, reagent kits and semiconductor chips for use with its instruments.

Liquidity and Capital Resources

The Company has historically financed its operations primarily with proceeds from the issuance of equity to private investors, as well as with the proceeds received from the closing of the Business Combination on June 10, 2021. The Company has incurred significant losses and negative cash flows from operations in all periods since inception and had an accumulated deficit of \$ 563.5 million as of September 30, 2024. The Company has incurred significant operating losses, including net losses of \$ 67.9 million and \$ 73.9 million for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024, the Company had cash, cash equivalents and investments in marketable securities of \$ 196.3 million. Management believes that the Company's current cash, cash equivalents and marketable securities, together with revenue from the sales of its products and services, will be sufficient to fund its planned operations for at least the next twelve months from the date of the issuance of the accompanying Condensed Consolidated Financial Statements.

Until such time as the Company can generate significant revenue from product sales, if ever, it expects to finance its operations through private and public equity offerings, debt financings, and/or potential future collaboration, license and development agreements. However, there can be no assurance that the Company will be able to complete any such transactions on acceptable terms or otherwise, and the Company may be unable to obtain sufficient additional capital when needed. The inability to raise capital as and when needed would have a negative impact on the Company's financial condition and its ability to pursue its business strategy. The Company will need to generate significant revenue to achieve profitability and it may never do so.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the accounting disclosure rules and regulations of the Securities and Exchange Commission (the "SEC"). All intercompany transactions are eliminated.

These Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The Condensed Consolidated Balance Sheet as of December 31, 2023 included herein was derived from the audited Consolidated Financial Statements as of that date, but does not include all disclosures, including certain notes required by U.S. GAAP, on an annual reporting basis.

In the opinion of management, the accompanying Condensed Consolidated Financial Statements reflect all normal recurring adjustments necessary to fairly state the financial position, results of operations, and cash flows for the interim

periods. The results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for any subsequent quarter, the year ending December 31, 2024, or any other period.

There have been no material changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Global Developments

Throughout 2023, various central banks around the world, including the Federal Reserve in the United States, raised interest rates. While these rate increases have not had a significant adverse impact on the Company to date, the impact of such rate increases on the overall financial markets and the economy may adversely impact the Company in the future. In addition, the global economy has experienced, and is continuing to experience, high levels of inflation and global supply chain disruptions. The Company continues to monitor these supply chain, inflation and interest rate factors, as well as the uncertainty resulting from the overall economic environment.

Although the Company does not expect to be significantly impacted by the ongoing conflicts in Ukraine or Israel and Gaza, the Company has experienced some constraints in product and material availability and increasing costs required to obtain some materials and supplies as a result of these conflicts on the global economy. To date, the Company's business has not been materially impacted by the conflicts, however, as the conflicts continue or worsen, it may adversely impact the Company's business, financial condition, results of operations and/or cash flows.

Concentration of Business Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents and marketable securities. As of September 30, 2024 and December 31, 2023, the Company's marketable securities consist of money market mutual funds, U.S. Treasury securities and commercial paper. The Company also maintains balances in certain operating accounts above federally insured limits and, as a result, the Company is exposed to credit risk in the event of default by the financial institutions to the extent account balances exceed the amount insured by the Federal Deposit Insurance Corporation.

The Company sources certain key materials and components utilized in the Company's products from single or limited suppliers. Historically, the Company has not experienced significant issues sourcing these materials and components. However, if these suppliers were not able to supply the requested amount of materials or components, it could take a considerable length of time to obtain alternative sources, which could affect the Company's development efforts and commercial operations.

Segment Reporting

The Company's Chief Operating Decision Maker, its Chief Executive Officer, reviews the Company's financial information on a consolidated basis for purposes of allocating resources and evaluating its financial performance. Accordingly, the Company has determined that it operates as a single reportable segment.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year's presentation.

Use of Estimates

The preparation of the Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions about future events that may affect the amounts recorded in its Condensed Consolidated Financial Statements and accompanying notes. Future events and their effects cannot be determined with certainty. On an ongoing basis, management evaluates these estimates and assumptions. Significant estimates and assumptions include:

- valuation allowances with respect to deferred tax assets;
- inventory valuation;
- assumptions used for leases;

- valuation of warrant liabilities;
- assumptions associated with revenue recognition; and
- assumptions underlying the fair value used in the calculation of stock-based compensation.

The Company bases these estimates on historical and anticipated results and trends and on various other assumptions the Company believes are reasonable under the circumstances, including assumptions as to future events. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates, and any such differences may be material to the Condensed Consolidated Financial Statements.

Inventory

Inventory is stated at the lower of cost or net realizable value with cost determined using the first-in, first-out method. Materials that may be utilized for either commercial or, alternatively, for research and development purposes, are classified as inventory. Amounts in inventory used for research and development purposes are charged to research and development expense when the product enters the research and development process and can no longer be used for commercial purposes and, therefore, does not have an "alternative future use" as defined in authoritative guidance.

Inventory valuation is established based on a number of factors including, but not limited to, finished goods not meeting product specifications, product excess and obsolescence, or application of the lower of cost or net realizable value concepts. The determination of events requiring the establishment of inventory valuation, together with the calculation of the amount of such adjustments may require judgment. The Company performs an assessment of the recoverability of capitalized inventory during each reporting period and, if needed, records a write-down of inventory to its estimated net realizable value in the period it is identified. For further discussion related to inventory, please refer to [Note 5. Inventory](#).

Warrant Liabilities

The Company's outstanding warrants include publicly traded warrants (the "Public Warrants") and warrants sold in a private placement (the "Private Warrants"). The Public Warrants and Private Warrants meet the definition of a derivative, and the Company recorded these warrants as long-term liabilities in the Condensed Consolidated Balance Sheets at fair value upon initial recognition, with subsequent changes in their respective fair values recognized in the Condensed Consolidated Statements of Operations and Comprehensive Loss at each reporting date. For further discussion related to the Public Warrants and Private Warrants, please refer to [Note 11. Warrant Liabilities](#).

Revenue Recognition

The Company's revenue is derived from sales of products and services. Product revenue is primarily generated from the sales of instruments and consumables used in protein sequencing and analysis. Service revenue is primarily generated from service maintenance contracts including access to analysis software and advanced training for instrument use. The Company recognizes revenue when or as a customer obtains control of the promised goods and services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for these goods and services. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue as the performance obligations have been satisfied. The Company has made the accounting policy election allowed for under ASC 606-10-32-2A to exclude all sales taxes from transaction price. Revenue recognition for contracts with multiple deliverables is based on the separate satisfaction of each distinct performance obligation within the contract. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. The Company allocates the transaction price to the performance obligations in a contract with a customer based on the relative standalone selling price of each performance obligation. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information and specific factors such as competitive positioning, internal costs, profit objectives, and internally approved pricing guidelines related to the performance obligation.

The Company considers the performance obligation for sales of products satisfied upon shipment of the goods to the customer in accordance with the shipping terms (either upon shipment or delivery), which is when control of the product is deemed to be transferred; this includes instruments and consumables. Customers generally do not have a right to return products, except for defective or damaged products during the warranty period or unless prior written consent is provided.

In instances where right of payment or transfer of title is contingent upon the customer's acceptance of the product, revenue is deferred until all acceptance criteria have been met. Revenues for service maintenance contracts, which start after the first year of purchase and are considered as service type warranties that effectively extend the standard first-year service coverage at the customer's option, are recognized ratably over the contract service period as these services are performed evenly over time. Revenues for advanced training is recognized at a point in time upon satisfaction of the underlying performance obligation. The Company typically provides a standard one-year warranty, which covers defects in materials, workmanship and manufacturing or performance conditions under normal use and service. The first year of the warranty of the products is considered an assurance-type warranty and is recorded as Cost of revenue within the Condensed Consolidated Statements of Operations and Comprehensive Loss. The Company has determined the standard first-year warranty is not a distinct performance obligation.

The Company disaggregates revenue from contracts with customers by type of revenue. The Company believes product revenue and service revenue aggregate the customer types by nature, amount, timing and uncertainty of its revenue streams. Total revenue generated from domestic sales was \$ 0.4 million and \$ 0.2 million for the three months ended September 30, 2024 and 2023, respectively, and \$ 0.8 million and \$ 0.6 million for the nine months ended September 30, 2024 and 2023, respectively. Total revenue generated from international sales was \$ 0.4 million and immaterial for the three months ended September 30, 2024 and 2023, respectively, and \$ 1.1 million and \$ 0.1 million for the nine months ended September 30, 2024 and 2023, respectively.

Deferred Revenue

Deferred revenue is a contract liability that consists of customer payments received in advance of performance or billings in excess of revenue recognized, net of revenue recognized from the balance at the beginning of the period.

Deferred revenue primarily consists of billings and payments received in advance of revenue recognition from service maintenance contracts including software subscription and advanced training and is reduced as the revenue recognition criteria are met. Deferred revenue that will be recognized as revenue within the succeeding 12-month period is recorded as current and is included within Accrued expenses and other current liabilities in the Company's Condensed Consolidated Balance Sheets. The portion of deferred revenue where revenue is expected to be recognized beyond 12 months from the reporting date is recorded as non-current deferred revenue and is included in Other long-term liabilities in the Company's Condensed Consolidated Balance Sheets.

As of both September 30, 2024 and December 31, 2023, the Company recorded \$ 0.1 million of deferred revenue within Accrued expenses and other current liabilities in the Company's Condensed Consolidated Balance Sheets. As of both September 30, 2024 and December 31, 2023, amounts recorded within Other long-term liabilities in the Company's Condensed Consolidated Balance Sheets were immaterial. The Company expects to recognize approximately 38 % of its remaining performance obligations as revenue for the remainder of the year ending December 31, 2024.

Stock-Based Compensation

Stock-based compensation expense for stock option grants with only service conditions is recognized on a straight-line basis over the requisite service period of the individual grants, which is generally the vesting period, based on the estimated grant date fair values. Stock-based compensation expense for stock option grants subject to performance conditions is recognized on an accelerated basis is recognized as though each vesting portion of the award was, in substance, a separate award.

After the completion of the Business Combination, the Company measures compensation expense for stock-based awards to employees, non-employees and directors based upon the awards' initial grant-date fair values. Stock-based compensation expense for stock options, restricted stock units and performance-based stock awards is recorded over the requisite service period. For awards with only a service condition, the Company expenses stock-based compensation using the straight-line method over the requisite service period for the entire award. For awards with a market condition, the Company expenses the grant date fair value at the target over the vesting period regardless of the value the award recipients ultimately receive. The fair value of restricted stock unit awards without a market condition is estimated using the current market price of the Company's Class A common stock on the date of grant. The fair value of stock option grants with a market condition is estimated at the date of grant using the Monte Carlo simulation model ("Monte Carlo"). The fair values of stock option grants with a service condition are estimated as of the date of grant by applying the Black-Scholes option valuation model ("Black-Scholes"). The Monte Carlo and Black-Scholes models incorporate assumptions as to stock price volatility, the

expected life of the underlying stock options, a risk-free interest rate and dividend yield. The effect of forfeiture in compensation costs is recognized based on actual forfeitures when they occur.

Black-Scholes is affected by the stock price on the date of the grant as well as assumptions regarding a number of highly complex and subjective variables. These variables include the expected term of the option, expected risk-free interest rate, the expected volatility of Class A common stock, and expected dividend yield; each of which is described below. The assumptions for expected term and expected volatility are the two assumptions that significantly affect the grant date fair value.

- *Expected Term*: The expected term using the “simplified” method, which is the simple average of the vesting period and the contractual term.
- *Risk-free Interest Rate*: The risk-free interest rate for periods within the expected term of the awards is based on the U.S. Treasury yield curve in effect at the time of the grant.
- *Expected Stock Price Volatility*: The Company determined expected annual equity volatility based on a weighted average of the historical volatility of its Class A common stock and that of a selected peer group of comparable companies as the Company does not have a sufficient historical trading history of its own Class A common stock.
- *Dividend Yield*: Because the Company has never paid a dividend and does not expect to begin doing so in the foreseeable future, the Company assumes no dividend yield in valuing the stock-based awards.
- *Exercise Price*: The exercise price is taken directly from the grant notice issued to employees and nonemployees.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses* (“DISE”), which requires additional disclosure of the nature of expenses included in the income statement. The ASU requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The ASU is required to be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact ASU 2024-03 may have on its Consolidated Financial Statements and disclosures.

In March 2024, the FASB issued ASU No. 2024-02, *Codification Improvements - Amendments to Remove References to the Concepts Statements*, which contains amendments to the Codification that remove references to various Concepts Statements. The amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities. The amendments in this update are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact ASU 2024-02 may have on its Consolidated Financial Statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* , which expands income tax disclosure requirements to include additional information related to the rate reconciliation of effective tax rates to statutory rates, as well as additional disaggregation of taxes paid in both U.S. and foreign jurisdictions. The amendments in ASU 2023-09 also remove disclosures related to certain unrecognized tax benefits and deferred taxes. The amendments are effective for fiscal years beginning after December 31, 2024, with early adoption permitted. The amendments may be applied prospectively or retrospectively. The Company is currently evaluating the impact ASU 2023-09 may have on its Consolidated Financial Statements and disclosures.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires enhanced disclosures about significant segment expenses. In addition, the ASU clarified that single reportable segment entities must apply Topic 280 in its entirely. The ASU does not change how an entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The ASU is required to be applied retrospectively to all periods presented in the financial statements and is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact ASU 2023-07 may have on its financial position and results of operations upon adoption but does not expect the adoption will have a material impact on the Company's Consolidated Financial Statements and disclosures.

Note 3. Investments in Marketable Securities

As of September 30, 2024 and December 31, 2023, the Company's investments in marketable securities were determined to be available-for-sale securities.

Dividend and interest income from marketable securities related to the Company's available-for-sale securities for the three and nine months ended September 30, 2024 and dividend income from marketable securities, unrealized gain and realized loss on trading securities for the three and nine months ended September 30, 2023 were as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024		2023	
	2024	2023	2024	2023
Dividend income from marketable securities	\$ 233	\$ 2,572	\$ 1,576	\$ 7,274
Interest income from marketable securities	\$ 2,455	\$ —	\$ 7,573	\$ —
Unrealized gain on trading securities	\$ —	\$ 1,953	\$ —	\$ 8,302
Realized loss on trading securities	\$ —	\$ (1,901)	\$ —	\$ (6,489)

The following is a summary of the Company's available-for-sale securities recorded within Marketable securities in the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024					
	Amortized Costs	Gross Realized Gains		Fair Value		
		Gross Unrealized Gains	Fair Value			
Financial Assets:						
Short-term marketable securities:						
U.S. Treasury securities	\$ 118,940	\$ —	\$ 109	\$ 119,049		
Commercial paper	34,974	—	53	35,027		
Total	\$ 153,914	\$ —	\$ 162	\$ 154,076		

	December 31, 2023					
	Amortized Costs	Gross Unrealized Gains		Fair Value		
		Gross Unrealized Losses	Fair Value			
Financial Assets:						
Short-term marketable securities:						
U.S. Treasury securities	\$ 82,625	\$ 15	\$ —	\$ 82,640		
Commercial paper	41,229	7	—	41,236		
Total	\$ 123,854	\$ 22	\$ —	\$ 123,876		

The fair values of the Company's available-for-sale securities included within Marketable securities in the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, by remaining contractual maturity, are as follows (in thousands):

	September 30, 2024						
	Over One Year One Year One Year or Less		Through Five Years	Over Five Years	Total		
Financial Assets:							
Short-term marketable securities:							
U.S. Treasury securities	\$ 119,049	\$ —	\$ —	\$ 119,049			
Commercial paper	35,027	—	—	35,027			
Total	\$ 154,076	\$ —	\$ —	\$ 154,076			

	December 31, 2023						
	Over One Year One Year One Year or Less		Through Five Years	Over Five Years	Total		
Financial Assets:							
Short-term marketable securities:							
U.S. Treasury securities	\$ 82,640	\$ —	\$ —	\$ 82,640			
Commercial paper	41,236	—	—	41,236			
Total	\$ 123,876	\$ —	\$ —	\$ 123,876			

Note 4. Fair Value of Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The Company measures fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The Company utilizes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- *Level 1:* Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.
- *Level 2:* Valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
- *Level 3:* Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying value of cash and cash equivalents, accounts payable and accrued expenses and other current liabilities approximates their fair values due to the short-term or on demand nature of these instruments. At September 30, 2024 and December 31, 2023, the Company's investment portfolio included available-for-sale securities which were comprised of money market funds, U.S. treasury bills and commercial paper. The Company has U.S. Treasury bills and commercial papers that are classified as Level 2 due to the fair value for these instruments being determined by utilizing observable inputs in similar assets or identical assets in non-active markets. The fair value of certain of the U.S. Treasury bills transferred to Level 2 from Level 1 of the fair value hierarchy due to trading activity, observability and accessibility of the pricing information from the most active market of the investment.

Warrants are recorded as Warrant liabilities in the Condensed Consolidated Balance Sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented as Change in fair value of warrant liabilities in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

The Public Warrants and Private Warrants were carried at fair value as of September 30, 2024 and December 31, 2023. The Public Warrants were valued using Level 1 inputs as they are traded in an active market. The Private Warrants were valued using a binomial lattice model. The primary unobservable input utilized in determining the fair value of the Private Warrants was the expected volatility of the Company's Class A common stock. The expected volatility was based on consideration of the implied volatility from the Company's own Public Warrant pricing and on the historical volatility observed at guideline public companies. As of September 30, 2024, the significant assumptions used in preparing the binomial lattice model for valuing the Private Warrants liability include (i) volatility of 121.2 %, (ii) risk-free interest rate of 3.7 %, (iii) strike price of \$ 11.50 , (iv) fair value of Class A common stock of \$ 0.88 , and (v) expected life of 1.7 years. As of December 31, 2023, the significant assumptions used in preparing the binomial lattice model for valuing the Private Warrants liability include (i) volatility of 92.1 %, (ii) risk-free interest rate of 4.10 %, (iii) strike price of \$ 11.50 , (iv) fair value of Class A common stock of \$ 2.01 , and (v) expected life of 2.4 years.

There were no exercises or redemptions of the Public Warrants or Private Warrants during the three and nine months ended September 30, 2024 and 2023.

The following table summarizes the Company's assets and liabilities in the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, that are measured at fair value on a recurring basis, by level, within the fair value hierarchy (in thousands):

	September 30, 2024				
	Level 1	Level 2	Level 3	Total	
Financial Assets:					
Cash equivalents:					
Money market funds	\$ 14,265	\$ —	\$ —	\$ 14,265	
Commercial paper	24,126	—	—	24,126	
Marketable securities:					
U.S. Treasury securities	—	119,049	—	119,049	
Commercial paper	—	35,027	—	35,027	
Total assets at fair value on a recurring basis	<u>\$ 38,391</u>	<u>\$ 154,076</u>	<u>\$ —</u>	<u>\$ 192,467</u>	
Liabilities:					
Public Warrants	\$ 345	\$ —	\$ —	\$ 345	
Private Warrants	—	—	12	12	
Total liabilities at fair value on a recurring basis	<u>\$ 345</u>	<u>\$ —</u>	<u>\$ 12</u>	<u>\$ 357</u>	

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds	\$ 50,226	\$ —	\$ —	\$ 50,226
U.S. Treasury securities	59,654	—	—	59,654
Commercial paper	—	19,436	—	19,436
Marketable securities:				
U.S. Treasury securities	82,640	—	—	82,640
Commercial paper	—	41,236	—	41,236
Total assets at fair value on a recurring basis	\$ 192,520	\$ 60,672	\$ —	\$ 253,192
Liabilities:				
Public Warrants	\$ 1,227	\$ —	\$ —	\$ 1,227
Private Warrants	—	—	47	47
Total liabilities at fair value on a recurring basis	\$ 1,227	\$ —	\$ 47	\$ 1,274

Note 5. Inventory

Inventory consists of the following as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024	December 31, 2023
Raw materials	\$ 1,666	\$ 1,608
Work in progress	1,433	779
Finished goods	992	1,558
Total inventory	\$ 4,091	\$ 3,945

For the three and nine months ended September 30, 2024, the Company recorded charges for inventory write-downs of \$ 0.8 million and \$ 2.4 million, respectively, in Research and Development expenses in the Condensed Consolidated Statements of Operations and Comprehensive Loss. There were no charges for inventory write-downs during the three and nine months ended September 30, 2023.

Note 6. Property and Equipment, Net

Property and equipment, net, consists of the following as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024	December 31, 2023
Laboratory and production equipment	\$ 16,491	\$ 14,727
Computer equipment	1,733	1,707
Purchased software	188	188
Furniture and fixtures	325	310
Leasehold improvements	7,226	6,948
Construction in process	3,698	2,438
Subtotal	29,661	26,318
Less: Accumulated depreciation and amortization	(13,407)	(10,043)
Property and equipment, net	\$ 16,254	\$ 16,275

Depreciation and amortization expense is included within Cost of revenue and Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and Comprehensive Loss. Depreciation and amortization expense was \$ 1.2 million and \$ 1.1 million for the three months ended September 30, 2024 and 2023, respectively, and \$ 3.6 million and \$ 2.9 million for the nine months ended September 30, 2024 and 2023, respectively. No impairments were recorded for the three and nine months ended September 30, 2024 or 2023.

Note 7. Leases

Lease-related costs for the three and nine months ended September 30, 2024 and 2023 are as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Operating lease cost	\$ 865	\$ 864	\$ 2,593	\$ 2,613
Variable lease cost	497	545	1,325	1,226
Total lease cost	\$ 1,362	\$ 1,409	\$ 3,918	\$ 3,839

Future minimum lease payments under non-cancellable leases as of September 30, 2024 are as follows (dollars in thousands):

	Remaining Lease Payments
Remainder of 2024	\$ 1,127
2025	4,527
2026	4,585
2027	4,549
2028	2,975
Thereafter	10,052
Total remaining undiscounted lease payments	\$ 27,815
Less: Imputed interest	(4,886)
Less: Lease incentives⁽¹⁾	(9,104)
Total lease liabilities	13,825
Less: current portion	(3,614)
Long-term operating lease liabilities	\$ 10,211
Weighted-average remaining lease term (in years)	5.8
Weighted-average discount rate	7.9 %

⁽¹⁾ Includes lease incentives that are estimated to be realized in 2026 and 2027 for the costs of leasehold improvements.

The following table provides certain cash flow and supplemental cash flow information related to the Company's right-of-use assets and lease liabilities for the nine months ended September 30, 2024 and 2023 (in thousands):

	Nine months ended September 30,	
	2024	2023
Operating cash paid to settle operating lease liabilities	\$ 3,310	\$ 3,201
Right-of-use assets obtained in exchange for lease liabilities ⁽²⁾	\$ 1,047	\$ 83

⁽²⁾ The nine months ended September 30, 2024 includes an increase in right-of-use assets due to the change in estimated timing of receipt of reimbursements for tenant improvements.

In December 2021, the Company signed a 10 -year lease for approximately 67,000 square feet of space in New Haven, Connecticut. The lease commenced on January 8, 2022 with rent payments beginning on July 7, 2022. Under the lease, the landlord contractually agreed to reimburse the Company for up to \$ 9.1 million in improvements to the space, to be used for such improvements as the Company deems "necessary or desirable". On September 13, 2022, the Company filed a lawsuit against the landlord, alleging that the landlord has: (i) refused to reimburse the Company for costs related to improvements already incurred and submitted, (ii) delayed the Company's completion of improvements, in order to avoid reimbursing the costs of those improvements, and (iii) improperly rejected the Company's proposed improvement plans. The Company accounted for these lease incentives as an offset to the lease liability recorded at the inception of the lease. In September 2024, the Company determined there was a change in the estimated timing of receipt of reimbursements for the improvements. This resulted in an increase of the carrying value of the right-of-use asset and the corresponding lease liabilities of \$ 1.0 million. Although the Company believes it is contractually entitled to the \$ 9.1 million of lease incentives, based on the current status of the litigation, the Company cannot determine the likely outcome or estimate the impact on such carrying values.

As of September 30, 2024 and December 31, 2023, the Company incurred and recognized total leasehold improvements of approximately \$ 1.2 million and \$ 1.6 million, respectively, related to reimbursable construction costs which are included in construction in progress within Property and equipment, net, on the Condensed Consolidated Balance Sheets .

Note 8. Accrued Expenses and Other Current Liabilities

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

	September 30, 2024	December 31, 2023
Restructuring costs	\$ —	\$ 519
Severance costs	206	—
Legal fees	1,008	979
Royalties	110	123
Other	1,515	194
Total accrued expenses and other current liabilities	<u>\$ 2,839</u>	<u>\$ 1,815</u>

Note 9. Stock-based Compensation

Equity Incentive Plan

The Quantum-Si Incorporated 2021 Equity Incentive Plan (the "2021 Plan") provides for grants of stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock or cash-based awards. Directors, officers and other employees of the Company and its subsidiaries, as well as others performing consulting or advisory services for the Company, are eligible for grants under the 2021 Plan. As of September 30, 2024, there were 13,204,915 shares available for future grant under the 2021 Plan.

Inducement Equity Incentive Plan

On May 8, 2023, the Company adopted the 2023 Inducement Equity Incentive Plan (the "2023 Inducement Plan") to reserve 3,000,000 shares of its Class A common stock to be used exclusively for grants of awards to individuals that were not previously employees or directors of the Company as a material inducement to such individuals' entry into employment with the Company within the meaning of Rule 5635(c)(4) of the Nasdaq Listing Rules. On August 23, 2024, the Company amended the 2023 Inducement Plan to reserve an additional 3,000,000 shares of its Class A common stock under the 2023 Inducement Plan. As of September 30, 2024, there were 2,268,867 shares available for future issuance under the 2023 Inducement Plan, as amended. The terms and conditions of the 2023 Inducement Plan, as amended, are substantially similar to those of the 2021 Plan.

Stock Options

The Company recorded \$ 1.7 million and \$ 1.1 million for stock-based compensation related to stock options for the three months ended September 30, 2024 and 2023, respectively, and \$ 4.8 million and \$ 5.7 million for stock-based compensation related to stock options for the nine months ended September 30, 2024 and 2023, respectively.

The Company estimates and records the compensation cost associated with the grants described above with an offsetting entry to paid-in capital. The Company utilized the Black-Scholes option pricing model for determining the estimated fair value for service or performance-based stock awards where performance is not tied to market conditions. The Black-Scholes option pricing model requires the use of subjective assumptions which determine the fair value of stock-based awards.

The fair value of each stock option award granted during the nine months ended September 30, 2024 was estimated as of the grant date using a Black-Scholes model with the following assumptions:

	Nine months ended September 30, 2024
Expected term (in years)	4.6 - 5.0
Risk-free interest rate	3.4 % - 5.2 %
Expected volatility	82.4 % - 90.6 %
Expected dividend yield	—
Weighted average grant date fair value per share	\$ 1.03

A summary of the stock option activity for the nine months ended September 30, 2024 is presented in the table below:

	Number of Options	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2023	22,511,900	\$ 2.79	8.2	\$ 3,194
Granted	2,282,600	1.51		
Exercised	(137,539)	1.00		
Forfeited	(2,385,526)	3.06		
Expired	(115,262)	2.45		
Outstanding at September 30, 2024	<u>22,156,173</u>	\$ 2.64	8.0	\$ 51
Options exercisable at September 30, 2024	9,292,622	\$ 3.27	6.8	\$ 51
Vested and expected to vest at September 30, 2024	19,025,789	\$ 2.72	7.8	\$ 51

Modification of Performance Stock Options

In November 2022 and May 2023, the Company granted 2,780,000 and 1,000,000 performance-based stock option awards to its Chief Executive Officer and Chief Financial Officer, respectively. The vesting of these awards are subject to continued service to the Company and certain market conditions. The market conditions require the Company's Class A common stock trade above specified levels for certain periods of time. The fair values of the awards were estimated at the grant date using the Monte Carlo simulation model.

On March 15, 2024, the market conditions that trigger the vesting of these performance-based stock option awards were modified. The modified market conditions require the Company's Class A common stock to trade above specified levels for certain defined periods of time that are different from the original awards. The Company accounted for the modifications as modifications of market conditions. The total incremental stock-based compensation expense to be recognized for these awards is approximately \$ 2.4 million within Selling, general and administrative operating expenses in the Condensed Consolidated Statements of Operations and Comprehensive Loss. Incremental stock-based compensation expense for the three and nine months ended September 30, 2024 was \$ 0.2 million and \$ 0.4 million, respectively. There were no such modifications to performance-based stock option awards for the three and nine months ended September 30, 2023.

Restricted Stock Units

The Company recorded \$ 0.7 million of stock-based compensation expense related to restricted stock unit ("RSU") awards for the three months ended September 30, 2024. Stock-based compensation expense related to RSU awards for the three months ended September 30, 2023 was immaterial. The Company recorded \$ 1.7 million and \$ 1.2 million of stock-based compensation expense related to RSU awards for the nine months ended September 30, 2024 and 2023, respectively. The nine months ended September 30, 2023 included a reversal of stock-based compensation expense for the Company's former Chief Financial Officer and certain members of the Company's board of directors (the "Board") as the service conditions of certain awards previously granted were not met.

A summary of the RSU activity for the nine months ended September 30, 2024 is presented in the table below:

	Number of Shares Underlying RSUs	Weighted Average Grant-Date Fair Value
Outstanding non-vested RSUs at December 31, 2023	847,169	\$ 2.68
Granted	8,380,356	1.51
Vested	(805,396)	2.55
Forfeited	(972,207)	1.74
Outstanding non-vested RSUs at September 30, 2024	<u>7,449,922</u>	<u>\$ 1.51</u>

The Company's stock-based compensation is allocated to the following operating expense categories as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Research and development	\$ 754	\$ 479	\$ 2,012	\$ 2,531
Selling, general and administrative	1,657	662	4,470	4,383
Total stock-based compensation	<u>\$ 2,411</u>	<u>\$ 1,141</u>	<u>\$ 6,482</u>	<u>\$ 6,914</u>

Note 10. Net Loss Per Share

The Company presents both basic earnings per share ("EPS") and diluted EPS. Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding for the period. Diluted net loss per share is computed by giving effect to all common share equivalents to the extent they are dilutive. Basic and diluted net loss per share was the same for each period presented as the inclusion of all common share equivalents would have been anti-dilutive.

The following table presents the calculations for the three and nine months ended September 30, 2024 and 2023 of basic and diluted net loss per share for the Company's common stock (in thousands, except per share amounts):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Numerator				
Net loss	\$ (25,313)	\$ (24,728)	\$ (67,886)	\$ (73,912)
Numerator for basic and diluted EPS - loss attributable to common stockholders	\$ (25,313)	\$ (24,728)	\$ (67,886)	\$ (73,912)
Denominator				
Common stock	142,399	141,660	142,039	141,154
Denominator for basic and diluted EPS - weighted-average common stock	142,399	141,660	142,039	141,154
Basic and diluted net loss per share	\$ (0.18)	\$ (0.17)	\$ (0.48)	\$ (0.52)

Net loss per share attributable to Class A and Class B common stockholders was the same on a basic and diluted basis, as the inclusion of all potential common equivalent shares outstanding would have been anti-dilutive.

The following potential dilutive shares were excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	September 30,	
	2024	2023
Outstanding options to purchase common stock	22,156,173	23,621,828
Outstanding restricted stock units	7,449,922	640,674
Outstanding warrants	3,968,319	3,968,319
	33,574,414	28,230,821

Note 11. Warrant Liabilities

Public Warrants

As of September 30, 2024 and December 31, 2023, there were an aggregate of 3,833,319 outstanding Public Warrants, which entitle the holder to acquire Class A common stock. Each whole warrant entitles the registered holder to purchase one share of Class A common stock at an exercise price of \$ 11.50 per share, subject to adjustment as discussed below, beginning on September 9, 2021. The warrants will expire on June 10, 2026 or earlier upon redemption or liquidation.

Redemptions

At any time while the warrants are exercisable, the Company may redeem not less than all of the outstanding Public Warrants:

- in whole and not in part;
- at a price of \$ 0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption (the " 30 -day redemption period") to each warrant holder; and
- if, and only if, the closing price of the Company's Class A common stock equals or exceeds \$ 18.00 per share (as adjusted for stock splits, stock capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 -trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

If the foregoing conditions are satisfied and the Company issues a notice of redemption of the Public Warrants at \$ 0.01 per warrant, each holder of Public Warrants will be entitled to exercise their Public Warrants held prior to the scheduled redemption date.

If the Company calls the Public Warrants for redemption for \$ 0.01 as described above, the Board may elect to require any holder that wishes to exercise his, her or its Public Warrants to do so on a "cashless basis." If the Board makes such election, all holders of Public Warrants would pay the exercise price by surrendering their warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the warrants, multiplied by the excess of the "fair market value" over the exercise price of the warrants by (y) the "fair market value". For purposes of the redemption provisions of the warrants, the "fair market value" means the average last reported sale price of the Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

The Public Warrants do not meet the criteria to be classified in stockholders' equity as the exercise of the Public Warrants may be settled in cash upon the occurrence of a tender offer or exchange offer in which the maker of the tender offer or exchange offer, upon completion of the tender offer or exchange offer, beneficially owns more than 50% of the outstanding shares of the Company's Class A common stock, even if it would not result in a change of control of the Company. This provision precludes the Public Warrants from being classified in equity and thus they are classified as long-term liabilities in the Condensed Consolidated Balance Sheets.

Private Warrants

As of September 30, 2024 and December 31, 2023, there were 135,000 Private Warrants outstanding. The Private Warrants are identical to the Public Warrants, except that so long as they are held by HighCape Capital Acquisition LLC or any of its permitted transferees, (i) the Private Warrants and the shares of Class A common stock issuable upon the exercise of the Private Warrants were not transferable, assignable or saleable until 30 days after the completion of the Business Combination, (ii) the Private Warrants will be exercisable for cash or on a cashless basis, at the holder's option, and (iii) the Private Warrants are not subject to the Company's redemption option at the price of \$ 0.01 per warrant. The Private Warrants are subject to the Company's redemption option at the price of \$ 0.01 per warrant, provided that the other conditions of such redemption are met, as described above. If the Private Warrants are held by a holder other than HighCape Capital Acquisition LLC or any of its permitted transferees, the Private Warrants will be redeemable by the Company in all redemption scenarios applicable to the Public Warrants and exercisable by such holders on the same basis as the Public Warrants.

The Private Warrants do not meet the criteria to be classified in stockholders' equity as the terms of the warrants provide for potential changes to the settlement amounts depending upon the characteristics of the warrant holder, and, because the holder of a warrant is not an input into the pricing of a fixed-for-fixed option on equity shares. This provision precludes the Private Warrants from being classified in equity and thus they are classified as long-term liabilities in the Condensed Consolidated Balance Sheets.

The fair value of warrant liabilities was \$ 0.4 million and \$ 1.3 million as of September 30, 2024 and December 31, 2023, respectively. The Company recognized a gain of \$ 0.1 million and a loss of \$ 0.2 million as a Change in fair value of warrant liabilities in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended September 30, 2024 and 2023, respectively. The Company recognized a gain of \$ 0.9 million and a loss of \$ 0.1 million as a Change in fair value of warrant liabilities in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the nine months ended September 30, 2024 and 2023, respectively. There were no exercises or redemptions of the Public Warrants or Private Warrants during the three and nine months ended September 30, 2024 or 2023.

Note 12. Restructuring

The Company committed to organizational restructurings during the first and third quarters of 2023, designed to decrease its costs and create a more streamlined organization to support its business. As of December 31, 2023, the Company recorded a restructuring liability of \$ 0.5 million which is included in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets. As of September 30, 2024, the Company had no remaining restructuring liability.

The Company's restructuring costs, primarily for cash severance and other severance costs, are allocated to the following operating expense categories as follows (in thousands):

	Research and development	Selling, general and administrative	Total
Balance as of December 31, 2023	\$ 513	\$ 6	\$ 519
Restructuring charges incurred ⁽¹⁾	131	—	131
Cash payments and other adjustments ⁽¹⁾	(422)	(6)	(428)
Balance as of March 31, 2024	222	—	222
Cash payments and other adjustments ⁽¹⁾	(216)	—	(216)
Balance as of June 30, 2024	6	—	6
Cash payments and other adjustments ⁽¹⁾	(6)	—	(6)
Balance as of September 30, 2024	\$ —	\$ —	\$ —
Current liabilities			\$ —
Long-term liabilities			—
Total liabilities as of September 30, 2024			\$ —

(1) Restructuring charges incurred and Cash payments and other adjustments include non-cash charges related to stock-based compensation expenses.

The Company's restructuring activities were complete as of March 31, 2024. The Company does not expect to incur additional charges associated with these activities.

Note 13. Income Taxes

Income taxes for the three and nine months ended September 30, 2024 and 2023 were recorded at the Company's estimated annual effective income tax rate, subject to adjustments for discrete events, if they occur. The Company's estimated annual effective tax rate for the three and nine months ended September 30, 2024 was (0.17)% and (0.06)%, respectively. The Company's estimated annual effective tax rate for each of the three and nine months ended September 30, 2023 was 0.0 %. The primary reconciling items between the federal statutory rate of 21.0% and the Company's overall effective tax rate for these periods were related to stock-based compensation, the valuation allowance recorded against the full amount of the Company's net deferred tax assets and foreign taxes.

A valuation allowance is required when it is more likely than not that some portion or all of the Company's deferred tax assets will not be realized. The realization of deferred tax assets depends on the generation of sufficient future taxable income during the period in which the Company's related temporary differences become deductible. Management believes that based on the earnings history of the Company, it is more likely than not that the benefits of these assets will not be realized, and therefore, a full valuation allowance has been recorded against the Company's net deferred tax assets as of September 30, 2024 and December 31, 2023.

Note 14. Related Party Transactions

Effective as of February 17, 2021, legacy Quantum-Si entered into a Master Services Agreement ("MSA") with 4Catalyzer Corporation ("4C"), a company controlled by Dr. Jonathan Rothberg, a member of the Board, pursuant to which the Company may engage 4C to provide services such as general administration, facilities, information technology, financing, legal, human resources and other services, through future statements of work and under terms and conditions to be determined by the parties with respect to any services to be provided. The Company incurred expenses payable to 4C of \$ 0.1 million for both the three months ended September 30, 2024 and 2023, and \$ 0.2 million and \$ 0.3 million for the nine months ended September 30, 2024 and 2023, respectively. These expenses included amounts for month-to-month sublease arrangements for office and laboratory spaces from 4C and certain administrative expenses. These amounts are included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Effective October 1, 2022, the Company entered into a Protein Engineering Collaboration (the "New Collaboration") with Protein Evolution, Inc. ("PEI") to develop technology and methods in the field of nanobodies and potentially other binders to produce novel biological reagents and related data. Dr. Rothberg serves as a member of the board of directors of PEI and the Rothberg family are controlling stockholders of PEI. As of September 30, 2024 there was no amount due from PEI to

the Company related to the New Collaboration. As of December 31, 2023, the amount due from PEI to the Company related to the New Collaboration was \$ 0.3 million. The New Collaboration was terminated effective May 1, 2024.

Effective November 1, 2022, the Company entered into an Advisory Agreement with Dr. Rothberg (the "Advisory Agreement"), pursuant to which Dr. Rothberg serves as a member of the Board, advises the Chief Executive Officer and the Board on strategic matters, and provides consulting, business development and similar services on matters relating to the Company's current, future and potential scientific and strategic initiatives and such other consulting services reasonably requested from time to time. Pursuant to the Advisory Agreement, as compensation for the services provided thereunder, in March 2023, the Company granted Dr. Rothberg an option to purchase 250,000 shares of Class A common stock pursuant to the 2021 Plan.

Note 15. Commitments and Contingencies

Commitments

Licenses related to certain intellectual property:

The Company licenses certain intellectual property, some of which may be utilized in its current or future product offerings. To preserve the right to use such intellectual property, the Company is required to make annual minimum fixed payments totaling approximately \$ 0.1 million as well as royalties based on net sales if the royalties exceed annual minimum fixed payments. As of September 30, 2024 and December 31, 2023, the Company had accrued royalties of approximately \$ 0.1 million included in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets.

Other commitments:

The Company sponsors a 401(k) defined contribution plan covering all eligible U.S. employees (the "401(k) Plan"). Contributions to the 401(k) Plan are discretionary. The Company did not make any matching contributions to the 401(k) Plan for the three and nine months ended September 30, 2024 and 2023.

Contingencies

The Company is subject to claims in the ordinary course of business. The Company accrues contingent liabilities to the extent the liability is probable and estimable.

On May 16, 2024, a punitive class action lawsuit was filed in the Delaware Court of Chancery, styled *Farzad v. HighCape Capital, et al.* (the "Delaware Stockholder Litigation"). The Delaware Stockholder Litigation asserts breach of fiduciary duty claims against the former officers and directors of HighCape, including Kevin Rakin, Matt Zuga, David Colpman, Robert Taub and Antony Loebel, HighCape Capital Acquisition LLC and HighCape Capital L.P., aiding and abetting breach of fiduciary duty claims against Foresite Capital Management, LLC and Dr. Rothberg, and unjust enrichment claims against all defendants related to the Business Combination. The Delaware Stockholder Litigation complaint alleges that the transactions contemplated by the Business Combination were a product of an unfair process which was allegedly impacted by conflicts of interest, resulting in mispricing of the Business Combination. The complaint seeks, among other things, unspecified damages and attorneys' fees and costs. On July 29, 2024, the defendants filed motions to dismiss the Delaware Stockholder Litigation complaint. There is no assurance that defendants will be successful in the defense of the litigation or that insurance will be available or adequate to fund any potential settlement or judgment or the litigation costs of the action. At the time of this filing the outcome of this matter is not estimable or probable.

In April 2023, the Company informed the contract manufacturer that had manufactured its Platinum® and Carbon™ instruments that it intended to wind down the relationship and transition to a different contract manufacturer. In October 2023, the former contract manufacturer filed a complaint against the Company in the State of Texas alleging breach of contract and made claims for economic damage and attorney costs. In January 2024, the suit was withdrawn and refiled in the State of Minnesota alleging similar claims. Although it is not possible to determine the potential financial exposure associated with the alleged claim at this time given its early stage, the Company believes it has a meritorious defense and intends to vigorously defend against all claims asserted in the complaint. At the time of this filing the outcome of this matter is not estimable or probable.

The Company enters into agreements that contain indemnification provisions with other parties in the ordinary course of business, including business partners, investors, contractors, and the Company's officers, directors and certain employees. The Company has agreed to indemnify and defend the indemnified party claims and related losses suffered or incurred by the indemnified party from actual or threatened third-party claims because of the Company's activities or non-compliance with certain representations and warranties made by the Company. It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company's limited history of prior indemnification claims and the unique facts and circumstances involved in any particular case. To date, losses recorded in the Condensed Consolidated Statements of Operations and Comprehensive Loss in connection with the indemnification provisions have not been material.

Note 16. Subsequent Event

Nasdaq Deficiency Notice

On November 4, 2024, the Company received a notice (the "Notice") from the Listing Qualifications Staff of The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that, for the last 30 consecutive business days, the bid price of the Company's Class A common stock had closed below \$1.00 per share, the minimum closing bid price required by the continued listing requirements of Nasdaq Listing Rule 5450(a)(1) (the "Bid Price Requirement"). While the Notice has no immediate effect on the listing or trading of the Company's Class A common stock on The Nasdaq Global Select Market, the Company has until May 5, 2025 to regain compliance. If the Company does not regain compliance with the Bid Price Requirement by the Compliance Date, the Company may be eligible for an additional 180 calendar day compliance period.

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

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our condensed consolidated results of operations and financial condition. The discussion should be read in conjunction with (i) the unaudited Condensed Consolidated Financial Statements and notes thereto contained in this Quarterly Report on Form 10-Q, (ii) the Consolidated Financial Statements and notes thereto for the year ended December 31, 2023 contained in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the "SEC") on February 29, 2024, and (iii) our other public reports filed with the SEC. This discussion contains forward looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2023, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 and this Quarterly Report on Form 10-Q. Actual results may differ materially from those contained in any forward-looking statements. Unless the context otherwise requires, references to "we", "us", "our", the "Company" or "Quantum-Si" are intended to mean the business and operations of Quantum-Si Incorporated and its consolidated subsidiaries. The unaudited Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2024 and 2023 present the financial position and results of operations of Quantum-Si Incorporated and its consolidated subsidiaries.

Overview

We are an innovative life sciences company with the mission of transforming single-molecule analysis and democratizing its use by providing researchers and clinicians access to the proteome, the set of proteins expressed within a cell. We have developed a proprietary universal single-molecule detection platform that we are first applying to proteomics to enable Next-Generation Protein Sequencing™ ("NGPS"), the ability to sequence proteins in a massively parallel fashion (rather than sequentially, one at a time), that can be used for the study of nucleic acids. Our platform was designed to offer an end-to-end workflow including both sample preparation and sequencing and is comprised of our Platinum® NGPS instrument, the Platinum Analysis Software service, and reagent kits and proprietary semiconductor chips for use with our Platinum® instrument. We began a controlled launch of the Platinum® instrument in December 2022 and subsequently initiated a full commercial launch at the end of the first quarter of 2024.

Now that our Platinum® and Platinum Analysis Software system has launched, we intend to follow a systematic, phased approach to continue to successfully launch updates to our platform. We believe we are the first company to successfully enable NGPS on a semiconductor chip, thus digitizing a massive proteomics opportunity, which allows for a massively parallel solution at the ultimate level of sensitivity - single-molecule detection. We believe our platform, which is designed to streamline sequencing and data analysis at a lower instrument cost than legacy proteomic solutions, could allow our product to have wide utility across the study of the proteome. For example, we believe our platform could be used for biomarker discovery and disease detection, pathway analysis, immune response, vaccine development, quality assurance and quality control, among other applications.

Results of Operations for the Three and Nine Months Ended September 30, 2024 as Compared to the Three and Nine Months Ended September 30, 2023

The following table presents the Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Revenue:								
Product	\$ 764	\$ 216	\$ 548	253.7 %	\$ 1,776	\$ 654	\$ 1,122	171.6 %
Service	23	7	16	228.6 %	90	28	62	221.4 %
Total revenue	787	223	564	252.9 %	1,866	682	1,184	173.6 %
Cost of revenue	420	115	305	265.2 %	876	372	504	135.5 %
Gross profit	367	108	259	239.8 %	990	310	680	219.4 %
Operating expenses:								
Research and development	16,171	16,587	(416)	(2.5)%	42,653	50,588	(7,935)	(15.7)%
Selling, general and administrative	12,284	10,696	1,588	14.8 %	36,236	33,010	3,226	9.8 %
Total operating expenses	28,455	27,283	1,172	4.3 %	78,889	83,598	(4,709)	(5.6)%
Loss from operations	(28,088)	(27,175)	(913)	3.4 %	(77,899)	(83,288)	5,389	(6.5)%
Dividend and interest income	2,688	2,572	116	4.5 %	9,149	7,274	1,875	25.8 %
Unrealized gain on trading securities	—	1,953	(1,953)	(100.0)%	—	8,302	(8,302)	(100.0)%
Realized loss on trading securities	—	(1,901)	1,901	(100.0)%	—	(6,489)	6,489	(100.0)%
Change in fair value of warrant liabilities	121	(162)	283	(174.7)%	917	(81)	998	(1,232.1)%
Other income (expense), net	9	(15)	24	(160.0)%	(10)	370	(380)	(102.7)%
Loss before provision for income taxes	(25,270)	(24,728)	(542)	2.2 %	(67,843)	(73,912)	6,069	(8.2)%
Provision for income taxes	(43)	—	(43)	nm	(43)	—	(43)	nm
Net loss	\$ (25,313)	\$ (24,728)	\$ (585)	2.4 %	\$ (67,886)	\$ (73,912)	\$ 6,026	(8.2)%

Revenue, Cost of Revenue and Gross Profit

Revenue is derived from sales of products and services. Product revenue is generated from the following sources: (i) sales of our Platinum [®] instrument, (ii) consumables, which consist of sales of our library, sequencing reagents and semiconductor chips, and (iii) freight revenue, which is recognized upon shipment. Service revenue is generated from service maintenance contracts including Platinum Analysis Software access, and advanced training for instrument use.

Cost of revenue primarily consists of product and service costs including material costs, personnel costs and benefits, inbound and outbound freight, packaging, warranty replacement costs, royalty costs, facilities costs, depreciation and amortization expense, and inventory write-offs.

Revenue, Cost of revenue and Gross profit for the three and nine months ended September 30, 2024 and 2023 are as follows (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Total revenue	\$ 787	\$ 223	\$ 564	252.9 %	\$ 1,866	\$ 682	\$ 1,184	173.6 %
Cost of revenue	420	115	305	265.2 %	876	372	504	135.5 %
Gross profit	\$ 367	\$ 108	\$ 259	239.8 %	\$ 990	\$ 310	\$ 680	219.4 %
Gross profit margin	46.6 %	48.4 %			53.1 %	45.5 %		

Total revenue for the sale of Platinum® instruments, related reagent kits and service maintenance contracts increased \$0.6 million, or 252.9%, and \$1.2 million, or 173.6%, for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023.

Cost of revenue increased \$0.3 million, or 265.2%, and \$0.5 million, or 135.5% for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023.

Gross profit increased \$0.3 million, or 239.8%, and \$0.7 million, or 219.4%, for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023.

We began a controlled launch of the Platinum® instrument and started to take orders in December 2022. We subsequently began limited commercial shipments of Platinum® in January 2023 and subsequently initiated a full commercial launch at the end of the first quarter of 2024.

Research and Development Expenses

Research and development expenses primarily consist of personnel costs and benefits, stock-based compensation, lab supplies, consulting and professional services, fabrication services, charges related to product without an alternative future use, facilities costs, software, and other outsourced expenses. Research and development expenses are recognized as incurred. Our research and development expenses are primarily related to developing new products and services.

Research and development expenses for the three and nine months ended September 30, 2024 and 2023 are as follows (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Research and development	\$ 16,171	\$ 16,587	\$ (416)	(2.5) %	\$ 42,653	\$ 50,588	\$ (7,935)	(15.7) %

Research and development expenses decreased by \$0.4 million, or 2.5%, for the three months ended September 30, 2024, when compared to the same period in 2023. This decrease was primarily due to a \$0.8 million decrease in payroll and payroll-related costs, primarily driven by restructuring activities that occurred in the three months ended September 30, 2023, and a \$0.6 million decrease in fabrication and outsourced services. These decreases were partially offset by a \$0.8 million increase in write-downs of inventory that no longer had an alternative future use and an increase of \$0.5 million in laboratory supplies expense.

Research and development expenses decreased by \$7.9 million, or 15.7%, for the nine months ended September 30, 2024, when compared to the same period in 2023. This decrease was primarily due to a \$4.8 million decrease in payroll and payroll-related costs, a \$3.7 million decrease in fabrication and outsourced services and a \$0.5 million decrease in stock-based compensation expense. The decrease in payroll and payroll-related costs were primarily driven by restructuring activities that occurred in 2023 and an increase in personnel costs that were capitalized for the nine months ended September 30, 2023. These decreases were partially offset by a \$2.4 million increase in write-downs of inventory that no longer had a future use, a \$1.7 million increase in laboratory supplies expense and a \$0.9 million increase in depreciation and amortization expense.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of personnel costs and benefits, stock-based compensation, patent and filing fees, consulting and professional services, legal and accounting services, facilities costs, depreciation and amortization expense, insurance and office expenses, product advertising and marketing.

Selling, general and administrative expenses for the three and nine months ended September 30, 2024 and 2023 are as follows (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Selling, general and administrative	\$ 12,284	\$ 10,696	\$ 1,588	14.8 %	\$ 36,236	\$ 33,010	\$ 3,226	9.8 %

Selling, general and administrative expenses increased \$1.6 million, or 14.8%, for the three months ended September 30, 2024, when compared to the same period in 2023. This increase was primarily due to a \$1.0 million increase in stock-based compensation expense, a \$1.1 million increase in payroll and payroll-related expenses primarily related to investments made in commercial operations and a \$0.4 million increase in outsourced services. These increases were partially offset by a \$0.5 million decrease in legal fees and a \$0.4 million decrease in professional services and consulting fees.

Selling, general and administrative expenses increased \$3.2 million, or 9.8%, for the nine months ended September 30, 2024, when compared to the same period in 2023. The increase was primarily due to a \$2.0 million increase in payroll and payroll-related costs primarily related to investments made in commercial operations, a \$0.9 million increase in outsourced services, a \$0.7 million increase in trade show and other marketing-related expenses, a \$0.6 million increase in legal fees and a \$0.5 million increase in non-income tax expenses. These increases were partially offset by a decrease of \$1.7 million in professional services and consulting fees and a \$0.6 million decrease in insurance costs.

Dividend and Interest Income

In 2024, dividend and interest income is derived primarily from fixed income securities and money market mutual funds. In 2023, dividend and interest income was derived from mutual funds.

Dividend and interest income for the three and nine months ended September 30, 2024 and 2023 are as follows (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Dividend and interest income	\$ 2,688	\$ 2,572	\$ 116	4.5 %	\$ 9,149	\$ 7,274	\$ 1,875	25.8 %

Dividend and interest income increased by \$0.1 million and \$1.9 million for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023. This increase was a result of higher dividends and interest earned on invested balances in marketable securities.

Unrealized Gain on Trading Securities

Unrealized gain on trading securities for the three and nine months ended September 30, 2024 and 2023 is as follows (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Unrealized gain on trading securities	\$ —	\$ 1,953	\$ (1,953)	(100.0)%	\$ —	\$ 8,302	\$ (8,302)	(100.0)%

There was no Unrealized gain on trading securities for the three and nine months ended September 30, 2024 as compared to a gain of \$2.0 million and \$8.3 million for the same periods in 2023, respectively. The prior year gains were primarily related to market adjustments of investments in trading securities, which consisted of fixed income mutual funds.

Realized Loss on Trading Securities

Realized loss on trading securities for the three and nine months ended September 30, 2024 and 2023 is as follows (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Realized loss on trading securities	\$ —	\$ (1,901)	\$ 1,901	(100.0)%	\$ —	\$ (6,489)	\$ 6,489	(100.0)%

There was no Realized loss on trading securities for the three and nine months ended September 30, 2024 as compared to a loss of \$1.9 million and \$6.5 million for the same periods in 2023, respectively. The prior year losses were primarily related to market adjustments of investments in trading securities, which consisted of fixed income mutual funds.

Change in Fair Value of Warrant Liabilities

The warrant liabilities were recorded at fair value as part of the business combination between HighCape and Quantum-Si Incorporated in June 2021 (the "Business Combination"). Change in fair value of warrant liabilities primarily consists of the change in the fair value of our Public Warrants and Private Warrants.

Change in warrant liabilities for the three and nine months ended September 30, 2024 and 2023 is as follows (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Change in fair value of warrant liabilities	\$ 121	\$ (162)	\$ 283	(174.7)%	\$ 917	\$ (81)	\$ 998	(1,232.1)%

The change in fair value of warrant liabilities decreased \$0.1 million for the three months ended September 30, 2024 compared to an increase of \$0.2 million for the same period of 2023. The change in fair value of warrant liabilities decreased \$0.9 million for the nine months ended September 30, 2024 compared to an increase of \$0.1 million for the same period of 2023. These fluctuations were primarily driven by the change in the underlying trading price of our Class A common stock during the periods reported.

Other Income (Expense), Net

Other income (expense), net, for the three and nine months ended September 30, 2024 and 2023 is as follows (dollars in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Other income (expense), net	\$ 9	\$ (15)	\$ 24	(160.0)%	\$ (10)	\$ 370	\$ (380)	(102.7)%

Other income (expense), net, increased slightly for the three months ended September 30, 2024 as compared to the same period in 2023. Other income (expense), net, decreased \$0.4 million, or 102.7%, for the nine months ended September 30, 2024 as compared to the same period in 2023. This decrease was primarily due to a \$0.4 million decrease in the fair value of contingent consideration associated with the 2021 acquisition of Majelac Technologies LLC that was recorded during the nine months ended September 30, 2023.

Liquidity and Capital Resources

The following table presents a summary of our consolidated cash flows for operating, investing, and financing activities for the nine months ended September 30, 2024 and 2023 (in thousands):

	Nine months ended September 30,	
	2024	2023
Net cash used in operating activities	\$ (64,914)	\$ (73,067)
Net cash (used in) provided by investing activities	(26,750)	82,360
Net cash provided by financing activities	82	210
Effect of exchange rate changes on cash and cash equivalents	(10)	—
Net (decrease) increase in cash and cash equivalents	\$ (91,592)	\$ 9,503

Net cash used in operating activities

The net cash used in operating activities of \$64.9 million for the nine months ended September 30, 2024 was primarily due to a net loss of \$67.9 million resulting from continued spend on research and development and commercialization efforts, accretion on marketable securities of \$6.5 million and changes in operating assets and liabilities of \$3.9 million, partially offset by stock-based compensation of \$6.5 million, depreciation and amortization of \$3.6 million and write-downs of inventory of \$2.4 million.

The net cash used in operating activities of \$73.1 million for the nine months ended September 30, 2023 was primarily due to a net loss of \$73.9 million resulting from continued spend on research and development efforts and commercialization ramp up, net cash outflows from changes in operating assets and liabilities of \$8.5 million and unrealized gains on marketable securities of \$8.3 million, partially offset by stock-based compensation of \$6.9 million, realized losses on marketable securities of \$6.5 million and depreciation and amortization of \$3.1 million.

Net cash (used in) provided by investing activities

For the nine months ended September 30, 2024, net cash used in investing activities was \$26.8 million compared to net cash provided by investing activities of \$82.4 million for the same period in 2023. This increase in cash used was primarily due to an increase of purchases of marketable securities of \$262.0 million partially offset by a \$150.5 million increase in proceeds from the sales and maturities of marketable securities.

Net cash provided by financing activities

For the nine months ended September 30, 2024, net cash provided by financing activities was \$0.1 million compared to \$0.2 million for the same period in 2023. This decrease in cash provided was primarily due to the change in proceeds from the exercise of stock options offset by deferred offering costs paid for the Shelf Registration Statement and the ATM Offering, both of which are defined and described below.

Liquidity Outlook

Since our inception, we have funded our operations primarily with proceeds from the issuance of equity to private investors, as well as with the proceeds received from the closing of the Business Combination on June 10, 2021. Additionally, we began to generate revenue during 2023 from commercial sales of our Platinum® instrument. Our primary uses of liquidity have been operating expenses, capital expenditures and our acquisition of certain assets. Cash flows from operations have been historically negative as we continue to invest in the development of our technology in NGPS. Going forward, we anticipate debt or equity offerings will be the primary source of funds to support our operating needs and capital expenditures until we reach scale of our commercial operations. We expect to incur negative operating cash flows on an annual basis for the foreseeable future until such time that we can scale our revenue growth.

We expect that our existing cash and cash equivalents and investments in marketable securities, together with revenue from the sale of our products and services, will be sufficient to meet our liquidity, capital expenditure, and anticipated working capital requirements and fund our operations for at least the next 12 months. We expect to use our cash and cash equivalents and investments in marketable securities and funds from revenue generated to invest in our continued commercialization efforts, to further invest in research and development, for other operating expenses, business acquisitions and for working capital and general corporate purposes.

As of September 30, 2024, we had cash and cash equivalents and investments in marketable securities totaling \$196.3 million. Our future capital requirements may vary from those currently planned and will depend on various factors including the pace and success of product commercialization.

Our ongoing commercialization of Platinum® as well as our continuing research and development efforts to enhance our Platinum® instrument may require an accelerated amount of spending to enhance the sales and marketing teams, continue to drive development, and build inventory. Other factors that could accelerate cash needs include: (i) delays in achieving scientific and technical milestones, (ii) unforeseen capital expenditures and fabrication costs related to manufacturing for commercialization, (iii) changes we may make in our business or commercialization strategy, (iv) costs of running a public company, (v) other items affecting our forecasted level of expenditures and use of cash resources, including potential acquisitions, and (vi) increased product and service costs.

In August 2023, we filed a \$150 million Shelf Registration Statement (the "Shelf Registration Statement"), which became effective on August 22, 2023.

In August 2023, we also entered into an Equity Distribution Agreement ("EDA") with an outside placement agent (the "Agent"), under which we may, from time to time, sell shares of our Class A common stock under the ATM Offering (as defined below). The Shelf Registration Statement includes a prospectus supplement covering the offering, issuance and sale of up to \$75 million of our Class A common stock, from time to time, in at-the-market offerings through the Agent (the "ATM Offering"). The shares to be sold under the EDA may be issued and sold pursuant to the Shelf Registration Statement. The EDA also provides that the Agent will be entitled to compensation for its services in an amount up to 3.0% of the gross proceeds from the sales of shares sold through the Agent under the EDA. We have no obligation to sell any shares under the EDA and may at any time suspend solicitation and offers under the EDA. To date, we have not issued or sold any shares of our Class A common stock under the ATM Offering.

In the future, we may be unable to obtain any required additional financing on terms favorable to us, if at all. If adequate funds are not available to us on acceptable terms or otherwise, we may be unable to successfully develop or enhance products and services, respond to competitive pressure or take advantage of acquisition opportunities, any of which could have a material adverse effect on our business, financial condition, operating results and cash flows.

Capital Expenditures

We forecast capital expenditures in order to execute on our business plan and maintain growth; however, the actual amount and timing of such capital expenditures will ultimately be determined by the volume of business. We anticipate our future capital expenditures will be at approximately the same level as compared to the year ended December 31, 2023. We have funded and plan to continue funding these capital expenditures with cash and financing.

Contractual Obligations

We lease certain facilities and equipment under non-cancellable lease agreements that expire at various dates through 2032. As of September 30, 2024, future lease payments, before adjustments for tenant incentives, were approximately \$27.8 million.

Licenses related to certain intellectual property

We license certain intellectual property, some of which may be utilized in our current or future product offerings. To preserve the right to use such intellectual property, we are required to make annual minimum fixed payments totaling approximately \$0.1 million as well as royalties based on net sales if the royalties exceed annual minimum fixed payments.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these unaudited Condensed Consolidated 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 unaudited Condensed Consolidated Financial Statements, as well as expenses incurred during the reporting periods. Our estimates are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about items that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Please refer to our critical accounting policies as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023 and [Note 2. Summary of Significant Accounting Policies](#), in the accompanying notes to the unaudited Condensed Consolidated Financial Statements for a complete description of our significant accounting policies.

Recently Issued Accounting Pronouncements

Please refer to [Note 2. Summary of Significant Accounting Policies](#), in the accompanying notes to the unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for a description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Inflation risk

We believe inflation can and has had an impact on the underlying cost of our supplies and manufacturing components related to our business. To the extent our costs are impacted by general inflationary pressures, we may not be able to fully offset such higher costs through price increases or manufacturing efficiencies. Our inability or failure to do so could harm our business, financial condition, results of operations or cash flows.

Interest rate risk

As of September 30, 2024, our marketable securities are comprised primarily of investments in money market funds backed by U.S. government issued securities, U.S. Treasury bills, and high-quality corporate commercial paper. The primary objective of our investments is the preservation of capital to fulfill liquidity needs. We do not enter into investments for trading or speculative purposes. Based on the short-term nature of our holdings, future interest rate changes are not expected to have a material impact on our marketable securities.

Foreign Currency Risk

Presently, we operate our business primarily within the United States, with limited sales outside the United States. To date, we have executed the majority of our transactions in U.S. dollars. In the future, we anticipate expanding into Europe and other locations outside the United States. This expansion may include transacting business in currencies other than the U.S. Dollar. Despite this, we anticipate conducting limited activity outside the U.S. Dollar in the near term, and therefore foreign currency translation risk is not expected to have a material impact on our Consolidated Financial Statements. However, the growth of our operations, scope of transactions outside the United States, and the use of currencies other than

the U.S. Dollar may grow in the future, at which point it is possible foreign currency translation will have a material effect on our operations. To date, we have not entered into any hedging arrangements with respect to foreign currency risk. As our international operations grow, we will continue to reassess our approach to managing our risk relating to fluctuations in currency rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, the Company is engaged in legal proceedings in the ordinary course of business. For further information on the Company's legal proceedings, please refer to [Note 15. Commitments and Contingencies](#), in the notes to the Condensed Consolidated Financial Statements.

ITEM 1A. RISK FACTORS.

Our business, results of operations, financial condition and cash flows are subject to various risks and uncertainties, including the risk factors described under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 29, 2024, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, filed with the SEC on May 9, 2024, and the risk factor described below. We may disclose changes to risk factors or additional risk factors from time to time in our future filings with the SEC.

We could fail to maintain the listing of our Class A common stock on the Nasdaq Stock Market LLC ("Nasdaq"), which could seriously harm the liquidity of our shares and our ability to raise capital or complete a strategic transaction.

Nasdaq has established continued listing requirements, including a requirement to maintain a minimum closing bid price of at least \$1.00 per share. On November 4, 2024, we received written notice from Nasdaq notifying us that, because the closing bid price for our Class A common stock has fallen below \$1.00 per share for 30 consecutive business days, we no longer meet the minimum bid price requirement for continued inclusion on The Nasdaq Global Market pursuant to Nasdaq Listing Rule 5450(a)(1) (the "Bid Price Requirement"). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been provided an initial period of 180 calendar days, or until May 5, 2025 (the "Compliance Date"), to regain compliance with the Bid Price Requirement. To regain compliance, the closing bid price of our Class A common stock must be at least \$1.00 per share for a minimum of 10 consecutive business days during this 180-calendar day period. If we do not regain compliance with the Bid Price Requirement by the Compliance Date, we may be eligible for an additional 180-calendar day compliance period. To qualify, we would need to transfer the listing of our Class A common stock to The Nasdaq Capital Market and meet the continued listing requirement for the market value of publicly held shares and all other initial listing standards, with the exception of the Bid Price Requirement. To effect such a transfer, we would also need to pay an application fee to Nasdaq and would need to provide written notice to the Staff of our intention to cure the deficiency during the additional compliance period.

There can be no assurance that we will be able to regain compliance with the Bid Price Requirement or maintain compliance with other Nasdaq requirements in the future. If we are not able to maintain compliance with Nasdaq requirements, our Class A common stock may be delisted from Nasdaq, which could have a material adverse effect on us and our stockholders, including by reducing the liquidity of our shares and having a material adverse effect on our ability to raise capital or complete a strategic transaction.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Issuer Purchases of Equity Securities

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

10b5-1 Trading Arrangements

Effective September 13, 2024 , in connection with estate planning, entities owned by trusts created for the benefit of Dr. Rothberg's children , who is a member of the Board , entered into a 10b5-1 sales plan (the "Sales Plan") intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. The Sales Plan provides for the sale of up to 6,250,000 shares of the Company's Class A common stock beginning on January 13, 2025 and shall terminate upon the earliest of (i) January 13, 2026 , (ii) the sale of 6,250,000 shares of the Company's Class A common stock, or (iii) the occurrence of any of the other terminating events set forth in the Sales Plan.

Other than as disclosed above, during the quarter ended September 30, 2024, no other officers or directors, as defined in Rule 16a-1(f), adopted , modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Herein from Form or Schedule	Filing Date	SEC File/Reg. Number
10.1+	Letter of Employment, dated as of August 12, 2024, by and between Quantum-Si Incorporated and John Vieceli	X			
10.2+	Offer Letter of Employment, dated as of August 22, 2024, by and between Quantum-Si Incorporated and Todd Bennett	X			
10.3+	2023 Inducement Equity Incentive Plan, as amended	X			
10.3.1+	Form of Restricted Stock Agreement under the 2023 Inducement Equity Incentive Plan	X			
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1*	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
32.2*	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	X			
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X			
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X			

+ Management contract or compensatory plan or arrangement.

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

SIGNATURES

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

QUANTUM-SI INCORPORATED

Date: November 12, 2024

By: */s/ Jeffrey Hawkins*

Jeffrey Hawkins

President and Chief Executive Officer

Date: November 12, 2024

By: */s/ Jeffry Keyes*

Jeffry Keyes

Chief Financial Officer and Treasurer

QUANTUM SI

August 12, 2024

JOHN VIECELI

Dear John:

Congratulations. This letter confirms the terms of your employment in connection with your promotion to Chief Product Officer. We are pleased to inform you that your new annual base salary will be \$395,000 to be paid twice per month, less required deductions. This is effective August 12, 2024. In addition, your new bonus target will be 50% prorated for the remainder of the year. It will be a condition of your eligibility to receive any bonus that you remain employed with Quantum-Si through the scheduled date of payment of such bonus.

As part of this change, you will now be eligible in the Company's Executive Severance Plan as an Executive Officer for purposes of the Normal Multiplier and CIC Multiplier.

You will continue to be based out of Quantum-Si's facility in San Diego, CA. You will continue to be eligible for and subject to our Flexible Paid Time Off (FPTO) policy and will be eligible to participate in our medical and other benefit plans in accordance with the rules and eligibility of those plans. Also, as a condition of your employment, you have signed Quantum-Si's Non-solicit, Confidentiality and Intellectual Property Agreement. While we expect you to remain with Quantum-Si for a long time, this letter is not an employment contract, and you will continue to be an at-will employee.

In connection with your starting employment with us on December 12, 2022 you received a one-time taxable payment of \$100,000 in your first payroll check, as a sign-on bonus. On June 30, 2023, you received an additional one-time taxable payment of \$100,000 upon completion of stated goals for a path to VP, Software. Such payments will be recoverable in full by the company in the event you voluntarily terminate your employment prior to 24 months from your start date.

This agreement supersedes the terms of your prior offer letter with the company dated October 26, 2022.

Sincerely,

/s/ Christian LaPointe
Christian LaPointe
General Counsel

Accepted and Agreed:

Signature: */s/ John S. Vieceli*
Name: John Vieceli

QUANTUM SI

29 Business Park Drive
Branford, CT 06405

www.quantum-si.com
866.688.7374

August 22, 2024

TODD BENNETT

Dear Todd:

On behalf of Quantum-Si, I am pleased to offer you a position as Chief Commercial Officer beginning September 17, 2024. You will report to Jeff Hawkins. Your annualized compensation in this position will consist of an annual base salary of \$425,000 paid in twice monthly pay periods, less required deductions.

For calendar year 2024, you will be eligible for a prorated discretionary bonus with a target of 50% of base salary based on goals, objectives, and performance metrics to be determined by Quantum-Si's management. Such bonus will be paid in March, 2025. It will be a condition of your eligibility to receive any bonus that you remain employed with Quantum-Si through the scheduled date of payment of such bonus.

You will receive \$500,000 of stock options and \$500,000 restricted stock units (RSUs) (calculated based on the grant date fair value of the awards on the grant date) in Quantum-Si as an inducement to joining the company (the "Equity Awards") that (i) will be subject to the approval of Quantum-Si's Board of Directors, (ii) will be subject to the terms of the grant documents therefore, (iii) subject to continued service and the specific terms of your grant, will vest over a four year period with the following schedule: 25% on a scheduled date following the one year anniversary of your start date with the remainder vesting quarterly thereafter. The Equity Awards are intended as an inducement grant under Nasdaq Rule 5635(c)(4).

You will receive a one-time taxable payment of \$100,000 in your first payroll check, as a sign-on bonus. Such payment will be recoverable in full by the company in the event you voluntarily terminate your employment (or are terminated for cause) prior to 12 months from your start date (whether such voluntary termination occurs on, before, or after your start date).

You will be eligible for participation in the Quantum-Si Incorporated Executive Severance Plan, and you will become a participant in such Executive Severance Plan commencing on your start date.

You will be based out of your home office in Scottsdale, AZ with travel as required. Quantum-Si recognizes the need for employees to take time away from the office to creatively recharge.

We also believe in taking personal responsibility for managing our own time, workload and results. For these reasons our Flexible Paid Time Off (FPTO) policy affords eligible employees the flexibility to be given an indeterminate amount of paid time off from work for vacation, personal or family obligations and other personal requirements, subject to the requirements of the policy, including advance notice

and prior approval in Quantum-Si's discretion. In no event will any employee be compensated for unused vacation time. You will also be eligible to participate in medical and other benefit plans in accordance with the rules and eligibility of those plans currently in effect. Health insurance shall commence on your start date.

Further, while we expect you to remain with Quantum-Si for a long time, this letter is not an employment contract, and you will be an at-will employee. This letter is subject to successful completion of a background check and reference check. By signing this letter, you authorize Quantum-Si to conduct such background check.

Quantum-Si considers the protection of its confidential information, proprietary materials and goodwill to be extremely important. As a condition of this offer of employment, you are required to sign Quantum-Si's Non-competition/Non-solicit, Confidentiality and Intellectual Property Agreement.

We appreciate your exceptional talent and are very excited about you joining our growing and dynamic team at Quantum-Si. We firmly believe that Quantum-Si offers a unique combination of emotional, intellectual, and interpersonal stimulation that will be truly enjoyable. As a member of our growing team you will be in the rare position of helping to shape the culture and direction of our organization. We have tremendous opportunities ahead of us, and I am confident you have the expertise required to help us achieve our objectives. If you have any questions regarding this offer, the position, or the company's benefits programs, please do not hesitate to reach out.

Please note that this offer will expire on August 25, 2024, unless accepted by you in writing prior to such date.

Sincerely,

Quantum-Si, Incorporated

By: */s/ Jeff Hawkins*
Name: Jeff Hawkins
Title: President and CEO

ACCEPTED AND AGREED:

Signature: */s/ Todd Bennett*
Name: Todd Bennett
Address: [Redacted]

QUANTUM-SI INCORPORATED
2023 INDUCEMENT EQUITY INCENTIVE PLAN
(As Amended on August 23, 2024)

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Quantum-Si Incorporated 2023 Inducement Equity Incentive Plan, have the following meanings:

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the term "Administrator" means the Committee.

Affiliate means a corporation or other entity, which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

Agreement means a written or electronic document setting forth the terms of a Stock Right delivered pursuant to the Plan, in such form as the Administrator shall approve.

Board of Directors means the Board of Directors of the Company.

Cause means, with respect to a Participant (a) dishonesty with respect to the Company or any Affiliate, (b) insubordination, substantial malfeasance or non-feasance of duty, (c) unauthorized disclosure of confidential information, (d) breach by a Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company or any Affiliate or any material written policy of the Company or any Affiliate, and (e) conduct substantially prejudicial to the business of the Company or any Affiliate; provided, however, that any provision in an agreement between a Participant and the Company or an Affiliate, which contains a conflicting definition of Cause for termination and which is in effect at the time of such termination, shall supersede this definition with respect to that Participant. The determination of the Administrator as to the existence of Cause will be conclusive on the Participant and the Company.

Class A Common Stock means shares of the Company's Class A common stock, \$0.0001 par value per share.

Class B Common Stock means shares of the Company's Class B common stock, \$0.0001 par value per share.

Code means the United States Internal Revenue Code of 1986, as amended including any successor statute, regulation and guidance thereto.

Committee means the Company's compensation committee (as constituted in compliance with Rule 5605(d)(2) of the Nasdaq Listing Rules) in order to comply with the exemption from

the stockholder approval requirement for "inducement grants" provided under Rule 5635(c)(4) of the Nasdaq Listing Rules.

Common Stock means the Class A Common Stock and the Class B Common Stock, individually or collectively, as the context requires.

Company means Quantum-Si Incorporated, a Delaware corporation.

Consultant means any natural person who is an advisor or consultant who provides bona fide services to the Company or its Affiliates, provided that such services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the Company's or its Affiliates' securities.

Corporate Transaction means a merger, consolidation, or sale of all or substantially all of the Company's assets or the acquisition of all of the outstanding voting stock of the Company (or similar transaction) in a single transaction or a series of related transactions by a single entity, other than a transaction to merely change the state of incorporation or in which the Company is the surviving corporation. Where a Corporate Transaction involves a tender offer that is reasonably expected to be followed by a merger (as determined by the Administrator), the Corporate Transaction will be deemed to have occurred upon consummation of the tender offer.

Disability or Disabled means permanent and total disability as defined in Section 22(e)(3) of the Code.

Employee means any employee of the Company or of an Affiliate, designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan.

Exchange Act means the United States Securities Exchange Act of 1934, as amended.

Fair Market Value of a Share of Class A Common Stock means:

If the Class A Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Class A Common Stock, the closing or, if not applicable, the last price of the Class A Common Stock on the composite tape or other comparable reporting system for the trading day on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date;

If the Class A Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Class A Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Class A Common Stock are regularly reported, the mean between the bid and the asked price for the Class A Common Stock at the close of trading in the over-the-counter market for the most recent trading day on which Class A Common Stock was traded on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date; and

If the Class A Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine in compliance with applicable laws.

ISO means a stock option intended to qualify as an incentive stock option under Section 422.

Non-Qualified Option means a stock option which is not intended to qualify as an ISO.

Option means a Non-Qualified Option granted under the Plan.

Participant means an Employee of the Company or an Affiliate to whom one or more Stock Rights are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

Performance-Based Award means a Stock Grant or Stock-Based Award which vests based on the attainment of written Performance Goals as set forth in Paragraph 9 hereof.

Performance Goals means performance goals determined by the Committee in its sole discretion and set forth in an Agreement. The satisfaction of Performance Goals shall be subject to certification by the Committee. The Committee has the authority to take appropriate action with respect to the Performance Goals (including, without limitation, making adjustments to the Performance Goals or determining the satisfaction of the Performance Goals in connection with a Corporate Transaction) provided that any such action does not otherwise violate the terms of the Plan.

Plan means this Quantum-Si Incorporated 2023 Inducement Equity Incentive Plan.

SAR means a stock appreciation right.

Section 409A means Section 409A of the Code.

Section 422 means Section 422 of the Code.

Securities Act means the United States Securities Act of 1933, as amended.

Shares means shares of the Class A Common Stock as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

Stock-Based Award means a grant by the Company under the Plan of an equity award or an equity based award, which is not an Option, or a Stock Grant.

Stock Grant means a grant by the Company of Shares under the Plan.

Stock Right means a Non-Qualified Option, a Stock Grant or a Stock-Based Award or a right to Shares or the value of Shares of the Company granted pursuant to the Plan.

Survivor means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

4Catalyzer Corporation means 4Catalyzer Corporation and any other corporation for so long as more than 50% of the total voting power of such corporation is beneficially owned (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, by Jonathan Rothberg or his family as determined in the sole discretion of the Administrator.

2. PURPOSES OF THE PLAN.

The Plan is intended to advance the interests of the Company's stockholders by enhancing the Company's ability to attract new Employees who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities that are intended to better align the interests of such persons with those of the Company's stockholders. The Company intends that the Plan be reserved for persons to whom the Company may issue securities without stockholder approval as an inducement pursuant to Listing Rule 5635(c)(4) of the corporate governance rules of the Nasdaq Stock Market.

3. SHARES SUBJECT TO THE PLAN.

(a) The number of Shares which may be issued from time to time pursuant to this Plan shall be 6,000,000 shares of Class A Common Stock (of which 3,325,250 shares are available for future granting), or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 24 of the Plan.

(b) If an Option ceases to be "outstanding", in whole or in part (other than by exercise), or if the Company shall reacquire (at not more than its original issuance price) any Shares issued pursuant to a Stock Grant or Stock-Based Award, or if any Stock Right expires or is forfeited, cancelled, or otherwise terminated or results in any Shares not being issued, the unissued or reacquired Shares which were subject to such Stock Right shall again be available for issuance from time to time pursuant to this Plan; provided, however, that the number of Shares underlying any awards under the Plan that are retained or repurchased on the exercise of an Option or the vesting or issuance of any Stock Right to cover the exercise price and/or tax withholding required by the Company in connection with vesting shall not be added back to the Shares available for issuance under the Plan. In addition, any Shares repurchased using exercise price proceeds will not be available for issuance under the Plan.

4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

- (a) Interpret the provisions of the Plan and all Stock Rights and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;
- (b) Determine which Employees shall be granted Stock Rights;
- (c) Determine the number of Shares for which a Stock Right or Stock Rights shall be granted and specify the terms and conditions upon which Stock Rights may be granted;
- (d) Specify the terms and conditions upon which a Stock Right or Stock Rights may be granted provided that no dividends or dividend equivalents shall be paid on any Stock Right prior to the vesting of the underlying Shares;
- (e) Amend any term or condition of any outstanding Stock Right, provided that (i) such term or condition as amended is not prohibited by the Plan and (ii) any such amendment shall not impair the rights of a Participant under any Stock Right previously granted without such Participant's consent or in the event of death of the Participant the Participant's Survivors;
- (f) Determine and make any adjustments in the Performance Goals included in any Performance-Based Awards; and
- (g) Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax or other laws applicable to the Company, any Affiliate or to Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Stock Rights or Shares issuable pursuant to a Stock Right; provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of not causing any adverse tax consequences under Section 409A of the Code. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee. In addition, if the Administrator is the Committee, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee.

Notwithstanding the foregoing, any grants of Stock Rights under the Plan made by the Board of Directors must be approved by the majority of the Company's independent directors (as defined in Rule 5605(a)(2) of the Nasdaq Listing Rules) in order to comply with Nasdaq Listing Rule 5635(c)

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan; provided, however, that each Participant must be an Employee of the Company or of an Affiliate at the

time a Stock Right is granted. Notwithstanding the foregoing, the Administrator may authorize the grant of a Stock Right to a person in anticipation of such person becoming an Employee of the Company or of an Affiliate, provided, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Agreement evidencing such Stock Right. Non-Qualified Options, Stock Grants and Stock-Based Awards may be granted to any Employee of the Company or an Affiliate. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify that individual from, participation in any other grant of Stock Rights or any grant under any other benefit plan established by the Company or any Affiliate for Employees.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in an Option Agreement duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate. The Option Agreements shall be subject to at least the following terms and conditions:

(a) Non-Qualified Options: Each Option shall be a Non-Qualified Option and shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

(i) Exercise Price: Each Option Agreement shall state the exercise price (per share) of the Shares covered by each Option which exercise price shall be determined by the Administrator and shall be at least equal to the Fair Market Value per share of the Class A Common Stock on the date of grant of the Option.

(ii) Number of Shares: Each Option Agreement shall state the number of Shares to which it pertains.

(iii) Vesting: Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain performance conditions or the attainment of stated goals or events.

(iv) Term of Option: Each Option shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide.

(b) Except in connection with a corporate transaction involving the Company (which term includes, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares) or as otherwise contemplated by Paragraph 24 below, the Company may not, without obtaining stockholder approval, (i) amend the terms of outstanding Options to reduce the

exercise price of such Options, (ii) cancel outstanding Options in exchange for Options that have an exercise price that is less than the exercise price value of the original Options, or (iii) cancel outstanding Options that have an exercise price greater than the Fair Market Value of a Share on the date of such cancellation in exchange for cash or other consideration.

7. TERMS AND CONDITIONS OF STOCK GRANTS.

Each Stock Grant to a Participant shall state the principal terms in an Agreement duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards:

- (a) Each Agreement shall state the purchase price per Share, if any, of the Shares covered by each Stock Grant, which purchase price shall be determined by the Administrator on the date of the grant of the Stock Grant;
- (b) Each Agreement shall state the number of Shares to which the Stock Grant pertains;
- (c) Each Agreement shall include the terms of any right of the Company to restrict or reacquire the Shares subject to the Stock Grant, including the time period or attainment of Performance Goals or such other performance criteria upon which such rights shall accrue and the purchase price therefor, if any; and
- (d) Dividends (other than stock dividends to be issued pursuant to Paragraph 24 of the Plan) may accrue but shall not be paid prior to the time, and may be paid only to the extent that, the restrictions or rights to reacquire the Shares subject to the Stock Grant lapse. Any entitlement to dividend equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with the applicable requirements of Section 409A.

8. TERMS AND CONDITIONS OF OTHER STOCK-BASED AWARDS

The Administrator shall have the right to grant other Stock-Based Awards based upon the Class A Common Stock having such terms and conditions as the Administrator may determine, including, without limitation, the grant of Shares based upon certain conditions, the grant of securities convertible into Shares and the grant of SARs, phantom stock awards or stock units. The principal terms of each Stock-Based Award shall be set forth in an Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company. Each Agreement shall include the terms of any right of the Company including the right to terminate the Stock-Based Award without the issuance of Shares, the terms of any vesting conditions, Performance Goals or events upon which Shares shall be issued, provided that dividends (other than stock dividends to be issued pursuant to Paragraph 24

of the Plan) or dividend equivalents may accrue but shall not be paid prior to and may be paid only to the extent that the Shares subject to the Stock-Based Award vest. Under no circumstances may the Agreement covering SARs (a) have an exercise or base price (per share) that is less than the Fair Market Value per share of Class A Common Stock on the date of grant or (b) expire more than ten years following the date of grant.

9. PERFORMANCE-BASED AWARDS.

The Committee shall determine whether, with respect to a performance period, the applicable Performance Goals have been met with respect to a given Participant and, if they have, to so certify and ascertain the amount of the applicable Performance-Based Award. No Performance-Based Awards will be issued for such performance period until such certification is made by the Committee. The number of Shares issued in respect of a Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period, and any dividends (other than stock dividends to be issued pursuant to Paragraph 24 of the Plan) or dividend equivalents that accrue shall only be paid in respect of the number of Shares earned in respect of such Performance-Based Award.

10. EXERCISE OF OPTIONS AND ISSUE OF SHARES

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company or its designee (in a form acceptable to the Administrator, which may include electronic notice), together with provision for payment of the aggregate exercise price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option (which signature may be provided electronically in a form acceptable to the Administrator), shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the exercise price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check; or (b) at the discretion of the Administrator, through delivery of shares of Class A Common Stock held for at least six months (if required to avoid negative accounting treatment) having a Fair Market Value equal as of the date of the exercise to the aggregate cash exercise price for the number of Shares as to which the Option is being exercised; or (c) at the discretion of the Administrator, by having the Company retain from the Shares otherwise issuable upon exercise of the Option, a number of Shares having a Fair Market Value equal as of the date of exercise to the aggregate exercise price for the number of Shares as to which the Option is being exercised; or (d) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator; or (e) at the discretion of the Administrator, by any combination of (a), (b), (c) and (d) above or (f) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In

determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company if the Administrator determines it is necessary to comply with any law or regulation (including, without limitation, federal securities laws) that requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be fully paid, non-assessable Shares.

11. PAYMENT IN CONNECTION WITH THE ISSUANCE OF STOCK GRANTS AND STOCK-BASED AWARDS AND ISSUE OF SHARES.

Any Stock Grant or Stock-Based Award requiring payment of a purchase price for the Shares as to which such Stock Grant or Stock-Based Award is being granted shall be made (a) in United States dollars in cash or by check; or (b) at the discretion of the Administrator, through delivery of shares of Class A Common Stock held for at least six months (if required to avoid negative accounting treatment) and having a Fair Market Value equal as of the date of payment to the purchase price of the Stock Grant or Stock-Based Award; or (c) by delivery of a promissory note, if the Board of Directors has expressly authorized the loan of funds to the Participant for the purpose of enabling or assisting the Participant to effect such purchase; (d) at the discretion of the Administrator, by any combination of (a) through (c) above; or (e) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine.

The Company shall when required by the applicable Agreement, reasonably promptly deliver the Shares as to which such Stock Grant or Stock-Based Award was made to the Participant (or to the Participant's Survivors, as the case may be), subject to any escrow provision set forth in the applicable Agreement. In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company if the Administrator determines it is necessary to comply with any law or regulation (including, without limitation, federal securities laws) which requires the Company to take any action with respect to the Shares prior to their issuance.

12. RIGHTS AS A SHAREHOLDER.

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right except after due exercise of an Option or issuance of Shares as set forth in any Agreement, tender of the aggregate exercise or purchase price, if any, for the Shares being purchased and registration of the Shares in the Company's share register in the name of the Participant.

13. ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.

By its terms, a Stock Right granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement provided that no Stock Right may be transferred by a Participant for value. The designation of a beneficiary of a Stock Right by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph.

Except as provided above during the Participant's lifetime a Stock Right shall only be exercisable by or issued to such Participant (or his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Stock Right or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon a Stock Right, shall be null and void.

14. EFFECT ON OPTIONS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE OR DEATH OR DISABILITY

Except as otherwise provided in a Participant's Option Agreement in the event of a termination of service with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

(a) A Participant who ceases to provide services to the Company or an Affiliate (for any reason other than termination for Cause, Disability, or death for which events there are special rules in Paragraphs 15, 16, and 17, respectively), may exercise any Option granted to such Participant to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement.

(b) The provisions of this Paragraph, and not the provisions of Paragraph 16 or 17, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of service; provided, however, in the case of a Participant's Disability or death within three months after the termination of service, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of service, but in no event after the date of expiration of the term of the Option.

(c) Notwithstanding anything herein to the contrary, if subsequent to a Participant's service, but prior to the exercise of an Option, the Administrator determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute Cause, then such Participant shall forthwith cease to have any right to exercise any Option.

(d) A Participant to whom an Option has been granted under the Plan who is absent from the Company or an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's service with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

(e) Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an Employee of the Company or any Affiliate.

(f) Except as otherwise set forth in a Participant's Option Agreement, if a Participant ceases to be an Employee of the Company or any Affiliate but upon cessation of such services immediately becomes an Employee of a 4Catalyzer Corporation, Options granted under the Plan shall cease vesting in accordance with the Participant's Option Agreement but shall remain exercisable until the earliest of: (i) three months from the date when the Participant is no longer providing services as an Employee to any 4Catalyzer Corporation for any reason other than for Cause, death, or Disability; (ii) three months from the date when the company to which the Participant is providing services as an Employee is no longer a 4Catalyzer Corporation; (ii) one year from the date of the Participant's death or Disability; (iii) immediately upon notification by a 4Catalyzer Corporation that the Participant is being terminated by a 4Catalyzer Corporation for Cause; (iv) the expiration date of the Option as set forth in the Participant's Option Agreement; or (v) the termination of the Option in accordance with Paragraph 23 or 24 of the Plan.

15. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR CAUSE

Except as otherwise provided in a Participant's Option Agreement, the following rules apply if the Participant's service with the Company or an Affiliate is terminated for Cause prior to the time that all his or her outstanding Options have been exercised:

(a) All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated for Cause will immediately be forfeited.

(b) Cause is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute Cause, then the right to exercise any Option is forfeited.

16. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR DISABILITY

Except as otherwise provided in a Participant's Option Agreement:

(a) A Participant who ceases to be an Employee of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant to the extent that the Option has become exercisable but has not been exercised on the date of the Participant's termination of service due to Disability; and in the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of the Participant's termination of service due to Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of the Participant's termination of service due to Disability.

(b) A Disabled Participant may exercise the Option only within the period ending one year after the date of the Participant's termination of service due to Disability, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on

a later date if the Participant had not been terminated due to Disability and had continued to be an Employee or, if earlier, within the originally prescribed term of the Option.

(c) The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

17. EFFECT ON OPTIONS OF DEATH WHILE AN EMPLOYEE

Except as otherwise provided in a Participant's Option Agreement:

(a) In the event of the death of a Participant while the Participant is an Employee of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors to the extent that the Option has become exercisable but has not been exercised on the date of death; and in the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death.

(b) If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an Employee or, if earlier, within the originally prescribed term of the Option.

18. EFFECT OF TERMINATION OF SERVICE ON UNACCEPTED STOCK GRANTS AND STOCK-BASED AWARDS.

In the event of a termination of service (as an Employee) with the Company or an Affiliate for any reason before the Participant has accepted a Stock Grant or a Stock-Based Award and paid the purchase price, if required, such grant shall terminate.

For purposes of this Paragraph 18 and Paragraph 19 below, a Participant to whom a Stock Grant or a Stock-Based Award has been issued under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

In addition, for purposes of this Paragraph 18 and Paragraph 19 below, any change of employment or other service within or among the Company and any Affiliates shall not be

treated as a termination of employment so long as the Participant continues to be an Employee of the Company or any Affiliate.

19. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE, DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Agreement, in the event of a termination of service for any reason, other than termination for Cause, death or Disability for which there are special rules in Paragraphs 20, 21, and 22 below, before all forfeiture provisions or Company rights of repurchase shall have lapsed, then the Company shall have the right to cancel or repurchase that number of Shares subject to a Stock Grant or Stock-Based Award as to which the Company's forfeiture or repurchase rights have not lapsed.

20. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE FOR CAUSE

Except as otherwise provided in a Participant's Agreement, the following rules apply if the Participant's service with the Company or an Affiliate is terminated for Cause:

(a) All Shares subject to any Stock Grant or Stock-Based Award that remain subject to forfeiture provisions or as to which the Company shall have a repurchase right shall be immediately forfeited to the Company as of the time the Participant is notified his or her service is terminated for Cause.

(b) Cause is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute Cause, then all Shares subject to any Stock Grant or Stock-Based Award that remained subject to forfeiture provisions or as to which the Company had a repurchase right on the date of termination shall be immediately forfeited to the Company.

21. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE FOR DISABILITY

Except as otherwise provided in a Participant's Agreement, the following rules apply if a Participant ceases to be an Employee of the Company or of an Affiliate by reason of Disability: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of Disability, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of Disability as would have lapsed had the Participant not become Disabled. The proration shall be based upon the number of days accrued prior to the date of Disability.

The Administrator shall make the determination both as to whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

22. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF DEATH WHILE AN EMPLOYEE

Except as otherwise provided in a Participant's Agreement, the following rules apply in the event of the death of a Participant while the Participant is an Employee of the Company or of an Affiliate: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of death, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of death as would have lapsed had the Participant not died. The proration shall be based upon the number of days accrued prior to the Participant's date of death.

(a) At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued in compliance with the Securities Act without registration thereunder.

23. DISSOLUTION OR LIQUIDATION OF THE COMPANY

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants and Stock-Based Awards which have not been accepted, to the extent required under the applicable Agreement, will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation. Upon the dissolution or liquidation of the Company, any outstanding Stock-Based Awards shall immediately terminate unless otherwise determined by the Administrator or specifically provided in the applicable Agreement.

24. ADJUSTMENTS

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to such Participant hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in a Participant's Agreement.

(a) Changes with respect to Shares of Common Stock.

(b) If (1) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or (2) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, each Stock Right and the number of shares of Common Stock deliverable thereunder shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made including, in the exercise, base or purchase price per share and in the Performance Goals applicable to outstanding Performance-Based Awards to reflect such events. The number of Shares subject to the limitations in Paragraphs 3(a), 3(b), 3(d) and 4(c) shall also be proportionately adjusted upon the occurrence of such events.

(c) The Administrator may also make adjustments of the type described in Paragraph 24(a) above to take into account distributions to stockholders other than those provided for in Paragraphs 24(b) below, or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan or any Award, having due regard for the requirements of Section 409A, to the extent applicable.

(d) References in the Plan to Shares will be construed to include any stock or securities resulting from an adjustment pursuant to this Paragraph 24(a).

(e) Corporate Transactions. If the Company is to be consolidated with or acquired by another entity in a Corporate Transaction, the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), may, as to outstanding Options, take any of the following actions: (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that such Options must be exercised (either (A) to the extent then exercisable or (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph), within a specified number of days of the date of such notice, at the end of which period such Options which have not been exercised shall terminate; or (iii) terminate such Options in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock into which such Option would have been exercisable (either (A) to the extent then exercisable or, (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph) less the aggregate exercise price thereof. For purposes of determining the payments to be made pursuant to Subclause (iii) above, in the case of a Corporate Transaction the consideration for which, in whole or in part, is other than cash, the consideration other than cash shall be valued at the fair value thereof as determined in good faith by the Board of Directors. For the avoidance of doubt, if the per share exercise price of an Option or portion thereof is equal to or greater than the Fair Market Value of one Share of Common Stock, such Option may be cancelled with no payment due hereunder or otherwise in respect thereof.

With respect to outstanding Stock Grants or Stock-Based Awards, the Administrator or the Successor Board, shall make appropriate provision for the continuation of such Stock Grants or Stock-Based Awards on the same terms and conditions by substituting on an equitable basis for the Shares then subject to such Stock Grants or Stock-Based Awards either the consideration payable with respect to the outstanding Shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity. In lieu of the foregoing, in connection with any Corporate Transaction, the Administrator may provide that each outstanding Stock Grant or Stock-Based Award shall be terminated in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock comprising such Stock Grant or Stock-Based Award (to the extent such Stock Grant or Stock-Based Award is no longer subject to any forfeiture or repurchase rights then in effect or, at the discretion of the Administrator, all forfeiture and repurchase rights being waived). For the avoidance of doubt, if the purchase or base price of a Stock Grant or Stock-Based Award or portion thereof is equal to or greater than the Fair Market Value of one Share of Common Stock, such Stock Grant or Stock-Based Award, as applicable, may be cancelled with no payment due hereunder or otherwise in respect thereof.

In taking any of the actions permitted under this Paragraph 24(b), the Administrator shall not be obligated by the Plan to treat all Stock Rights, all Stock Rights held by a Participant, or all Stock Rights of the same type, identically.

(f) Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company other than a Corporate Transaction pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option or accepting a Stock Grant after the recapitalization or reorganization shall be entitled to receive for the price paid upon such exercise or acceptance if any, the number of replacement securities which would have been received if such Option had been exercised or Stock Grant accepted prior to such recapitalization or reorganization.

(g) Adjustments to Stock-Based Awards. Upon the happening of any of the events described in Subparagraphs (a), (b) or (c) above, any outstanding Stock-Based Award shall be appropriately adjusted to reflect the events described in such Subparagraphs. The Administrator or the Successor Board shall determine the specific adjustments to be made under this Paragraph 24, including, but not limited to the effect of any, Corporate Transaction and, subject to Paragraph 4, its determination shall be conclusive.

(h) Termination of Awards upon Consummation of a Corporate Transaction. Except as the Administrator may otherwise determine, each Stock Right will automatically terminate (and in the case of outstanding Shares of restricted Common Stock, will automatically be forfeited) immediately upon the consummation of a Corporate Transaction, other than (i) any award that is assumed, continued or substituted pursuant to Paragraph 24(b) above, and (ii) any cash award that by its terms, or as a result of action taken by the Administrator, continues following the consummation of the Corporate Transaction.

25. ISSUANCES OF SECURITIES.

(a) Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

(b) The Company will not be obligated to issue any Shares pursuant to the Plan or to remove any restriction from Shares previously issued under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance of such Shares have been addressed and resolved; (ii) if the outstanding Shares is at the time of issuance listed on any stock exchange or national market system, the Shares to be issued have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the award have been satisfied or waived. The Company may require, as a condition to the exercise of an award or the issuance of Shares under an award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act of 1933, as amended, or any applicable state or non-U.S. securities law. Any Shares issued under the Plan will be evidenced in such manner as the Administrator determines appropriate, including book-entry registration or delivery of stock certificates. In the event that the Administrator determines that stock certificates will be issued in connection with Shares issued under the Plan, the Administrator may require that such certificates bear an appropriate legend reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending the lapse of the applicable restrictions.

26. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

27. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant's salary, wages or other remuneration in connection with the issuance of a Stock Right or Shares under the Plan or for any other reason required by law, the Company may withhold from the Participant's compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner set forth under the definition of Fair Market Value provided in Paragraph 1 above, as of the most recent practicable date. If the Fair Market Value of the shares withheld is less than the amount of

payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer.

28. TERMINATION OF THE PLAN.

The Plan will terminate on May 8, 2033, the date which is ten years from the date of its adoption by the Board of Directors. The Plan may be terminated at an earlier date by vote of the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination. Termination of the Plan shall not affect any Stock Rights theretofore granted.

29. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the Board of Directors of the Company. The Plan may also be amended by the Administrator; provided that any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval including, without limitation, to the extent necessary to qualify the Shares issuable under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to such Participant, unless such amendment is required by applicable law or necessary to preserve the economic value of such Stock Right. With the consent of the Participant affected, the Administrator may amend outstanding Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Agreements may be amended by the Administrator in a manner which is not adverse to the Participant. Nothing in this Paragraph 29 shall limit the Administrator's authority to take any action permitted pursuant to Paragraph 24.

30. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, status of a Participant, nor to prevent a Participant from terminating his or her own employment status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

31. SECTION 409A.

The Company intends that the Plan and any Awards granted hereunder be exempt from or comply with Section 409A, to the extent applicable. Any ambiguities in the Plan or any Award shall be construed to effect the intent as described in this Paragraph 31.

If a Participant is a "specified employee" as defined in Section 409A (and as applied according to procedures of the Company and its Affiliates) as of his or her separation from service, to the extent any payment under this Plan or pursuant to an Award constitutes non-exempt deferred compensation under Section 409A that is being paid by reason of separation

from service, no payments due under this Plan or pursuant to an Award may be made until the earlier of: (i) the first day of the seventh month following the Participant's separation from service, or (ii) the Participant's date of death; provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum, without interest, on the first day of the seventh month following the Participant's separation from service.

The Administrator shall administer the Plan with a view toward ensuring that Awards under the Plan that are subject to Section 409A comply with the requirements thereof and that Options under the Plan be exempt from the requirements of Section 409A, but neither the Administrator nor any member of the Board of Directors, nor the Company nor any of its Affiliates, nor any other person acting hereunder on behalf of the Company, the Administrator or the Board of Directors shall be liable to a Participant or any Survivor by reason of the acceleration of any income, or the imposition of any additional tax or penalty, with respect to any Award, whether by reason of a failure to satisfy the requirements of Section 409A or otherwise.

32. INDEMNITY.

Neither the Board of Directors nor the Administrator, nor any members of either, nor any employees of the Company or any parent, subsidiary, or other Affiliate, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to this Plan, and the Company hereby agrees to indemnify the members of the Board or Directors, the members of the Committee, and the employees of the Company and its parent or subsidiaries in respect of any claim, loss, damage, or expense (including reasonable counsel fees) arising from any such act, omission, interpretation, construction or determination to the full extent permitted by law.

33. CLAWBACK.

Notwithstanding anything to the contrary contained in this Plan, the Company may recover from a Participant any compensation received from any Stock Right (whether or not settled) or cause a Participant to forfeit any Stock Right (whether or not vested) in the event that the Company's Clawback Policy as then in effect is triggered.

34. WAIVER OF JURY TRIAL.

By accepting or being deemed to have accepted an award under the Plan, each Participant waives (or will be deemed to have waived), to the maximum extent permitted under applicable law, any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan or any award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees (or will be deemed to have agreed) that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting or being deemed to have accepted an award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the

Company and a Participant to agree to submit any dispute arising under the terms of the Plan or any award to binding arbitration or as limiting the ability of the Company to require any individual to agree to submit such disputes to binding arbitration as a condition of receiving an award hereunder.

35. UNFUNDED OBLIGATIONS.

The Company's obligations under the Plan are unfunded, and no Participant will have any right to specific assets of the Company in respect of any award under the Plan. Participants will be general unsecured creditors of the Company with respect to any amounts due or payable under the Plan.

36. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the State of Delaware

QUANTUM-SI INCORPORATED

Restricted Stock Unit Award Grant Notice
Restricted Stock Unit Grant under the Company's
2023 Inducement Equity Incentive Plan

Name:

Grant Number:

Grant Date:

Grant Type:

Grant Shares:

Vesting of Award: This Restricted Stock Unit Award shall vest as follows provided the Participant is an Employee of the Company or of an Affiliate on the applicable vesting date:

[Vesting Schedule Description]

The Company and the Participant acknowledge receipt of this Restricted Stock Unit Award Grant Notice and agree to the terms of the Restricted Stock Unit Agreement attached hereto and incorporated by reference herein, the Company's 2023 Inducement Equity Incentive Plan and the terms of this Restricted Stock Unit Award as set forth above.

QUANTUM-SI INCORPORATED

By:

Name:

Title:

Participant

QUANTUM-SI INCORPORATED

**RESTRICTED STOCK UNIT AGREEMENT –
INCORPORATED TERMS AND CONDITIONS**

AGREEMENT made as of the date of grant set forth in the Restricted Stock Unit Award Grant Notice between Quantum-Si Incorporated (the "Company"), a Delaware corporation, and the individual whose name appears on the Restricted Stock Unit Award Grant Notice (the "Participant").

WHEREAS, the Company has adopted the 2023 Inducement Equity Incentive Plan (the "Plan"), to promote the interests of the Company by providing an incentive for Employees of the Company and its Affiliates;

WHEREAS, pursuant to the provisions of the Plan, the Company desires to grant to the Participant restricted stock units ("RSUs") related to the Company's Class A common stock, \$0.0001 par value per share ("Common Stock"), in accordance with the provisions of the Plan, all on the terms and conditions hereinafter set forth;

WHEREAS, the Company and the Participant understand and agree that the RSUs shall be granted in compliance with Nasdaq Listing Rule 5635(c)(4) as a material inducement to the Participant entering into employment with the Company; and

WHEREAS, the Company and the Participant understand and agree that any terms used and not defined herein have the meanings ascribed to such terms in the Plan.

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of Award. The Company hereby grants to the Participant an award for the number of RSUs set forth in the Restricted Stock Unit Award Grant Notice (the "Award"). Each RSU represents a contingent entitlement of the Participant to receive one share of Common Stock, on the terms and conditions and subject to all the limitations set forth herein and in the Plan, which is incorporated herein by reference. The Participant acknowledges receipt of a copy of the Plan.
2. Vesting of Award.
 - (a) Subject to the terms and conditions set forth in this Agreement and the Plan, the Award granted hereby shall vest as set forth in the Restricted Stock Unit Award Grant Notice and is subject to the other terms and conditions of this Agreement and the Plan. On each vesting date set forth in the Restricted Stock Unit Award Grant Notice, the Participant shall be entitled to receive such number of shares of Common Stock equivalent to the number of RSUs as set forth in the Restricted Stock Unit Award Grant Notice provided that the Participant is providing service

to the Company or an Affiliate on such vesting date. Such shares of Common Stock shall thereafter be delivered by the Company to the Participant within five business days of the applicable vesting date and in accordance with this Agreement and the Plan.

- (b) Except as otherwise set forth in this Agreement, if the Participant ceases to be providing services for any reason to the Company or an Affiliate (the "Termination") prior to a vesting date set forth in the Restricted Stock Unit Award Grant Notice, then as of the date on which the Participant's employment or service terminates, all unvested RSUs shall immediately be forfeited to the Company and this Agreement shall terminate and be of no further force or effect.

3. Prohibitions on Transfer and Sale. This Award (including any additional RSUs received by the Participant as a result of stock dividends, stock splits or any other similar transaction affecting the Company's securities without receipt of consideration) shall not be transferable by the Participant otherwise than (i) by will or by the laws of descent and distribution, or (ii) pursuant to a qualified domestic relations order as defined by the Internal Revenue Code or Title I of the Employee Retirement Income Security Act or the rules thereunder. Except as provided in the previous sentence, the shares of Common Stock to be issued pursuant to this Agreement shall be issued, during the Participant's lifetime, only to the Participant (or, in the event of legal incapacity or incompetence, to the Participant's guardian or representative). This Award shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of this Award or of any rights granted hereunder contrary to the provisions of this Section 3, or the levy of any attachment or similar process upon this Award shall be null and void.

4. Adjustments. The Plan contains provisions covering the treatment of RSUs and shares of Common Stock in a number of contingencies such as stock splits. Provisions in the Plan for adjustment with respect to this Award and the related provisions with respect to successors to the business of the Company are hereby made applicable hereunder and are incorporated herein by reference.

5. Securities Law Compliance. The Participant specifically acknowledges and agrees that any sales of shares of Common Stock shall be made in accordance with the requirements of the Securities Act of 1933, as amended. The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the Common Stock to be granted hereunder. The Company intends to maintain this registration statement but has no obligation to do so. If the registration statement ceases to be effective for any reason, Participant will not be able to transfer or sell any of the shares of Common Stock issued to the Participant pursuant to this Agreement unless exemptions from registration or filings under applicable securities laws are available. Furthermore, despite registration, applicable securities laws may restrict the ability of the Participant to sell his or her Common Stock, including due to the Participant's affiliation with the Company. The Company shall not be obligated to either issue the Common Stock or permit the resale of any shares of Common Stock if such issuance or resale would violate any applicable securities law, rule or regulation.

6. Rights as a Stockholder. The Participant shall have no right as a stockholder, including voting and dividend rights, with respect to the RSUs subject to this Agreement.
7. Incorporation of the Plan. The Participant specifically understands and agrees that the RSUs and the shares of Common Stock to be issued under the Plan will be issued to the Participant pursuant to the Plan, a copy of which Plan the Participant acknowledges he or she has read and understands and by which Plan he or she agrees to be bound. The provisions of the Plan are incorporated herein by reference.
8. Tax Liability of the Participant and Payment of Taxes. The Participant acknowledges and agrees that any income or other taxes due from the Participant with respect to this Award or the shares of Common Stock to be issued pursuant to this Agreement or otherwise sold shall be the Participant's responsibility. Without limiting the foregoing, the Participant agrees that if under applicable law the Participant will owe taxes at each vesting date on the portion of the Award then vested the Company shall be entitled to immediate payment from the Participant of the amount of any tax or other amounts required to be withheld by the Company by applicable law or regulation. Any taxes or other amounts due shall be paid, at the option of the Administrator as follows:
 - (a) through reducing the number of shares of Common Stock entitled to be issued to the Participant on the applicable vesting date in an amount equal to the statutory minimum of the Participant's total tax and other withholding obligations due and payable by the Company. Fractional shares will not be retained to satisfy any portion of the Company's withholding obligation. Accordingly, the Participant agrees that in the event that the amount of withholding required would result in a fraction of a share being owed, that amount will be satisfied by withholding the fractional amount from the Participant's paycheck;
 - (b) requiring the Participant to deposit with the Company an amount of cash equal to the amount determined by the Company to be required to be withheld with respect to the statutory minimum amount of the Participant's total tax and other withholding obligations due and payable by the Company or otherwise withholding from the Participant's paycheck an amount equal to such amounts due and payable by the Company; or
 - (c) by requiring the sale by the Participant on the applicable vesting date of such number of shares of Common Stock as the Company instructs a registered broker to sell to satisfy the Company's withholding obligation, after deduction of the broker's commission, and the broker shall be required to remit to the Company the cash necessary in order for the Company to satisfy its withholding obligation. Such sales shall be made pursuant to a mandatory "sell-to-cover" program instituted by the Company with no discretion by the Participant with respect to any sale under the "sell-to-cover" program. To the extent the proceeds of such sale exceed the Company's withholding obligation the Company agrees to pay such excess cash to the Participant as soon as practicable. In addition, if such sale is not sufficient to pay the Company's withholding obligation the Participant agrees to pay to the Company as soon as practicable, including through additional payroll withholding, the amount of any withholding obligation that is not satisfied

by the sale of shares of Common Stock. The Participant agrees to hold the Company and the broker harmless from all costs, damages or expenses relating to any such sale. The Participant acknowledges that the Company and the broker are under no obligation to arrange for such sale at any particular price. In connection with such sale of shares of Common Stock, the Participant shall execute any such documents requested by the broker in order to effectuate the sale of shares of Common Stock and payment of the withholding obligation to the Company.

It is the Company's intention that the Participant's tax obligations under this Section 8 shall be satisfied through the procedure of Subsection (c) above, unless the Company provides notice of an alternate procedure under this Section, in its discretion. The Company shall not deliver any shares of Common Stock to the Participant until it is satisfied that all required withholdings have been made.

9. Participant Acknowledgements and Authorizations. The Participant acknowledges the following:

- (a) The Company is not by the Plan or this Award obligated to continue the Participant as an employee of the Company or an Affiliate.
- (b) The Plan is discretionary in nature and may be suspended or terminated by the Company at any time.
- (c) The grant of this Award is considered a one-time benefit and does not create a contractual or other right to receive any other award under the Plan, benefits in lieu of awards or any other benefits in the future.
- (d) The Plan is a voluntary program of the Company and future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the amount of any award, vesting provisions and the purchase price, if any.
- (e) The value of this Award is an extraordinary item of compensation outside of the scope of the Participant's employment or contract, if any. As such the Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments. The future value of the shares of Common Stock is unknown and cannot be predicted with certainty.
- (f) The Participant (i) authorizes the Company and each Affiliate and any agent of the Company or any Affiliate administering the Plan or providing Plan recordkeeping services, to disclose to the Company or any of its Affiliates such information and data as the Company or any such Affiliate shall request in order to facilitate the grant of the Award and the administration of the Plan; and (ii) authorizes the Company and each Affiliate to store and transmit such information in electronic form for the purposes set forth in this Agreement.

10. **Notices.** Any notices required or permitted by the terms of this Agreement or the Plan shall be given by recognized courier service, facsimile, registered or certified mail, return receipt requested, addressed as follows:

If to the Company:

Quantum-Si Incorporated
29 Business Park Drive
Branford, CT 06405
Attention: General Counsel

If to the Participant at the Participant's most recent address as shown in the employment or stock records of the Company. Any such notice shall be deemed to have been given on the earliest of receipt, one business day following delivery by the sender to a recognized courier service, or three business days following mailing by registered or certified mail.

11. **Assignment and Successors.**

(a) This Agreement is personal to the Participant and without the prior written consent of the Company shall not be assignable by the Participant otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Participant's legal representatives.

This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

12. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof. For the purpose of litigating any dispute that arises under this Agreement, whether at law or in equity, the parties hereby consent to exclusive jurisdiction in Connecticut and agree that such litigation will be conducted in the state courts of Connecticut or the federal courts of the United States for the District of Connecticut.

13. **Severability.** If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, then such provision or provisions shall be modified to the extent necessary to make such provision valid and enforceable, and to the extent that this is impossible, then such provision shall be deemed to be excised from this Agreement, and the validity and enforceability of the rest of this Agreement shall not be affected thereby.

14. **Entire Agreement.** This Agreement, together with the Plan, constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Agreement shall affect or be used to interpret, change or restrict the express terms and provisions of this Agreement provided, however, in any event, this Agreement shall be subject to and governed by the Plan.

15. Modifications and Amendments; Waivers and Consents. The terms and provisions of this Agreement may be modified or amended as provided in the Plan. Except as provided in the Plan, the terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.
16. Section 409A. The Award of RSUs evidenced by this Agreement is intended to be exempt from the nonqualified deferred compensation rules of Section 409A of the Code as a "short term deferral" (as that term is used in the final regulations and other guidance issued under Section 409A of the Code, including Treasury Regulation Section 1.409A-1(b)(4)(i)), and shall be construed accordingly.
17. Data Privacy. By entering into this Agreement, the Participant: (i) authorizes the Company and each Affiliate, and any agent of the Company or any Affiliate administering the Plan or providing Plan recordkeeping services, to disclose to the Company or any of its Affiliates such information and data as the Company or any such Affiliate shall request in order to facilitate the grant of options and the administration of the Plan; (ii) to the extent permitted by applicable law waives any data privacy rights he or she may have with respect to such information, and (iii) authorizes the Company and each Affiliate to store and transmit such information in electronic form for the purposes set forth in this Agreement.

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CERTIFICATIONS UNDER SECTION 302

I, Jeffrey Hawkins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quantum-Si Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Jeffrey Hawkins

Jeffrey Hawkins

President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS UNDER SECTION 302

I, Jeffry Keyes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quantum-Si Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Jeffry Keyes

Jeffry Keyes

Chief Financial Officer and Treasurer
(*Principal Financial Officer*)

CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Quantum-Si Incorporated, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended September 30, 2024 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2024

/s/ Jeffrey Hawkins

Jeffrey Hawkins

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Quantum-Si Incorporated, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended September 30, 2024 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2024

/s/ Jeffry Keyes

Jeffry Keyes

Chief Financial Officer and Treasurer

(Principal Financial Officer)