

Risk Factors Comparison 2025-03-07 to 2024-03-08 Form: 10-K

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An investment in our common stock involves risks. You should carefully consider the following risks and all of the other information contained in this Annual Report on Form 10-K before investing in our common stock. The risks described below are those that we believe are the material risks that we face. If any of the following risks actually occurs, our business, prospects, operating results and financial condition could suffer materially, the trading price of our common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. See “ Cautionary Note Regarding Forward- Looking Statements ” in this Annual Report on Form 10-K.

Risks related to macroeconomic conditions Uncertainties in global economic conditions or a decline in economic conditions, such as recession, economic downturn, and / or inflationary conditions in the U. S. and other regions of the world in which we do business could impact customer spending patterns and materially and adversely affect our financial condition and operating results. Uncertainties in global economic conditions that are beyond our control have in the past impacted our business and may in the future materially adversely affect our business, results of operations, financial condition and stock price. These adverse economic conditions include inflation, slower growth or recession, new or increased tariffs and other changes to fiscal and monetary policy, higher interest rates, high unemployment, decreased consumer confidence in the economy, armed hostilities, such as the ongoing military conflict between Russia and Ukraine, the ongoing hostilities in Israel and the Gaza Strip, foreign currency exchange rate fluctuations, and other matters that influence consumer spending and preferences. As a result of these economic conditions, our customers may face their own financial difficulties and the demand and sale of our products to end users and the quantity of products our customers decide to purchase from us (or the mix of products demanded) could be adversely affected, and it may become more challenging to forecast our operating results and make business decisions. Our results of operations are sensitive to changes in macroeconomic conditions that impact discretionary spending. Some of the factors adversely affecting consumer spending include impacts of inflation and actions taken by central banks to counter inflation, levels of unemployment, consumer debt levels, changes in net worth based on market changes and uncertainty, fluctuating interest rates, credit availability, government actions, fluctuating fuel and other energy costs, fluctuating commodity prices and general uncertainty regarding the overall future economic environment. Adverse economic changes in any of the regions in which we sell our products could reduce consumer confidence and could negatively affect net revenue and have a material adverse effect on our operating results. Our global supply chain is large and complex. As a result, our operations and performance depend significantly on global and regional economic conditions. In addition to an adverse impact on demand for our products, uncertainty about, or a decline in, global or regional economic conditions can have a significant impact on our suppliers, manufacturers, logistics providers, channel partners, and other partners. Potential effects include financial instability ; inability to obtain credit to finance operations ; and insolvency. A downturn in the economic environment can also lead to increased credit and collectability risk on our receivables ; the failure of derivative counterparties and other financial institutions ; limitations on our ability to issue new debt ; reduced liquidity ; and declines in the fair value of our financial instruments. These and other economic factors can materially adversely affect our business, results of operations, financial condition and stock price. A pandemic, epidemic or outbreak of an infectious disease such as the COVID- 19 pandemic may adversely affect our business. Our global operations expose us to risks associated with public health crises and epidemics or pandemics, such as COVID- 19. Such risks include significant volatility, uncertainty and worldwide economic disruption which may result in an economic slowdown of potentially extended duration that could impact our operations and supply chain. Future outbreaks of infectious disease, such as COVID 19, and any future variants or subvariants that may emerge, may disrupt operations of our customers and prospective customers including as a result of travel restrictions and / or business shutdowns, uncertainty in the financial markets or other harm to their business and financial results. These disruptions could reduce capital spend by our existing customers and potential new customers, and could result in further reductions to capital expenditure budgets, delayed purchasing decisions, longer sales cycles, extended payment terms or missed payments, and postponed or canceled projects, any of which would negatively impact our business and operating results, including sales and cash flows. Federal customers may divert funds to address their own supply chain or other challenges, which could delay the progression of customer trials and pilots of our products into larger enterprise- wide adoption, and could delay the purchase and deployment of both of our devices and consumables. In addition, the strain on certain domestic and international supply chains from public health crises and epidemics or pandemics, such as COVID- 19, could result in production slowdowns, longer lead times and negative impacts on pricing for certain of our critical components, including, among other things, electronic and plastic components necessary to manufacture our products. Our suppliers may have to temporarily close a facility, face staffing shortages, production slowdowns and stoppages, be overwhelmed by unexpected demand or face disruptions in delivery systems which may require suppliers to locate shipping routes that avoid delivery bottlenecks, all of which could cause delays in delivery. If our suppliers are unable to deliver the components and subassemblies we require on a timely basis, we cannot guarantee that we will be able to locate alternative sources of supply for our products on acceptable terms, or at all. The long- term effects to the global economy and to us are difficult to assess or predict and may lead to a decline in the market prices of our products, risks to employee health and safety, risks to our ability to manufacture and distribute our products and services and reduced sales in geographic locations impacted. ~~29Risks~~ **Risks** related to our business and industry We have a history of net losses and may not be able to achieve profitability for any period in the future or sustain cash flow from operating activities. We have had a history of net losses since

our inception in 2012, and we may never achieve or maintain profitability. We cannot make any assurances that we will be able to increase our revenue to sustain cash flow from operating activities or reach profitability. As we continue to expand and develop our business, we expect to incur significant additional expenditures in the areas of sales, marketing, research and development, and customer service and support. Additionally, we may encounter unforeseen issues that require us to incur additional costs. We will have to generate and sustain increased revenue to achieve profitability and positive cash flow as a result of these increased expenditures. Accordingly, if we are not able to achieve or maintain profitability and we incur significant losses in the future, the market price of our common stock may decline, and you could lose part or all of your investment. Our 27Our operating results may fluctuate significantly from period- to- period and may fall below expectations in any particular period, which could adversely affect the market price of our common stock. Our quarterly results of operations may fluctuate significantly from period- to- period. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. If our revenue or operating results fall below the expectations of investors or any securities analysts that follow our company in any period, the price of our common stock would likely decline. Each of the risks described in this section, as well as other factors, may affect our operating results. For example, factors that may cause our operating results to fluctuate include:

- our dependence on a limited number of large orders from U. S. government agencies for a substantial portion of our revenue in any quarterly period, whereby the loss of or delay in a customer order, including as a result of delays in Federal budget approval, or any delay in our fulfillment of deliverables under a customer order, could significantly reduce our revenue for that quarter;
- market volatility or downturns caused by outbreaks, epidemics, pandemics, geopolitical tensions or conflicts, or other macroeconomic dynamics;
- the addition of new customers or the loss of existing customers;
- the rates at which customers purchase additional products or consumables from us;
- our ability to enhance our products with new and better functionality that meets customer requirements;
- the length and unpredictability of our product sales cycle;
- the productivity and growth of our sales force and customer service team;
- the effectiveness of our channel partners in securing new orders and fulfilling existing orders;
- service interruptions with any of our single source suppliers or subassembly manufacturers;
- our ability to attain and maintain production volumes and quality levels for our products, and to accurately forecast customer demand for our products and consumables;
- the timing of our product releases or upgrades or related announcements by us or our competitors;
- the possibility of seasonality in demand for our products;
- changes in pricing by us or our competitors;
- the timing of investments in research and development related to new product releases or upgrades;
- our ability to control costs, including operating expenses and the costs of the components used in our products;
- future accounting pronouncements and changes in accounting policies;
- costs related to the acquisition and integration of companies, assets, or technologies; and
- general economic, political, or stock market conditions.

Our operating expenses are heavily based on our anticipated product revenue growth, especially as we continue to invest significant resources in building out our sales and marketing channels and the development of future products. As a result, any shortfall in product revenue in relation to our expectations could cause significant changes in our operating 30results-- results from period- to- period and could result in negative cash flow from operations and a decrease in the price of our common stock. We have experienced growth of our business in recent years, and our inability to manage this growth could have a material adverse effect on our business, the quality of our products and services and our ability to retain key personnel. We have experienced growth of our business in recent years. Our growth has placed increased demands on our management and other resources and will continue to do so in the future. We may not be able to maintain or accelerate our current growth rate, manage our expanding operations effectively or achieve planned growth on a timely or profitable basis. Managing our growth effectively will involve, among other things:

- continuing to retain, motivate, and manage our existing employees and attract and integrate new employees, particularly qualified sales personnel;
- continuing to provide a high level of service to an increasing number of customers;
- maintaining the quality of product and services offerings while controlling our expenses;
- meeting end- user requirements for functional performance and product robustness; 28
- growing our direct sales force and channel partners; and
- developing, implementing, and improving our operational, financial, accounting, and other internal systems and controls on a timely basis.

If demand for our products increases rapidly, we will need to expand internal production capacity or implement additional outsourcing of components and / or our assembled products. Success in developing, manufacturing and supporting products manufactured in small volumes does not guarantee comparable success in operations conducted on a larger scale. Modifying and reconfiguring our facility to increase production capacity may delay delivery of our products. In addition, component costs as well as additional production, financial, and management control costs may rise. If we are unable to meet the demand of our customers and deliver products quickly and cost effectively, customers may turn to our competitors. The costs associated with implementing new manufacturing technologies, methods and processes, including the purchase of new equipment, and any resulting delays, inefficiencies, and loss of sales, could harm our results of operations. As we grow, we will also need to make corresponding improvements to other operational functions, such as our customer service and billing systems, compliance programs and our internal quality assurance programs. We will also need additional equipment, manufacturing and warehouse space and trained personnel to process higher volumes of products. We cannot assure you that any increases in scale, related improvements and quality assurance will be successfully implemented or that equipment, manufacturing and warehouse space and appropriate personnel will be available. As we develop additional products, we may need to bring new equipment on- line, implement new systems, technology, controls and procedures and hire personnel with different qualifications. If we are unable to manage our growth effectively, there could be a material adverse effect on our ability to maintain or increase revenue and profitability, the quality of our products and services and our ability to retain key personnel. These factors could adversely affect our reputation in the market and our ability to generate future sales from new or existing customers. We must develop new products, as well as enhancements to existing products, and adapt to rapid and significant technological change to remain competitive. We sell our products in industries that are characterized by significant product enhancements and evolving industry standards. As a result, our customers' needs are rapidly evolving. If we do not appropriately innovate and invest in new technologies, our offerings

may become less desirable in the markets we serve, and our customers could move to new technologies offered by our competitors or make products themselves. To achieve market acceptance for our products, we must effectively anticipate customer requirements, and we must offer products that meet changing customer demands in a timely manner. Customers may require product features and capabilities that our current products do not have. Any of the current plans we have for future developments or enhancements are strategic in nature and not commitments to ~~31develop~~ **develop** such capabilities for our customers. If we fail to develop products that satisfy customer requirements, our ability to create or increase demand for our products will be harmed. Without the timely introduction of new products, services and enhancements, our offerings will likely become less competitive over time, in which case our competitive position and operating results could suffer. Accordingly, we focus significant efforts and resources on the development and identification of new technologies, products and markets to further broaden our offerings. In addition, the development cycle for our products and technologies can take multiple years and require significant investment, including substantial research and development, development of different engineering and manufacturing workflows, and adjustments to our data and analytics infrastructure. Even if these efforts are successful, the product or enhancement may not perform as expected. The ultimate success of our new products depends, in large part, on the accuracy of our assessments of the long- term needs of the industries and markets we serve, and it is difficult to quickly change the design or function of a planned new product if the market need does not develop as anticipated. As a result, to the extent we fail to accurately forecast the needs of our customers and timely introduce new and innovative products or services, or fail to obtain desired levels of market acceptance, our business may suffer and our operating results could be adversely affected. The challenge of identifying market trends and customer needs is even more demanding for markets that we have recently entered, such as the bioprocessing market, or that we intend to ~~enter~~ **29enter** in the future, such as the GxP quality assurance market. There is no certainty that we will effectively identify these trends and needs or introduce products that are successful. We need to continue to build and develop our sales, marketing and customer service organization, and to engage with domestic and international channel partners to support our planned growth. We may not be able to market, sell or distribute our current and future products effectively enough to support our planned growth. Currently, we sell our products through a combination of direct sales efforts and partnerships with channel partners across all of our key markets. During ~~2023-2024~~, our channel partners accounted for a significant portion of our total revenue. We are in the process of broadening and diversifying our sales channels across all markets. In the future, if we fail to maintain good relationships with, or fail to successfully motivate any of our large channel partners, our revenue may decline. If we do not diversify our sales channels and effectively utilize our direct sales force, we will continue to be susceptible to risks associated with having a large percentage of revenue concentrated with a limited number of channel partners. Competition for employees capable of selling expensive instruments within the pharmaceutical and biotechnology industries is intense. We may not be able to attract and retain personnel or be able to build an efficient and effective sales organization, which could negatively impact sales and market acceptance of our products and limit our revenue growth and potential profitability. In addition, the time and cost of maintaining a specialized sales, marketing and customer service force for a particular product or service may be difficult to justify in light of the revenue projected to be generated by such additional personnel and resources. We also intend to add additional channel partners in the life science market, and if we are unable to do so successfully, it will adversely impact our ability to increase the revenue from our Maverick, Rebel, ZipChip Interface and Maven and related sampling products. We rely on channel partners for the sale of our products in certain countries outside of the United States, and to access certain end customers in the United States. We intend to continue to grow our business internationally and to do so we must attract additional channel partners and retain existing channel partners to maximize the commercial opportunity for our products. We exert limited control over existing channel partners under our agreements with them, and if their sales and marketing efforts for our products in their particular region are not successful, our business would be materially and adversely affected. Locating, qualifying and engaging additional channel partners with local industry experience and knowledge will be necessary in at least the short to mid- term to effectively market and sell our platform in certain countries outside the United States. We may not be successful in finding, attracting and retaining channel partners, or we may not be able to enter into such arrangements on favorable terms. Most of our channel partner relationships are non-exclusive and permit such channel partners to distribute competing products. As such, our channel partners may not commit the necessary resources to market our products to ~~32the~~ **the** level of our expectations or may choose to favor marketing the products of our competitors. If current or future channel partners do not perform adequately or we are unable to enter into effective arrangements with channel partners in particular geographic areas, we may not realize long- term international revenue growth. We face intense and growing competition from leading technology companies as well as from emerging companies. Our inability to compete effectively with any or all of these competitors could affect our ability to achieve our anticipated market penetration and achieve or sustain profitability. The markets we serve are highly competitive, and we expect competition to intensify in the future. This competition may make it more difficult for us to sell our products, and may result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses and failure to increase, or the loss of, market share, any of which would likely seriously harm our business, operating results and financial condition. We face substantial competition from very large and experienced enterprises, both public and privately held, including Agilent Technologies, Bruker Corporation, Danaher Corporation, Inficon, Teledyne, Endress & Hauser, PerkinElmer, Shimadzu Corporation, Thermo Fisher Scientific, and Waters Corp. Our competitors also include many smaller companies, including companies established to pursue new and emerging technologies. We also expect ~~additional~~ **30additional** competition in the future from new and existing companies with whom we do not currently compete directly. As our industry evolves, our current and potential competitors may establish cooperative relationships among themselves or with third parties, including companies with whom we have partnerships and whose products interoperate with our own, that could acquire significant market share, which could adversely affect our business. Any of these competitive threats, alone or in combination with others, could seriously harm our business, operating results and financial condition. Many of our competitors have greater market presence, longer operating histories,

stronger name recognition, larger customer bases and significantly greater financial, technical, sales and marketing, manufacturing, distribution and other resources than we have. In addition, many of our competitors have broader product offerings than we do. These companies may attempt to use their greater resources to better position themselves in the market, including by pricing their products at a discount or bundling them with other products and services in an attempt to rapidly gain market share. Moreover, many of our competitors have more extensive customer and partner relationships than we do, and may therefore be in a better position to identify and respond to market developments or changes in customer demands, including successfully developing technologies that outperform our technologies. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier regardless of product performance or features. Our larger competitors may be able to better manage large or complex contracts and maintain a broader geographic presence. Our smaller competitors typically focus on one or a few products, and they are often well entrenched in their chosen markets. Any of these competitors may respond more quickly to new technology, market developments or pursue new sales opportunities more effectively than we can. We cannot assure you that we will be able to compete successfully against existing or new competitors. Accordingly, our business may not grow as expected and our business may suffer. Currently, we derive the majority of our revenue from our handheld products in the field forensics market, and are seeking to grow the revenue we derive from our desktop products in the life science market. If we fail to maintain significant market acceptance in existing markets or fail to successfully increase our penetration in new and expanding markets, we will not generate expected revenue and our prospects may be harmed. In ~~2023~~ **2024**, a majority of our ~~product and service~~ revenue was derived from sales of our handheld products, ~~mainly the MX908~~. Today, this market consists primarily of first responders, firefighters, local, state and federal law enforcement, as well as military, customs and homeland security customers. Continued market acceptance of the products we sell to these organizations is critical to our future success, and the adoption of our products by these organizations worldwide is a key part of our growth strategy. If market demand for our MX908 product declines, if our products fail to maintain or achieve greater market acceptance, or if we fail to execute on our sales and customer service efforts in the field forensics market, we will not be able to grow our revenue sufficiently to achieve or maintain profitability. We also are seeking to grow and derive a significant portion of our revenue from our desktop devices in the life science market, specifically the antibody therapeutics, cell and gene therapy and synthetic biology markets, including sales to biopharmaceutical companies and research institutions. We recently introduced our Maverick and Maven ~~33product~~ **product** lines and our future success will partially depend on our ability to successfully commercialize these product lines. The life sciences scientific community is comprised of a small number of early adopters and key opinion leaders who significantly influence the rest of the community. The success of life sciences products is due, in large part, to acceptance by the scientific community and their adoption of certain products as best practice in the applicable field of research. The sizes of the markets for our solutions may be smaller than estimated and new market opportunities may not develop as quickly as we expect, or at all, limiting our ability to successfully sell our products. The markets for our innovative new class of products are rapidly evolving, making it difficult to predict with any accuracy the sizes of the markets for our current and future solutions. Our estimates of the annual total addressable market for our current and future solutions are based on a number of internal and third party estimates and assumptions. In addition, our growth strategy involves launching new solutions and expanding sales of existing solutions into new markets in which we have limited or no experience. Sales of new or existing solutions into new market opportunities may take several years to develop and mature, and we cannot be certain that these market opportunities will develop as we expect. For example, new life sciences technology is often not adopted by the relevant market until a sufficient amount of research conducted using such technology has been published in peer-reviewed publications. While we ~~believe~~ **believe** our assumptions and the data underlying our estimates of the total annual addressable market for our solutions are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates, or those underlying the third party data we have used, may change at any time, thereby reducing the accuracy of our estimates. As a result, our estimates of the annual total addressable market for our solutions may be incorrect. Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense, which contribute to the unpredictability and variability of our financial performance and may adversely affect our profitability. The timing of our revenue is difficult to predict as we experience extended sales cycles, due in part to our need to educate our customers about our products, the significant purchase price of our products, the desire of some of our customers to do extended product testing and evaluations, including pilot studies, and our customers' willingness to replace their existing solutions and supplier relationships. Product purchases by our customers are often subject to a variety of other considerations that may extend the length of our sales cycle, including timing of their budget cycles and approval processes, budget constraints, extended negotiations, user surveys, administrative processing and other delays. In particular, government departments and agencies, both in the U. S. and in other countries, generally evaluate our products for critical, strategic applications. As a result, the piloting, testing and evaluation process can be extensive, and orders are often dependent on the availability of sufficient budgeted funds. The procurement processes for orders by government agencies may involve complex and time-consuming competitive bidding processes. Bid specifications and contract awards are subject to challenge by competitors, which can further extend the sales cycle. Furthermore, U. S. state and local hazardous material, emergency management and police organizations must often apply for grants to obtain the funds needed to procure our products, a process which is lengthy and unpredictable, particularly as to when and whether a grant will be awarded. As a result, our sales cycle ranges from several months to over a year, and it is difficult to predict when or if a sale to a potential customer will occur. All of these factors can contribute to fluctuations in our quarterly financial performance and increase the likelihood that our operating results in a particular quarter will fall below investor expectations. If we are unsuccessful in closing sales after expending significant resources, or if we experience delays for any of the reasons discussed above, our future revenue and operating expenses may be materially adversely affected. Due to the significant resources required to enable access in new markets, we must make strategic and operational decisions to prioritize certain markets, technology offerings or partnerships and there can be no assurance that we will expend our resources in a way

that results in meaningful revenue or capitalizes on potential new markets. We believe our platform has potential applications across a wide range of markets and we have targeted certain markets in which we believe we have a higher probability of success or revenue opportunity or for which the path to commercialize products and realizing or achieving revenue is shorter. For example, we have entered into agreements regarding a specific government program opportunity to develop an aerosol vapor detector, and several engagements ~~34-related~~ **related** to the evaluation of our products within the cell therapy and gene therapy markets. We seek to continue to prioritize opportunities and allocate our resources among our programs to maintain a balance between advancing near- term opportunities and exploring additional markets for our technology. However, due to the significant resources required for the development of workflows for new markets, we must make decisions regarding which markets to pursue and the amount of resources to allocate to each. Our decisions concerning the allocation of research, development, collaboration, management and financial resources toward particular markets or workflows may not lead to the development of any viable product and may divert resources away from better opportunities. Similarly, our potential decisions to delay, terminate or collaborate with third parties in respect of certain markets may subsequently also prove to be suboptimal and could cause us to miss valuable opportunities. In particular, if we are unable to develop additional relevant products and applications for markets such as antibody therapeutics, cell therapy or the synthetic biology market, it could slow or stop our business growth and negatively impact our business, financial condition, results of operations, and prospects. ~~If~~ **32If** we market our products for clinical or diagnostic purposes, our products could become subject to onerous regulation by the U. S. Food and Drug Administration, or FDA, or other regulatory agencies in the future, which could increase our costs and delay or prevent commercialization of our products, thereby materially and adversely affecting our business, financial condition, results of operations, and prospects. We make our platform and devices, including our Maven, Maverick, MX908, **ProtectIR**, Rebel, **ThreatID**, **XplorIR** and ZipChip Interface, available to customers as research- use- only, or RUO, products. Products that are labeled as RUO are exempt from compliance with most FDA requirements, including premarket clearance or approval, manufacturing requirements, and others. A product labeled RUO but which is actually intended for clinical diagnostic use may be viewed by the FDA as adulterated and misbranded under the Federal Food, Drug, and Cosmetic Act, or FDCA, and subject to FDA enforcement action. The FDA has indicated that when determining the intended use of a product labeled RUO, the FDA will consider the totality of the circumstances surrounding distribution and use of the product, including how the product is marketed and to whom. The FDA could disagree with our assessment that our products are properly marketed as RUOs, or could conclude that products labeled as RUO are actually intended for clinical diagnostic use, and could take enforcement action against us, including requiring us to stop distribution of our products until we are in compliance with applicable regulations, which would reduce our revenue, increase our costs and adversely affect our business, prospects, results of operations and financial condition. In the event that the FDA requires us to obtain marketing authorization of our RUO products in the future, there can be no assurance that the FDA will grant any clearance or approval requested by us in a timely manner, or at all. Furthermore, although we currently market our products as RUO, we may in the future make the decision to market them for clinical or diagnostic purposes, or may develop other different products intended for clinical or diagnostic purposes, which would result in the application of a more onerous set of regulatory requirements. We depend on our key personnel and other highly qualified personnel, and if we are unable to recruit, train and retain our personnel, we may not achieve our goals. Our future success depends on our ability to recruit, train, retain and motivate key personnel, including our senior management, research and development, manufacturing and sales, customer service and marketing personnel. In particular, Dr. Knopp, our Chief Executive Officer and one of our co- founders, and Dr. Brown, our Chief Product Officer and one of our co- founders, are critical to our vision, strategic direction, culture and products. Each of our employees may terminate his or her relationship with us at any time and the loss of the services of such persons could have an adverse effect on our business. We rely on our senior management to manage our existing business operations and to identify and pursue new growth opportunities. The loss of any member of senior management could significantly delay or prevent the achievement of our business objectives and their replacement would likely involve significant time and expense. As we continue to scale our business, we may find that certain of our products, certain customers or certain markets, including the biopharmaceutical market, may require a dedicated sales force or sales personnel with different experience than those whom we currently employ. Our continued growth will depend, in part, on attracting, retaining and motivating highly- trained sales personnel with the necessary scientific background and technical ability to understand ~~35our~~ **our** systems and effectively identify and sell to potential new customers. Identifying, recruiting and training additional qualified personnel will require significant time, expense and attention. In addition, the continued development of complementary software tools, such as our analysis tools and visualization software, requires us to compete for highly trained software engineers in the Boston area and for highly trained customer service personnel globally. We do not have fixed term employment contracts with any of our employees. As a result, our employees could leave our company with little or no prior notice and would be free to work for a competitor, subject to the terms of their confidentiality, non- solicitation and intellectual property assignment agreements. Because of the complex and technical nature of our products and the dynamic market in which we compete, any failure to attract, train, retain and motivate qualified personnel could materially harm our operating results and growth prospects. ~~We~~ **33We** may be unable to consistently manufacture our devices and consumables to the necessary specifications or in quantities necessary to meet demand at an acceptable cost or at an acceptable performance level. Our products are integrated solutions with many different components that work together. As such, a quality defect in a single component can compromise the performance of the entire solution. As we continue to grow and introduce new products, and as our products incorporate increasingly sophisticated technology, it will be increasingly difficult to ensure our products are produced in the necessary quantities without sacrificing quality. There is no assurance that we or our third party manufacturers will be able to continue to manufacture our products so that they consistently achieve the product specifications and quality that our customers expect. Any future design issues, unforeseen manufacturing problems, such as contamination of our or such third party facilities, equipment malfunctions, aging components, quality issues with components and materials sourced from third

party suppliers, or failures to strictly follow procedures or meet specifications, may have a material adverse effect on our brand, business, financial condition and operating results and could result in us or our third party manufacturers losing International Organization for Standardization, or ISO, quality management certifications. If we or our third party manufacturers fail to maintain ISO quality management certifications, our customers might choose not to purchase products from us. Furthermore, we or our third party manufacturers may not be able to increase manufacturing to meet anticipated demand or may experience downtime. In order to meet our customers' needs, we attempt to forecast demand for our products and components used for the manufacture of our products. If we fail to accurately forecast this demand, we could incur additional costs or experience manufacturing delays and may experience lost sales or significant inventory carrying costs. The risk of manufacturing defects or quality control issues is generally higher for new products, whether produced by us or a third party manufacturer, products that are transitioned from one manufacturer to another, particularly if manufacturing is transitioned or initiated with a manufacturer we have not worked with in the past, and products that are transferred from one manufacturing facility to another. We cannot assure investors that we and our third party manufacturers will be able to launch new products on time, transition manufacturing of existing products to new manufacturers, transition our manufacturing capabilities to a new location or transition manufacturing of any additional consumables in-house without manufacturing defects. An inability to manufacture products and components that consistently meet specifications, in necessary quantities and at commercially acceptable costs will have a negative impact and may have a material adverse effect on our business, financial condition and results of operations. We depend on a continued supply of components and raw materials for our products from third party suppliers, and if shortages of these components or raw materials arise, we may not be able to secure enough components to build new products to meet customer demand or we may be forced to pay higher prices for these components. We rely on a limited number of suppliers for several key components utilized in the assembly of our products, and in some cases, such as the glass in our microfluidic chips, swab samplers, and sensors within our products, we rely on a single supplier for a particular component, subassembly or consumable. Although in many cases we use standard components for our products, in some cases, components may only be purchased from a limited number of suppliers. In particular, we are dependent on single suppliers for our Rebel and ZipChip autosampler subassemblies, our MX908 consumables, the Raman spectrometer and optical probe and fiber assemblies for Maverick, and our device subassembly for Maven. **The IR detector for our FTIR products is currently supplied by a single supplier.** If, for any reason, our access to these products is limited or delayed, we would need to quickly identify and qualify an alternate source of products. Identifying and qualifying an alternate source may take time and involve ~~36additional~~ **additional** expense, and there is no guarantee that the alternate source will perform as expected. If our customers experienced a shortage or delay in consumables, such as swab samplers, microfluidic chips, or assay kits, or if these consumables do not perform at the levels our customers expect, our business could be materially and adversely impacted. In addition, we maintain relatively low inventory and acquire components based upon anticipated annual demand. Neither we nor our contract manufacturers enter into long-term supply contracts for these components, and none of our third party suppliers is obligated to supply products to us for any specific period or in any specific quantities, except as may be provided in a particular purchase order. We are not a major customer of many of our suppliers, and these suppliers may therefore give other customers' needs higher priority than ours. Our industry has experienced component shortages and delivery delays in the past, and we may experience shortages or delays of critical components in the future ~~as 34as~~ a result of strong demand in the industry or other factors. Many of the other components required to build our systems are also occasionally in short supply. Therefore, if shortages or delays arise, we may not be able to secure enough components at reasonable prices or of acceptable quality to build new products, resulting in an inability to meet customer demand or our own operating goals, which could adversely affect our customer relationships, business, operating results and financial condition. Additionally, damage to a manufacturing facility or other property of any of our suppliers, due to fire, flood or other natural disaster or casualty event may have a material adverse effect on our business, financial condition and results of operations. Our current research and development efforts may not produce significant revenue for several years, if at all. Developing our products is expensive, and the investment in product development may involve a long payback cycle. Our investment in research and development may not result in marketable products or may result in products that take longer to generate revenue, or generate less revenue, than we anticipate. Our future plans include significant investments in research and development of product opportunities for expansion of our handheld products and new application areas for our desktop products. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we may not receive significant revenue from these investments for several years, if at all. Undetected errors or defects in our products, or errors made by the end users of our products, could harm our reputation and decrease market acceptance of our products. Our devices and consumables, as well as the software that accompanies them, may contain undetected errors or defects when first introduced or as new versions are released. Disruptions or other performance problems with our products or software may adversely impact our customers' research or business, harm our reputation and result in reduced revenue or increased costs associated with product repairs or replacements. Further, in the event that an end user makes an error or fails to analyze a particular substance correctly, our product may be associated with a failure to identify a substance that ultimately turns out to be harmful, or, conversely, be associated with a false alarm raised over a substance that turns out to be benign. We also provide customer support services, such as in connection with our "Reachback" program described in the "Business" section of our Annual Report on Form 10-K. It is possible that incorrect or inaccurate information may be delivered to a customer in the context of one or more support consultations. If any such errors or mistakes occur, we may also incur significant costs, the attention of our key personnel could be diverted or other significant customer relations problems may arise. We may also be subject to unwanted media attention, warranty claims or breach of contract for damages related to errors or defects in our products and solutions. If we experience a significant disruption in our information technology systems and infrastructure, or **security** breaches or compromises of data security, our business could be adversely affected. We rely on information technology systems to keep financial records,

facilitate our research and development initiatives, manage our manufacturing operations, maintain quality control, fulfill customer orders, maintain corporate records, communicate with staff and external parties and operate other critical functions. Our information technology systems and infrastructure are potentially vulnerable to breakdown or damage or interruption or otherwise may sustain damage from malicious intrusion and computer viruses, data breaches, phishing attacks, cybercriminals, system ~~malfunction~~ **malfunction**, natural disasters and catastrophes (including hurricanes and earthquakes), terrorism, war and telecommunication and electrical failures, or other disruptive events. Cyberattacks and other malicious internet- based activity continue to increase and cloud- based platform providers of services have been and are expected to continue to be targeted. **We, like others in our industry, have experienced and expect to continue to experience threats to our information systems and infrastructure**. In addition to traditional computer hackers, malicious code (such as viruses and worms), phishing attacks and social engineering, business email compromise, employee theft or misuse, denial- of- service attacks and sophisticated nation- state and nation- state supported actors now engage in attacks (including advanced persistent threat intrusions). Because the techniques used by threat actors who may attempt to penetrate and sabotage our computer systems or those of our vendors or partners change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Therefore, despite significant efforts to create ~~security~~ **security** barriers to such threats, it is virtually impossible for us to entirely mitigate these risks. If our security measures or those of our vendors and partners are meaningfully compromised as a result of third party action, employee or customer error, malfeasance, stolen or fraudulently obtained log- in credentials, hostile foreign governments, industrial espionage, wire fraud or otherwise, our reputation and customer trust could be damaged, our business, results of operations and financial condition may be harmed and we could incur significant liability. If we were to experience a prolonged system disruption in our information technology systems and infrastructure or those of certain of our vendors, it could negatively impact our ability to serve our customers, which could adversely impact our business. If operations at our facilities were disrupted, it may cause a material disruption in our business if we are not capable of restoring functionality on an acceptable timeframe. In addition, our information technology systems (and those of our vendors and partners) are potentially vulnerable to data security compromises or breaches, whether by internal bad actors (e. g., employees) or external bad actors (attacks of which are becoming increasingly sophisticated, including social engineering and phishing scams), which could lead to the exposure of personal data, sensitive data and confidential information to unauthorized persons. Further, it is possible that unauthorized access to our data may be obtained through inadequate use of security controls by suppliers or other vendors. We rely on such third parties to implement effective security measures and identify and correct for any failures, deficiencies or breaches. Such data security compromises or breaches to our data, whether stored on our systems or on those of third parties, could lead to the loss of trade secrets or other intellectual property, or could lead to the exposure of personal information (including sensitive personal information) of our employees, customers and others, any of which could have a material adverse effect on our business, reputation, financial condition and results of operations. In addition, any such access, disclosure or other loss or unauthorized use of information or data could result in legal claims or proceedings, regulatory investigations or actions, and other types of liability under laws that protect the privacy and security of personal information, including federal, state and foreign data protection and privacy regulations, violations of which could result in significant penalties and fines. In addition, although we seek to detect and investigate all data security incidents, breaches or compromises, these events can be difficult to detect and any delay in identifying such breaches, incidents or compromises may lead to increased harm and legal exposure of the type described above. The cost of investigating, mitigating and responding to potential data security breaches or compromises and complying with applicable breach notification obligations to individuals, regulators, partners and others can be significant. Our insurance policies, **including our cybersecurity coverage**, may not be adequate to compensate us for the potential costs and other losses arising from such disruptions, failures or security breaches. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, defending a suit, regardless of its merit, could be costly, divert management attention and harm our reputation. We are subject to various and evolving laws and regulations governing the privacy and security of personal data, and our failure to comply could result in fines or criminal penalties and damage our reputation and result in the loss of business. Privacy and data security are significant issues in the United States, Europe and many other jurisdictions where we operate or collect personal information. We are subject to data privacy and security laws and regulations in various jurisdictions that apply to the collection, storage, use, sharing and security of personal data, including health information, and impose significant compliance obligations. In addition, numerous other federal and state laws, including state security breach notification laws, state health information privacy laws and federal and state consumer protection and privacy laws, govern the collection, use, disclosure and security of personal information. **At the federal level, failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5 (a) of the Federal Trade Commission (FTC) Act, 15 U. S. C § 45 (a). The FTC expects a company' s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business and the cost of available tools to improve security and reduce vulnerabilities. In addition, certain state laws govern privacy and security of personal information.** ~~For~~ **For** example, in California, the California Consumer Protection Act, or CCPA, which went into effect on January 1, 2020, established a comprehensive ~~privacy~~ **privacy** framework for covered businesses by creating an expanded definition of personal information, establishing new data privacy rights for consumers in the State of California, imposing special rules on the collection of consumer data from minors, and creating a new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. In addition, a ballot initiative, the California Privacy Rights Act, or CPRA, has been in effect since January 1, 2023 and has imposed additional obligations on companies covered by the legislation. The CPRA significantly modified the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. Similar laws have been passed in

numerous other states and other states have proposed similar new privacy laws. Such proposed legislation, if enacted, may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs and / or changes in business practices and policies. The existence of comprehensive privacy laws in different states in the country would make our compliance obligations more complex and costly and may increase the likelihood that we may be subject to enforcement actions or otherwise incur liability for noncompliance. In addition, other states have proposed and / or passed legislation that regulates the privacy and / or security of certain specific types of information. For example, a small number of states have passed laws that regulate biometric data specifically. These various privacy and security laws may impact our business activities, including our identification of research subjects, relationships with business partners and ultimately the marketing and distribution of our products. State laws are changing rapidly and there is discussion in the U. S. Congress of a new comprehensive federal data privacy ~~law laws~~ to which we ~~could~~ ~~may likely~~ become subject, if enacted. For Europe, we are subject to the EU General Data Protection Regulation, or EU GDPR, and the **EU GDPR in such form as incorporated into the laws of the** ~~UK equivalent of the same~~, the UK GDPR (collectively referred to as the GDPR), as well as other national data protection legislation in force in relevant European Economic Area, or EEA, Member States and the UK (including the UK Data Protection Act 2018) with respect to any collecting or processing of personal data (i) regarding individuals in the EEA and UK, and / or (ii) carried out in the context of the activities of an establishment in the EEA and UK. The GDPR places strict obligations on companies relating to their processing of personal data (for example, informing individuals of how their personal data is handled and how they can exercise their rights, ensuring a valid lawful basis **or condition** for processing, mandatory data breach notification requirements, maintaining internal records, entering into data processing agreements with third parties, implementing appropriate security and data retention requirements). The GDPR also imposes strict rules on the transfer of personal data outside of the EEA and UK to countries that do not ensure an adequate level of protection, like the United States in certain circumstances unless valid GDPR transfer mechanisms and transfer impact assessments are put in place. Any inability to transfer personal data from the EEA and UK to the United States in compliance with data protection laws may impede our business operations and adversely affect our business and financial position. Failure to comply with the GDPR, and any supplemental EEA Member State or UK national data protection laws may result in substantial penalties for us, including potential fines of up to the greater of € 20 million (£ 17. 5 million under the UK GDPR) or 4 % of our total worldwide annual turnover. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. The UK' s data protection regime is independent from but aligned to the EU' s data protection regime. However, following the UK' s exit from the EU, or Brexit, there will be increasing scope for divergence in application, interpretation and enforcement of the data protection laws between these territories. For example, the UK Government ~~has introduced a the~~ Data Protection and Digital Information Bill, ~~which failed in or Data Reform Bill into~~ the UK legislative process ~~to reform the~~. **A new Data (Use and Access) Bill, or UK' s Bill, has been introduced into parliament. If passed, the final version of the UK Bill may have the effect of further altering the similarities between the UK and EU data protection regime and threaten** following Brexit, which may have the effect of further altering the similarities between the UK ~~adequacy decision from~~ and EEA data protection regimes. The respective provisions and enforcement of the EU **Commission** GDPR and UK GDPR may further diverge in the future and create additional regulatory challenges and ~~uncertainties~~. This lack of clarity on future UK laws and regulations and their interaction with EU laws and regulations could add legal risk, complexity and cost to our handling of European personal data and our privacy and data security compliance programs, and could require us to implement different compliance measures for the UK and the EEA. ~~39 All 37 All~~ of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, training employees and engaging consultants and legal advisors, which are likely to increase over time. In addition, such requirements may require us to modify our data processing practices and policies, utilize management' s time and / or divert resources from other initiatives and projects. Any failure or perceived failure by us to comply with any applicable federal, state or foreign laws and regulations relating to data privacy and security could result in damage to our reputation, as well as proceedings or litigation by governmental agencies or other third parties, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, sanctions, awards, injunctions, penalties or judgments. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects. Artificial intelligence presents risks and challenges that can impact our business including by posing security risks to our confidential information, proprietary information, and personal data. Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations. As with many technological innovations, artificial intelligence presents risks and challenges that could impact our business. We may adopt and integrate generative artificial intelligence tools into our systems for specific use cases reviewed by legal and information security. **The rapid evolution of artificial intelligence will require the application of significant resources to design, develop, test and maintain such systems to help ensure that artificial intelligence is implemented in accordance with applicable law and regulation and in a socially responsible manner and to minimize any real or perceived unintended harmful impacts. The use of certain artificial intelligence technologies can also give rise to intellectual property risks, including by disclosing or otherwise compromising our confidential or proprietary intellectual property, or by undermining our ability to assert or defend ownership rights in intellectual property created with the assistance of artificial intelligence tools. A growing number of legislators and regulators are adopting laws and regulations and have focused enforcement efforts on the adoption of artificial intelligence, and use of such technologies in compliance with ethical standards and societal expectations. These developments may increase our compliance burden and costs in connection with use of artificial intelligence and lead to**

legal liability if we fail to meet evolving legal standards or if use of such technologies results in harms or other causes of action we did not predict. For example, the EU's Artificial Intelligence Act ("AI Act") entered into force on August 1, 2024, with most provisions becoming effective on August 2, 2026. This legislation imposes significant obligations on providers and deployers of artificial intelligence systems, and encourages providers and deployers of artificial intelligence systems to account for EU ethical principles in their development and use of these systems. The scope of requirements depends on legal and risk determinations that rely on novel legal provisions that have not yet been interpreted by courts or regulators, and non-compliance can lead to significant fines. Likewise, in the U. S., several states, including Colorado and California, passed laws that will take effect in 2026, to regulate various uses of artificial intelligence, including to make consequential decisions. In addition, various federal regulators have issued guidance and focused enforcement efforts on the use of AI in regulated sectors. The U. S. Food and Drug Administration, for example, issued guidance on the use of artificial intelligence in medical devices, requiring detailed risk management and review processes to obtain approvals. If we develop or use AI systems governed by these laws or regulations, we will need to meet higher standards of data quality, transparency, monitoring and human oversight, and we would need to adhere to specific and potentially burdensome and costly ethical, accountability, and administrative requirements, with the potential for significant enforcement or litigation in the event of any perceived non-compliance. Our vendors may in turn incorporate generative artificial intelligence tools into their offerings without disclosing this use to us, and the providers of these generative artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection and may inhibit our or our vendors' ability to maintain an adequate level of service and experience. If we, our vendors, or our third-party partners experience an actual or perceived data breach or cyber privacy or security incident because of the use of generative artificial intelligence, we may lose valuable intellectual property and confidential information and our reputation and the public perception of the effectiveness of our security measures could be harmed. Further, bad actors around the world use increasingly sophisticated methods, including the use of artificial intelligence, to engage in illegal activities involving the theft and misuse of personal information, confidential information, and intellectual property. Any of these outcomes could damage our reputation, result in the loss of valuable property and information, and adversely impact our business. Our international operations may raise additional risks, which could have an adverse effect on our operating results. We expect our international revenue and operations will continue to expand in the future. Our international operations are subject to a variety of risks that we do not face in the United States, including:

- adverse or uncertain macroeconomic conditions, including a global economic downturn or recession ;
- global impacts of inflation and actions taken by central banks to counter inflation;
- the rising cost of labor in the foreign countries in which we and our suppliers operate, resulting in increases in our costs of doing business internationally;
- geopolitical conditions, including changes in a specific country's or region's political or economic conditions, including the ongoing military conflict between Russia and Ukraine, and the ongoing hostilities in Israel and the Gaza Strip, and the threat that such conflicts could spread to other parts of Europe and the Middle East;
- the difficulty of increased travel, infrastructure and legal compliance costs associated with developing international revenue;
- difficulties in enforcing contracts, collecting accounts receivable and longer payment cycles, especially in emerging markets;
- many, if not most, foreign governments are investing less in safety and security and in technology to detect dangerous chemicals than the U. S. government;
- additional withholding taxes or other taxes on our foreign income, and tariffs or other restrictions on foreign trade or investment;
- compliance with privacy and data security requirements in foreign jurisdictions in which we operate;
- imposition of, or unexpected adverse changes in, foreign laws or regulatory requirements, many of which differ from those in the United States;
- costs and delays associated with developing products or technology in multiple languages, such as the software embedded in our products and the products' built-in library of chemical substances;
- compliance with foreign technical standards;
- increased length of time for shipping and acceptance of our products;
- increased exposure to foreign currency exchange rate risk;
- reduced protection for intellectual property rights in some countries; and
- political unrest, war, incidents of terrorism, natural disasters, and public health concerns or epidemics, or responses to such events.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Our overall success in international markets depends, in part, on our ability to succeed in differing legal, regulatory, economic, social and political conditions. We may not be successful in developing and implementing policies and strategies that will be effective in managing these risks in each country where we do business. Our failure to manage these risks successfully could harm our international operations, reduce our international sales and increase our costs, thus adversely affecting our business, operating results and financial condition. Our loan and security agreement contains covenants, which restrict our operating activities, and we may be required to repay the outstanding indebtedness in an event of default, which could have a material adverse effect on our business, financial condition, results of operations, and prospects. On August 4, 2023, we entered into a Default Waiver and First Amendment to Loan and Security Agreement, or the Amended 2022 Revolver, with Silicon Valley Bank, or the Lender, pursuant to which the Lender waived certain of its rights and remedies against us in connection with covenants requiring us to maintain all of our operating accounts, depository accounts and excess cash with the Lender, and pursuant to which the our Loan and Security Agreement with the Lender dated November 2, 2022 was amended. The Amended 2022 Revolver subjects us to various customary covenants, including requirements as to financial reporting and financial covenants (including a requirement that the amount of unrestricted and unencumbered cash minus advances under the Amended 2022 Revolver, is not less than the amount equal to the greater of (i) \$ 10. 0 million or (ii) nine (9) months of cash burn), and restrictions on our ability to change the principal nature of our business, dispose of our business or property, engage in any change of control transaction, merge or consolidate with any other entity or to acquire all or substantially all the capital stock or property of another entity, incur additional indebtedness or liens, pay dividends or make other distributions on capital stock, redeem our capital stock, engage in transactions with affiliates or otherwise encumber our intellectual property, in each case, subject to customary

exceptions. We are permitted to make interest- only payments on the revolving line of credit through November 3, 2025, at which time all outstanding indebtedness shall be immediately due and payable. However, we may be required to repay the outstanding indebtedness under the revolving line of credit if an event of default occurs under the Amended 2022 Revolver. An event of default will occur if, among other things, we fail to make required payments under the Amended 2022 Revolver; we breach any of our covenants under the Amended 2022 Revolver, subject to specified cure periods with respect to certain breaches; the Lender determines that a material adverse change (as defined in the Amended 2022 Revolver) has occurred; we or our assets become subject to certain legal proceedings, such as bankruptcy proceedings; we are unable to pay our debts as they become due; or we default on contracts with third parties which would permit the third party to accelerate the maturity of such indebtedness above certain thresholds or that could have a material adverse effect on our business or operations. We may not have enough available cash or be able to raise additional funds through equity or debt financings to repay such indebtedness at the time any such event of default occurs. In such a case, we may be required to delay, limit, reduce or terminate our product development or operations or grant to others rights to develop and market products that we would otherwise prefer to develop and market ourselves. The Lender could also exercise its rights as secured lender to take possession of and to dispose of the collateral securing the revolving line of credit, which collateral includes substantially all of our property (excluding intellectual property, which is subject to a negative pledge). Our business, financial condition, results of operations, and prospects could be materially adversely affected as a result of any of these events. ~~41The~~ ~~--- The~~ majority of our operations are currently conducted at ~~two a single location~~ ~~locations~~ and any disruption at ~~our either of these facility~~ ~~facilities~~ could negatively impact our operations and increase our expenses. Our headquarters in Boston, Massachusetts ~~and our facility in Danbury, Connecticut contains~~ ~~contain~~ nearly all of our corporate and administrative functions, the majority of our research, and substantially all of our in- house manufacturing. A natural or other disaster, such as a fire or flood, ~~at either of these locations~~ could cause substantial delays in our operations, damage or destroy our manufacturing equipment or inventory, and cause us to incur additional expenses. The insurance we maintain against fires, floods and other natural disasters may not be adequate to cover our losses in any particular case. With or without insurance, damage to our manufacturing ~~facility~~ ~~facilities~~ or our other property, or to any of our suppliers, due to fire, flood or other natural disaster or casualty event may have a material adverse effect on our business, financial condition and results of operations. Risks related to sales of products to the U. S. GovernmentA significant percentage of our ~~product and service revenues~~ ~~revenue are is~~ generated from agencies and departments of the U. S. government. In addition, substantially all of our revenue from license and contracts revenue are derived from contracts or sub-contracts related to the U. S. government. We expect significant revenue from U. S. government contracts for the foreseeable future. There is considerable risk associated with deriving a material portion of our revenue from sales to the U. S. government, including the risks described below. A significant portion of our business depends on sales to the public sector, and our failure to receive and maintain government contracts or changes in the contracting or fiscal policies of the public sector could have a material adverse effect on our business. We derive a significant portion of our revenue from contracts that we have, either directly or through channel partners, with federal, state, local and foreign governments and government agencies, and we believe that the success and growth of our business will continue to depend on our successful procurement of government contracts. For ~~example~~ ~~40example~~, we have historically derived, and expect to continue to derive, a significant portion of our revenue from sales to agencies of the U. S. federal government, either directly by us or through other channel partners. Sales to such government agencies are subject to a number of challenges and risks. Selling to government agencies can be highly competitive, expensive and time- consuming, often requiring significant upfront time and expense, without any assurance that these efforts will generate a sale. We also must comply with laws and regulations relating to the formation, administration and performance of contracts, which provide public sector customers certain rights that are not typically found in commercial contracts. Accordingly, our business, financial condition, results of operations, and prospects may be adversely affected by certain events or activities, including, but not limited to: • changes in fiscal or contracting policies or decrease in available government funding; • changes in government programs or applicable requirements; • changes in the political environment, including before or after a change to the leadership within the government administration, and any resulting uncertainty or changes in policy or priorities and resultant funding; • appeals, disputes or litigation relating to government procurement, including but not limited to bid protests by unsuccessful bidders on potential or actual awards of contracts to us or our partners by the government; • the adoption of new laws or regulations or changes to existing laws or regulations; • budgetary constraints, including automatic reductions as a result of “ sequestration ” or similar measures and constraints imposed by lapses in appropriations for the federal government or certain of its departments and agencies; • influence by, or competition from, third parties with respect to pending, new or existing contracts with government customers; • potential delays or changes in the government appropriations or procurement processes, including as a result of events such as war, incidents of terrorism, natural disasters, and public health concerns or epidemics; and • increased or unexpected costs or unanticipated delays caused by other factors outside of our control, such as performance failures of our partners and subcontractors. ~~42Any~~ ~~--- Any~~ such event or activity, among others, could cause governments and governmental agencies to delay or refrain from purchasing our products and services in the future, reduce the size or payment amounts of purchases from existing or new government customers, or otherwise have an adverse effect on our business, results of operations, financial condition and prospects. U. S. government programs are limited by budgetary constraints and political considerations and are subject to uncertain future funding levels that could result in the termination of programs. U. S. government agency and department purchases are often strategic in nature and large in size. Therefore, reductions in federal funding levels that impact our customers could negatively affect the size of our customers’ orders or lead to cancellation of orders. Government contracts are often subject to more extensive scrutiny and publicity than commercial contracts. The number and terms of new government contracts signed can be affected significantly by political and economic factors, such as pending elections and revisions to government tax policies. Negative publicity related to our government contracts, regardless of its accuracy, may damage our business by affecting our ability to compete for new

contracts. A decline in security-related government spending for any reason, or a shift away from programs that we address, could hurt our sales, put pressure on our prices and reduce our revenue and margins. A multi-year U. S. government program may be implemented through the award of many different individual contracts, grants, cooperative agreements and subcontracts or other subawards. For U. S. government programs, program funding is subject to Congressional appropriations. Congress generally appropriates funds on a fiscal year basis even though a program may continue for several years. Government programs are often only partially funded initially, and additional funds are committed only as Congress makes further appropriations. The termination of a program or failure to commit funds to a program would result in a loss of anticipated future revenue attributable to that program, which could materially harm our business. Our 41 Our contracts with the U. S. government may impose requirements that may be unfavorable to us and that may have a material adverse effect on our growth prospects and operating results. There are inherent risks in contracting with the U. S. government. The U. S. government can typically terminate, reduce orders under or otherwise modify any of its contracts with us for its convenience (i. e., without cause) whether or not we have failed to perform under the terms of the applicable contract. In such case, the government would not be required to pay us for the lost profits for the unperformed work. A termination arising out of our default could expose us to liability and harm our ability to compete for future contracts and orders. In addition to unfavorable termination provisions, our U. S. government contracts and related regulations contain provisions that allow the U. S. government to unilaterally suspend us from receiving new contracts pending resolution of alleged violations of procurement laws or regulations, reduce the value of existing contracts, issue modifications to a contract and potentially restrict exports of our products, services and associated materials. Our contracts with government agencies may subject us to other risks and give the government additional rights and remedies not typically found in commercial contracts, including rights that allow the government to, for example: • obtain detailed cost or pricing information; • receive “ most favored customer ” pricing; • perform routine audits; • impose equal employment and hiring standards; • require products to be manufactured in specified countries; • restrict non- U. S. ownership or investment in our company; and / or • pursue administrative, civil or criminal remedies for contractual violations. These rights and remedies have the potential to limit our sales to, and increase our costs of, doing business with both government and commercial customers, which could materially adversely affect our growth prospects and operating results. 43 We We are subject to audits by the U. S. government which could adversely affect our business. U. S. government agencies routinely audit and investigate government contractors to monitor performance, cost allocations, cost accounting and compliance with applicable laws, regulations and standards. Since some of our contracts provide for cost reimbursement, the U. S. government has the right to audit our costs even after job completion and after we have billed and recognized the corresponding revenue. The U. S. government also may review the adequacy of, and a contractor’s compliance with, its internal control systems and policies, including the contractor’s purchasing, property, estimating, compensation and management information systems. Any costs found to be improperly allowed or improperly allocated to a specific contract will not be reimbursed, and any such costs that have already been reimbursed must be refunded, which would affect associated revenue that had already been recognized. While we intend to implement uniform procurement and compliance programs for all of our business, we may be subject to more risks from these audits until we are able to implement such a program effectively. Responding to governmental audits, inquiries or investigations may involve significant expense and divert the attention of our management. If a government review or investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, damages, fines and suspension or debarment from doing business with U. S. government agencies. In addition, our reputation could be seriously harmed by allegations of impropriety, even if unfounded. Our internal controls may not prevent or detect all improper or illegal activities. Our business is subject to laws and regulations that are more restrictive because we are a contractor and subcontractor to the U. S. government. As a contractor and subcontractor to the U. S. government, we are subject to various laws and regulations that are more restrictive than those applicable to non- government contractors, including the Federal Acquisition Regulations and its 42 its supplements, which comprehensively regulate the formation, administration and performance of U. S. government contracts, and the Truth in Negotiations Act and various other laws, which require certain certifications and disclosures. These laws and regulations, among other things: • require that we obtain and maintain material governmental authorizations and approvals to conduct our business as it is currently conducted; • require certification and disclosure of cost and pricing data in connection with certain contract negotiations; • impose rules that define allowable and unallowable costs and otherwise govern our right to reimbursement under certain cost-based U. S. government contracts; • restrict the use and dissemination of information classified for national security purposes and the export of certain products and technical data; and • impose requirements relating to ethics and business practices, which carry penalties for noncompliance ranging from monetary fines and damages to loss of the ability to do business with the U. S. government as a prime contractor or subcontractor. In addition, we may be subject to industrial security regulations of the U. S. Department of Defense and other federal agencies that are designed to safeguard against unauthorized access by foreigners and others to classified and other sensitive U. S. government information. If we were to come under foreign ownership, control or influence, our U. S. government customers could terminate, or decide not to renew, our contracts, or we may be subjected to burdensome industrial security compliance measures. Such a situation could impair our ability to obtain new contracts and subcontracts. The government may also change its procurement practices or adopt new contracting rules and regulations that could be costly to satisfy or that could impair our ability to obtain new contracts. 44 Risks -- Risks related to litigation and our intellectual property We rely on in- bound licenses granted to us from third parties. If we lose these rights, our business may be materially adversely affected, our ability to develop improvements to our existing products and to develop new products may be negatively and substantially impacted, and if disputes arise, we may be subjected to future litigation as well as the potential loss of or limitations on our ability to develop and commercialize products and technology covered by these license agreements. We are party to royalty-bearing license agreements and we may need to obtain additional licenses from others to advance our research, development and commercialization activities. Our current license agreements impose, and we expect that

any future exclusive in- bound license agreements will impose, various development, diligence, commercialization and other obligations on us. We have also entered into engagements in the past, and may enter into engagements in the future, with other partners and customers under which we obtain certain intellectual property rights relating to our platform and technology. These engagements take the form of exclusive licenses, non- exclusive licenses, or assignment of actual ownership of intellectual property rights or technology from third parties. Our rights to use the technology we license are subject to the continuation of and compliance with the terms of those agreements. In some cases, we may not control the prosecution, maintenance or filing of the patents and patent applications to which we hold licenses, or the enforcement of those patents against third parties. Moreover, disputes may arise with respect to our licensing or other upstream agreements, including: • the scope of rights granted under the agreements and other interpretation- related issues; • the extent to which our systems and consumables, technology and processes infringe on intellectual property rights of the licensor that are not licensed under the licensing agreement; • the sublicensing of patent and other rights under our collaborative development relationships; • our diligence obligations under the license agreements and what activities satisfy those diligence obligations; • the inventorship and ownership of inventions and know- how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and • the priority of invention of patented technology. **In 43** In spite of our efforts to comply with our obligations under our in- bound license agreements, our licensors might conclude that we have materially breached our obligations under our license agreements and might therefore, including in connection with any aforementioned disputes, terminate the relevant license agreement, thereby removing or limiting our ability to develop and commercialize products and technology covered by these license agreements. If any such in- bound license is terminated, or if the licensed patents fail to provide the scope of exclusivity expected, competitors or other third parties might have the freedom to market, develop, or commercialize products similar to ours. In addition, absent the rights granted to us under such license agreements, we may infringe the intellectual property rights that are the subject of those agreements, we may be subject to litigation by the licensor, and if such litigation by the licensor is successful we may be required to pay damages to our licensor, or we may be required to cease our development and commercialization activities which are deemed infringing, and in such event we may ultimately need to modify our activities or products to design around such infringement, which may be time- and resource- consuming, and which may not be ultimately successful. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and prospects. In addition, our rights to certain technologies are licensed to us on a non- exclusive basis. The owners of these non- exclusively licensed technologies are therefore free to license them to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor' s rights. In addition, certain of our agreements with third parties may provide that intellectual property arising under these agreements, such as data that could be valuable to our business, will be owned by the counterparty, in which case, we may not have adequate rights to use such data or have exclusivity with respect to the use of such data, which could result in third parties, including our competitors, being able to use such data to compete with us. **45 Patent -- Patent** terms may be inadequate to protect our competitive position on our products for an adequate amount of time. Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U. S. non- provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our products are obtained, once the patent life has expired, we may be open to competition from competitive products. If one of our products requires extended development, testing, regulatory review and / or examination by a patent granting authority, patents protecting such products might expire before or shortly after such products are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Obtaining and maintaining our patent protection depends on compliance with various required procedures, document submissions, fee payments and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non- compliance with these requirements. Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and / or applications will be due to be paid to the U. S. Patent and Trademark Office, or the USPTO, and various governmental patent agencies outside of the United States at several stages over the lifetime of the patents and / or applications. We have systems in place to remind us to pay these fees, and we engage an outside service and rely on our outside counsel to pay these fees due to non- U. S. patent agencies. The USPTO and various non- U. S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which non- compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors may be able to enter the market without infringing our patents and this circumstance may have a material adverse effect on our business. **Changes 44 Changes** in patent law in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our products. Changes in either the patent laws or in interpretations of patent laws in the United States or other countries or regions may diminish the value of our intellectual property. We cannot predict the breadth of claims that may be allowed or enforced in our patents or in third party patents. We may not develop additional proprietary products, methods and technologies that are patentable. Assuming that other requirements for patentability are met, prior to March 16, 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. On or after March 16, 2013, under the Leahy- Smith America Invents Act, or the America Invents Act, enacted in September 16, 2011, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an

invention regardless of whether a third party was the first to invent the claimed invention. A third party that files a patent application in the USPTO on or after March 16, 2013, but before us could therefore be awarded a patent covering an invention of ours, even if we had made the invention before it was made by such third party. This requires us to be cognizant of the time from invention to filing of a patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we or our licensors were the first to either (i) file any patent application related to our products or (ii) invent any of the inventions claimed in our or our licensor's patents or patent applications. The America Invents Act also includes a number of significant changes that affect the way patent applications are prosecuted and also affects patent litigation. These include allowing third party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, inter partes review and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to ~~46~~invalide-- **invalidate** a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid, even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. Therefore, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our owned or in-bound licensed patent applications and the enforcement or defense of our owned or in-bound licensed issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. In addition, the patent position of companies in the biotechnology field is particularly uncertain. Various courts, including the United States Supreme Court have rendered decisions that affect the scope of patentability of certain inventions or discoveries relating to biotechnology. These decisions state, among other things, that a patent claim that recites an abstract idea, natural phenomenon or law of nature are not themselves patentable. Precisely what constitutes a law of nature or abstract idea is uncertain, and it is possible that certain aspects of our technology could be considered natural laws. Accordingly, the evolving case law in the United States may adversely affect our ability to obtain patents and may facilitate third party challenges to any owned or licensed patents. Our ability to compete and the success of our business could be jeopardized if we are unable to protect our intellectual property adequately. Our success depends to a degree upon the protection of our proprietary technology and obtaining, maintaining and enforcing our intellectual property and other proprietary rights. We rely on a combination of trade secrets, patents, copyrights, trademarks and contractual provisions with employees, contract manufacturers, consultants, customers and other third parties to establish and protect our intellectual property rights, all of which offer only limited protection. Other parties may not comply with the terms of their agreements with us, and we may not be able to enforce our rights adequately against these parties. ~~45~~**Although** we enter into confidentiality, assignments of proprietary rights and license agreements, as appropriate, with our employees and third parties, including our contract manufacturers, contract engineering firms, and generally control access to and distribution of our technologies, documentation and other proprietary information, we cannot be certain that the steps we take to prevent unauthorized use of our intellectual property rights are sufficient to prevent their misappropriation, particularly in foreign countries where laws or law enforcement practices may not protect our intellectual property rights as fully as in the United States. In addition, we rely on trade secrets to protect certain of our technologies, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees and third parties to whom our trade secrets are disclosed may unintentionally or willfully disclose our information to competitors. Enforcing a claim that a third party entity illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the U. S. are sometimes less willing to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. If competitors are able to use our technology, our ability to compete effectively could be harmed. For example, if a competitor were to gain use of certain of our proprietary technology, it might be able to develop and manufacture similarly designed solutions at a reduced cost, which would result in a decrease in demand for our products. Furthermore, we have adopted a strategy of seeking limited patent protection both in the United States and in foreign countries with respect to the technologies used in or relating to our products. We do not know whether any of our pending patent applications will result in the issuance of patents or whether the examination process will require us to narrow our claims, and even if patents are issued, they may be contested, circumvented or invalidated over the course of our business. Moreover, the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages, and, as with any technology, competitors may be able to develop and obtain patents for technologies that are similar to or superior to our technologies. If that happens, we may need to license these technologies and we may not be able to obtain licenses on reasonable terms, if at all, thereby causing great harm to our business. Additionally, the determination that a patent application or patent claim meets all of the requirements for patentability is a subjective determination based on the application of law and jurisprudence. The ultimate determination ~~47~~**by** the USPTO or by a court or other trier of fact in the U. S., or corresponding foreign national patent offices or courts, on whether a claim meets all requirements of patentability cannot be assured. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in our patents or patent applications, in our licensed patents or patent applications or in third party patents. Even in those instances where we have determined that another party is breaching our intellectual property and other proprietary rights, enforcing our legal rights with respect to such breach may be expensive and difficult. We may need to engage in litigation to enforce or defend our intellectual property and other proprietary rights, which could result in substantial costs and diversion of management resources. Further, many of our current and potential competitors are substantially larger than we are and have the ability to dedicate substantially greater resources to defending any claims by us that they have breached our intellectual property rights. Failure to protect our intellectual property could affect our ability to secure additional contracts or preserve market advantages when we

commercialize our products. We may not be able to protect our intellectual property rights throughout the world. Filing, prosecuting and defending patents on our products in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States, and we may encounter difficulties in protecting and defending such rights in foreign jurisdictions. Consequently, we may not be able to prevent third parties from practicing our inventions in some or all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products. Our patents or other intellectual property rights may not be effective or sufficient to ~~prevent~~ **46prevent** them from competing. In addition, certain countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to other parties. Furthermore, many countries limit the enforceability of patents against other parties, including government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of any patents. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of many other countries do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the misappropriation or other violations of our intellectual property rights including infringement of our patents in such countries. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, or that are initiated against us, and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our products, services and other technologies and the enforcement of intellectual property. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. We may be obligated to disclose our proprietary technology to our customers, which may limit our ability to protect our intellectual property. Certain customer agreements contain provisions permitting the customer to become a party to, or a beneficiary of, a technology escrow agreement under which we place proprietary know- how and source code for our products in escrow with a third party. Under these escrow agreements, the know- how and source code to the applicable product may be released to the customer, typically for its use to further develop, maintain, modify and enhance the product, upon the occurrence of specified events, such as our filing for bankruptcy and breaching our representations, warranties or ~~48covenants~~ **48covenants** of our agreements with our customers. Disclosing this know- how and source code may limit the intellectual property protection we can obtain or maintain for that know- how or source code or the products embodying or containing that know- how or source code, and may facilitate intellectual property infringement claims against us. Each of these could harm our business, results of operations and financial condition. Issued patents covering our products could be found invalid or unenforceable if challenged. Although patents granted by the USPTO or other patent granting authority are generally entitled to a presumption of validity and enforceability, a granted patent's scope, validity or enforceability can still be challenged. Some of our patents or patent applications (including in- bound licensed patents) have been or may be challenged at a future point in time in opposition, derivation, reexamination, inter partes review, post- grant review or interference. Any successful third party challenge to our patents in this or any other proceeding could result in the unenforceability or invalidity of such patents, which may lead to increased competition to our business, which could harm our business. In addition, in patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on certain aspects of our platform technologies. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with us to license, develop, or commercialize current or future products. We may not be aware of all third party intellectual property rights potentially relating to our products. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until approximately 18 months after filing or, in some cases, not until such patent applications issue as patents. Moreover, we may not search for or identify all relevant third party patents or we may incorrectly interpret the relevance, scope or expiration of a third party patent of which we are aware. We might not have been the first to make the inventions covered by each of our pending patent applications and we might not have been the first to file patent applications for these inventions. To determine the priority of these ~~inventions~~ **47inventions**, we may have to participate in interference proceedings, derivation proceedings or other post- grant proceedings declared by the USPTO that could result in substantial cost to us. The outcome of such proceedings is uncertain. No assurance can be given that other patent applications will not have priority over our patent applications. In addition, changes to the patent laws of the United States allow for various post- grant opposition proceedings that have not been extensively tested, and their outcome is therefore uncertain. Furthermore, if third parties bring these proceedings against our patents, we could experience significant costs and management distraction. Claims by other parties that we infringe or misuse their proprietary technology could subject us to significant liability and could force us to redesign our products or to incur significant costs. Our competitors protect their intellectual property rights by means such as trade secrets, patents, copyrights and trademarks. Although we have not been involved in any litigation related to intellectual property rights of others, from time to time we receive letters from other parties alleging, or inquiring about, breaches of their intellectual property rights. Any party asserting that our products infringe

their proprietary rights would force us to defend ourselves, and possibly our customers, against the alleged infringement. These claims and any resulting lawsuit, if successful, could subject us to significant liability for damages and invalidation of our proprietary rights. The risk of such a lawsuit will likely increase as our size and the number and scope of our products increase, as our geographic presence and market share expand and as the number of competitors in our market increases. Any such claims or litigation could: • be time- consuming and expensive to defend, whether meritorious or not; • require us to stop selling, incorporating or using our products that use the other party' s intellectual property; • divert the attention of our technical and managerial resources; • require us to enter into royalty or licensing agreements with third parties, which may not be available on terms that we deem acceptable, if at all; • prevent us from operating all or a portion of our business or force us to redesign our products, which could be difficult and expensive and may degrade performance of our products, or withdraw one or more of our products altogether; ~~49~~ • subject us to significant liability for damages or result in significant settlement payments; • require us to indemnify our customers, channel partners or suppliers; and • refund deposits and other amounts received for allegedly infringing technology or products. Intellectual property litigation can be costly. Even if we prevail, the cost of such litigation could deplete our financial resources. Litigation is also time- consuming and could divert management' s attention and resources away from our business. Furthermore, during the course of litigation, confidential information may be disclosed in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. Disclosure of our confidential information and our involvement in intellectual property litigation could materially adversely affect our business. Some of our competitors may be able to sustain the costs of complex intellectual property litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could significantly limit our ability to continue our operations. Any of the foregoing could disrupt our business and have a material adverse effect on our operating results and financial condition. In the future we may be involved in litigation related to intellectual property, which could be time- intensive and costly and may adversely affect our business, financial condition, results of operations, and prospects. In recent years, there has been significant litigation in the United States involving intellectual property rights. We may in the future be, involved with litigation or actions at the USPTO or a foreign patent office with various third parties that claim we or our partners or customers using our solutions and services have misappropriated or misused other parties' intellectual property rights. We expect that the number of such claims may increase as the number of our systems, workflows, consumables and kits, and the level of competition in our industry segments, grow. Any infringement claim, regardless of its validity, could harm our business by, among other things, resulting in time- consuming and costly litigation, diverting management' s time and attention from the development of the business, requiring the payment of monetary damages (including treble damages, attorneys' fees, costs and expenses) or royalty ~~payments~~ **48payments**, or result in potential or existing customers delaying purchases of our products or entering into engagements with us pending resolution of the dispute. As we move into new markets and applications for our products, incumbent participants in such markets may assert their patents and other proprietary rights against us as a means of slowing our entry into such markets or as a means to extract substantial license and royalty payments from us. Our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we currently have. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product or service revenue and against whom our own patents may provide little or no deterrence or protection. Therefore, our commercial success may depend in part on our non- infringement of the patents or proprietary rights of third parties, or the invalidity of such patents or proprietary rights. Our research, development and commercialization activities may in the future be subject to claims that we infringe or otherwise violate patents or other intellectual property rights owned or controlled by third parties. There is a substantial amount of litigation and other patent challenges, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology industry, including patent infringement lawsuits, interferences, oppositions and inter partes review proceedings before the USPTO, and corresponding foreign patent offices. Numerous U. S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing products. As the biotechnology industry expands and more patents are issued, the risk increases that our products may be subject to claims of infringement of the patent rights of third parties. Numerous significant intellectual property issues have been litigated, are being litigated and will likely continue to be litigated, between existing and new participants in our existing and targeted markets, and one or more third parties may assert that our products or services infringe their intellectual property rights as part of a business strategy to impede our successful entry into or growth in those markets. There can be no assurance that we will prevail in any suit initiated against us by third parties, successfully settle or otherwise resolve patent infringement claims. Third parties making claims against us may be able to obtain injunctive or other relief, which could block our ability to develop, commercialize and sell products or services, and could result in the ~~50award~~ **award** of substantial damages against us, including treble damages, attorneys' fees, costs and expenses if we are found to have willfully infringed. In the event of a successful claim of infringement against us, we may be required to pay damages and ongoing royalties, and obtain one or more licenses from third parties, or be prohibited from selling certain products or services. We may not be able to obtain these licenses on acceptable or commercially reasonable terms, if at all, or these licenses may be non- exclusive, which could result in our competitors gaining access to the same intellectual property. In addition, we could encounter delays and incur significant costs, in product or service introductions while we attempt to develop alternative products or services, or redesign our products or services, to avoid infringing third party patents or proprietary rights. Defense of any lawsuit or failure to obtain any of these licenses or to develop a workaround could prevent us from commercializing products or services, and the prohibition of sale or the threat of the prohibition of sale of any of our products or services could materially affect our business and our ability to gain market acceptance for our products or services. In addition, our agreements with some of our customers, suppliers or other entities with whom we do business require us to defend or indemnify these parties to the extent they become involved in infringement claims, including the types of claims described above. We could also voluntarily agree to defend or indemnify third parties in instances where we are not obligated to

do so if we determine it would be important to our business relationships. If we are required or agree to defend or indemnify third parties in connection with any infringement claims, we could incur significant costs and expenses that could adversely affect our business, financial condition, results of operations, and prospects. Our use of open source software could compromise our ability to offer our services and subject us to possible litigation. We use open source software in connection with our products and services. Companies that incorporate open source software into their products have, from time to time, faced claims challenging their use of open source software and compliance with open source license terms. As a result, we could be subject to lawsuits and other allegations by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source ~~licensing~~ **licensing** terms. Some open source software licenses require users who distribute software containing open source software to publicly disclose all or part of the source code to the licensee's software that incorporates, links or uses such open source software, and make available to third parties for no cost, any derivative works of the open source code created by the licensee, which could include the licensee's own valuable proprietary code. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms can be ambiguous. Legal precedent in this area is not well established and any actual or claimed requirement to disclose our proprietary source code or pay damages for breach of contract could harm our business and could help third parties, including our competitors, develop products and services that are similar to or better than ours. Any of the foregoing could harm our business, financial condition, results of operations, and prospects. Risks related to ownership of our common stock If securities or industry analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline. The trading market for our common stock relies in part on the research and reports that equity research analysts publish about us and our business. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business. The trading market for our common stock depends in part on research reports that securities or industry analysts publish about us or our business. We do not control these analysts. If securities or industry analysts fail to maintain coverage of our company, the trading price for our stock may be negatively affected. In the event one or more of these analysts downgrade our stock or publish unfavorable reports about our business, our stock price will likely decline. In addition, if any securities or industry analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price to decline. ~~51The~~ **The** market price of our common stock has been volatile and could continue to be volatile. Since the shares were sold in our initial public offering in December 2020, the price per share of our common stock has experienced significant fluctuations. Some of the factors that may cause the market price of our common stock to fluctuate, many of which may be beyond our control, include: • actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us; • fluctuations in our revenue as a result of our revenue recognition policy, even during periods of significant sales activity; • the financial guidance that we may provide to the public, any changes in such guidance, or our failure to meet such guidance; • changes in financial estimates by securities analysts, our failure to meet such estimates, or failure of analysts to initiate or maintain coverage of our stock; • the public's response to our press releases or other public announcements by us, including our filings with the SEC; • announcements by us or our competitors of significant technical innovations, products, contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments; • failure of any of our products to achieve or maintain market acceptance; • introduction of technologies or product enhancements that reduce the need for our products; • changes in our capital structure, such as future issuances of securities or the incurrence of debt; • regulatory developments in the United States, foreign countries or both; • litigation involving our company, our general industry or both; • additions or departures of senior management or key personnel; • changes in market valuations of similar companies in reaction to industry events, even if these events do not directly affect us; **50** • investors' general perception of us; • market volatility or downturns caused by outbreaks, epidemics, pandemics, geopolitical tensions or conflicts, or other macroeconomic dynamics; • the sustainability of an active trading market for our common stock; and • future sales of our common stock by our officers, directors or affiliates. In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to class action lawsuits that, even if unsuccessful, could be costly to defend and divert management's attention and resources. Our actual operating results may differ significantly from any operating guidance we may provide. From time to time, we may release guidance in our quarterly or annual earnings conference calls, quarterly or annual earnings releases, or otherwise, regarding our future performance that represents our management's estimates as of the date of release. This guidance, which will include forward-looking statements, will be based on projections prepared by our management. These projections may not be prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, or AICPA, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines the projections. Accordingly, no such person will express any opinion or any other form of assurance with respect to the projections. Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. The principal reason that we may release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such third parties. ~~52Guidance~~ **Guidance** is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what

management believes is realizable as of the date of release. Actual results may vary from our guidance and the variations may be material. Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this “ Risk Factors ” section could result in actual operating results being different from our guidance, and the differences may be adverse and material. Sales of a significant number of shares of our common stock in the public markets, or the perception that such sales could occur, could depress the market price of our common stock. Sales of a substantial number of shares of our common stock in the public markets, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock would have on the market price of our common stock. Certain holders of our common stock have rights, subject to conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also filed a registration statement on Form S- 8 registering the issuance of shares of common stock issued or reserved for future issuance under our equity compensation plans. Shares registered under such registration statement on Form S- 8 can be freely sold in the public market upon issuance and once vested, subject to volume limitations applicable to affiliates and the lock- up agreements described above. If any of these additional shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our common stock could decline. We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock. We have never declared or paid any cash dividends on our common stock and we do not currently expect to pay any cash dividends for the foreseeable future. Our credit agreements with our lenders contain provisions prohibiting us from paying any dividends during the term of the agreements without our lenders’ prior written consent. We intend to use our future earnings, if any, in the operation and expansion of our business. Accordingly, you are not likely to receive any dividends on your common stock for the foreseeable future, and your ability to achieve a return on your investment will, therefore, depend on appreciation in the price of our common stock. We are incurring significant increased costs to implement and maintain an effective system of internal controls, and our management is required to devote substantial time to public company compliance initiatives. If we are unable to absorb these increased costs or maintain management focus on development and sales of our product offerings and services, we may not be able to achieve our business plan. We are incurring significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes- Oxley Act, as well as rules subsequently implemented by the SEC and Nasdaq, impose a variety of corporate governance requirements on public companies. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations are increasing our legal and financial compliance costs and making some activities more time- consuming and costly. For example, these rules and regulations have made it more difficult and expensive for us to obtain director and officer liability insurance, and we are incurring substantial costs to maintain the same or similar coverage. In addition, the Sarbanes- Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and, after we are no longer an “ emerging growth company, ” our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes- Oxley Act, or Section 404. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 requires that we incur substantial accounting expense and expend significant management efforts, including hiring additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities, which would require additional financial and management resources. The increased costs associated with operating as a public company may decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business or increase the prices of our products or services. Additionally, if these requirements divert our management’ s attention from other business concerns, they could have a material adverse effect on our business, financial condition, results of operations, and prospects. We are an “ emerging growth company ” and the reduced disclosure requirements applicable to “ emerging growth companies ” may make our common stock less attractive to investors. We are an “ emerging growth company, ” as defined in the JOBS Act, and we may take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not “ emerging growth companies. ” In particular, while we are an “ emerging growth company, ” we will not be required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act of 2002, or the Sarbanes- Oxley Act; we will be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and we will not be required to hold nonbinding advisory votes on executive compensation or stockholder approval of any golden parachute payments not previously approved. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to “ opt out ” of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we will adopt the new or revised standard at the time private companies adopt the new or revised standard and will do so until such time that we either (i) irrevocably elect to “ opt out ” of such extended transition period or (ii) no longer qualify as an emerging growth company. We may be an “ emerging growth company ” until December 31, 2025, though we may cease to be an “ emerging growth company ” earlier under certain

circumstances, including if (i) we have more than \$ 1. 235 billion in annual revenue in any fiscal year, (ii) we become a “ large accelerated filer ” as a result of the market value of our common stock that is held by non- affiliates being greater than or equal to \$ 700 million as of any June 30, or (iii) we issue more than \$ 1. 0 billion of non- convertible debt over a three- year period. The exact implications of the JOBS Act are subject to interpretation and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. In addition, investors may find our common stock less attractive to the extent we rely on the exemptions and relief granted by the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may decline or become more volatile. Provisions in our certificate of incorporation, our by- laws or Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock. Provisions of our certificate of incorporation, our by- laws or Delaware law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions: • establish a classified board of directors so that not all members of our board are elected at one time; • place limitations on the removal of directors; • eliminate the ability of our stockholders to call special meetings of stockholders; ~~54~~ • prohibit stockholder action by written consent, which has the effect of requiring all stockholder actions to be taken at a meeting of stockholders; • establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and • enable our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used to institute a rights plan, or a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors. In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company by prohibiting stockholders owning in excess of 15 % of our outstanding voting stock from merging or combining with us during a specified period unless certain approvals are obtained. The existence of the foregoing provisions and anti- takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition. Our sixth amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for certain disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our amended and restated certificate of incorporation specifies that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for most legal ~~actions~~ **53actions** involving actions brought against us by stockholders; provided that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state or federal court sitting in the State of Delaware. Our amended and restated certificate of incorporation also provides that the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action against us or any of our directors, officers, employees or agents and arising under the Securities Act. We believe these provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi- forum litigation. However, these provisions may have the effect of discouraging lawsuits against our directors and officers. The choice of forum provision requiring that the Court of Chancery of the State of Delaware be the exclusive forum for certain actions would not apply to suits brought to enforce any liability or duty created by the Exchange Act. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies’ charter documents has been challenged in legal proceedings. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. If a court were to find these types of provisions to be inapplicable or unenforceable, and if a court were to find the exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could materially adversely affect our business. Our fourth amended and restated bylaws designate specific courts in Delaware as the exclusive forum for certain litigation that may be initiated by the Company’ s stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us. Pursuant to our fourth amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for state law claims for (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders; (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or our sixth amended and restated certificate ~~55of~~ **55of** incorporation or fourth amended and restated bylaws; (4) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws; or (5) any action asserting a claim governed by the internal affairs doctrine, or the Delaware Forum Provision. The Delaware Forum Provision would not apply to any causes of action arising under the Securities Act or the Exchange Act. Our amended and restated bylaws further provide that unless we consent in writing to the selection of an alternative forum, the United States District Court for the District of Massachusetts shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision, as our headquarters are located in Boston, Massachusetts. In addition, our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to

the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U. S. federal securities laws and the rules and regulations thereunder. The Delaware Forum Provision and the Federal Forum Provision in our bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the United States District Court for the District of Massachusetts may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than to our stockholders.

General Risk Factors If we fail to offer high quality customer service, our business and reputation could suffer. We differentiate ourselves from our competition through our commitment to an exceptional customer experience. Accordingly, high quality customer service is important for the growth of our business and any failure to maintain such standards of customer service, or a related market perception, could affect our ability to sell products to existing and prospective customers. The number of our customers has grown significantly and such growth, as well as any future growth, will put additional pressure on our customer service organization. We may be unable to hire qualified staff quickly enough or to the extent necessary to accommodate increases in demand. Providing an exceptional customer experience requires significant time and resources from our customer service team. Therefore, failure to scale our customer service organization adequately may adversely impact our business results and financial condition. Customers utilize our service teams and online content for help with a variety of topics, including how to use our products efficiently, how to integrate our products into existing workflows, and how to resolve technical, analysis, and operational issues if and when they arise. While we have developed significant resources for remote training, including an extensive library of online videos, we may need to rely more on these resources for future customer training, or we may experience increased expenses to enhance our online and remote solutions. If our customers do not adopt these resources, we may be required to increase the staffing of our customer service team, which would increase our costs. Also, as our business scales, we may need to engage third party customer service providers, which could increase our costs and negatively impact the quality of the customer experience if such third parties are unable to provide service levels equivalent to ours. In addition, as we continue to grow our operations and reach a global customer base, we need to be able to provide efficient customer service that meets our customers' needs globally at scale. In geographies where we sell through channel partners, we rely on those channel partners to provide customer service. If these third party channel partners do not provide a high quality customer experience, our business operations and reputation may suffer.

56 If we were to be sued for product liability, we could face substantial liabilities that exceed our resources. The marketing, sale and use of our products could lead to the filing of product liability claims were someone to allege that our products identified inaccurate or incomplete information regarding the cells analyzed or otherwise failed to perform as designed. We may also be subject to liability for errors in, a misunderstanding of or inappropriate reliance upon, the information we provide in the ordinary course of our business activities. A product liability claim could result in substantial damages and be costly and time-consuming for us to defend. We maintain product liability insurance, but this insurance may not fully protect us from the financial impact of defending against product liability claims. Any product liability claim brought against us, with or without merit, could increase our insurance rates or prevent us from securing insurance coverage in the future. Additionally, any product liability lawsuit could damage our reputation, or cause current customers to terminate existing agreements and potential clinical partners to seek other partners, any of which could impact our business, financial condition, results of operations, and prospects. Repair or replacement costs due to warranties we provide on our products and consumables could have a material adverse effect on our business, financial condition, and results of operations. We provide a one-year assurance-type warranty on our products and consumables. Existing and future warranties place us at the risk of incurring future repair and / or replacement costs. At the time revenue is recognized, we establish an accrual for estimated warranty expenses based on historical data and trends. We exercise judgment in estimating the expected product warranty costs, using data such as the actual and projected product failure rates, estimated repair costs, freight, material, labor and overhead costs. While we believe that historical experience provides a reliable basis for estimating such warranty costs, unforeseen quality issues or component failure rates could result in future costs in excess of such estimates, or alternatively, improved quality and reliability in our products and consumables could result in actual expenses that are below those currently estimated. Substantial amounts of warranty claims could have a material adverse effect on our business, financial condition, and results of operations. Our business has inherent operational risks that cannot be adequately covered by insurance or indemnity. We may face unanticipated risks of legal liability for damages caused by the actual or alleged failure of our products. Our products may be deployed in response to an emergency or terrorist attack, which may increase our exposure to third party claims. While we have attempted to secure business liability insurance coverage at appropriate cost, it is impossible to insure against all risks inherent in our industry, nor can we assure you that our insurers will pay a particular claim, or that we will be able to maintain coverage at reasonable rates in the future. Our insurance policies also contain deductibles, limitations and exclusions, which increase our costs in the event of a claim. Substantial claims resulting from an accident in excess of or not otherwise covered by indemnity or insurance could harm our financial condition and operating results. We may be subject to governmental export controls that could impair our ability to compete in international markets. We are subject to governmental export controls that could impair our ability to compete in international markets. Our

products are or may be subject to U. S. export controls, including the International Traffic in Arms Regulations, or ITAR, the Export Administration Regulations, or EAR, the Office of Foreign Assets Control, or OFAC, and other similar laws and regulations of our products and associated technology. Obtaining export licenses can be a costly and time-consuming process, often three to six months in duration. In addition, in some cases, a license might not be granted for shipment to a particular customer in a particular country. Further, ascertaining the proper export classifications for our products is time-consuming and may lead to unpredictable results. A product's export classification may be very broad with export licenses required for only a small number of countries or very restrictive with licenses required for many countries. It is also possible that a competitor may obtain a less restrictive classification than we do for a competitive product, giving them a significant competitive advantage in international markets. Changes in our products or changes in export regulations may require reclassification and create delays in the introduction and sale of our products in international markets, prevent our customers with international operations from deploying our products throughout their global systems or, in some cases, constrain in some way the export of our products to additional countries. Any change in export regulations or related legislation, shift in approach to the enforcement or scope of existing regulations or change in the countries, persons or technologies targeted by these regulations could result in ~~57~~ decreased -- ~~decreased~~ use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. We may also be required to obtain licenses from the U. S. government before we can work with foreign entities on the development of our products. Export control laws may also inhibit the free interchange of technical discussions among our employees. Absent license authorization from the appropriate agency, some technical information related to our products and technologies cannot be discussed with or otherwise disclosed to our foreign national employees, or with our foreign channel partners. Export licensing requirements may delay product development and other engineering activities. Violations of export control requirements are subject to criminal, civil and administrative penalties. Export control agencies are authorized to impose monetary penalties or even to suspend export privileges. While such actions have not been taken against our company to date, such risks exist in this highly regulated field, and we cannot entirely eliminate the possibility that such agency action may occur in the future. We could be adversely affected by violations of the Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, and the anti-bribery and anti-corruption laws of the United States or other countries. We are subject to the FCPA, which among other things prohibits companies and their intermediaries from making payments in violation of law to non-U. S. government officials for the purpose of obtaining or retaining business or securing any other improper advantage. We have engaged independent channel partners in the past and currently use independent channel partners to sell our products outside of the United States. Our reliance on independent channel ~~partners~~ ~~56~~ partners to sell our products internationally demands a high degree of vigilance in maintaining our policy against participation in corrupt activity, because these channel partners could be deemed to be our agents and we could be held responsible for their actions. Other U. S. companies in our markets have faced criminal penalties under the FCPA for allowing their agents to deviate from appropriate practices in doing business with these individuals. We are also subject to similar anti-bribery laws in the jurisdictions in which we operate, including the United Kingdom's Bribery Act of 2010, which also prohibits commercial bribery and makes it a crime for companies to fail to prevent bribery, and the People's Republic of China anti-bribery laws, including the PRC Anti-Unfair Competition Law amended in 2017 and the PRC Criminal Law amended in 2017. These laws are complex and far-reaching in nature, and, as a result, we cannot assure you that we would not be required in the future to alter one or more of our practices to be in compliance with these laws or any changes in these laws or the interpretation thereof. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction, involve significant costs and expenses, including legal fees, and could result in a material adverse effect on our business, financial condition, results of operations, and prospects. We could also suffer severe penalties, including criminal and civil penalties, disgorgement, and other remedial measures. Our employees, consultants, channel partners and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, and insider trading. We are exposed to the risk of fraud or other misconduct by our employees, consultants, channel partners, and commercial partners. Misconduct by these parties could include intentional failures to comply with the applicable laws and regulations in the United States and abroad, report financial information or data accurately or disclose unauthorized activities to us. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, and other business arrangements. Such misconduct could result in legal or regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and any other precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, which could have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees, and divert the attention of management in defending ourselves against any of these claims or investigations. ~~58~~ Our -- ~~Our~~ business is subject to environmental regulation and regulations relating to the protection of health and safety matters that could result in compliance costs. Any violation or liability under environmental laws or health and safety regulations could harm our business. We are subject to environmental and safety laws and regulations governing the use, storage and disposal of hazardous substances or wastes and imposing liability for the cleanup of contamination from these substances. We handle hazardous substances in our manufacturing processes and in the compilation of our chemical library, and we could be liable for any improper use, storage, or disposal of such substances. We cannot completely eliminate the risk of contamination or injury from hazardous substances or wastes, and, in the event of such an incident, we could be held liable for any damages that result. In addition, we may be required to incur significant additional costs to comply with environmental laws and regulations in the future. The Occupational Safety and Health Act of 1970, or OSHA, establishes certain employer responsibilities, including maintenance of a workplace

free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated by the Occupational Safety and Health Administration and various record keeping, disclosure and procedural requirements. Various OSHA standards may apply to our operations. We have incurred, and will continue to incur, capital and operating expenditures and other costs in the ordinary course of our business in complying with OSHA and other state and local laws and regulations. The failure to comply with these regulations could result in fines by government authorities and payment of damages to private litigants, which could harm our business. **If 57If** we fail to maintain effective internal control over financial reporting and effective disclosure controls and procedures, we may not be able to accurately report our financial results in a timely manner or prevent fraud, which may adversely affect investor confidence in our company. We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. We are required to disclose changes made in our internal controls and procedures on a quarterly basis to provide our annual management assessment of our internal control over financial reporting pursuant to Section 404. As an emerging growth company, our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. To comply with the requirements of being a public company, we may need to undertake actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal control can divert our management's attention from other matters that are important to the operation of our business. In addition, when evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal controls over financial reporting, including in connection with any past or future acquisitions, or we are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports. As a result, the market price of our common stock could be materially adversely affected. **59We We** may need additional capital in the future, which may not be available to us, and if it is available, may dilute your ownership of our common stock and have a material adverse effect on our business, operating results and financial condition. We may need to raise additional funds in the future, through public or private debt or equity financings, if we are presented with unforeseen circumstances or opportunities in order to, among other things: • develop or enhance our products; • support additional capital expenditures; • respond to competitive pressures; • fund operating losses in future periods; or • take advantage of acquisition or expansion opportunities. We, and indirectly, our stockholders, will bear the cost of issuing and servicing such securities if required to raise additional funds. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future offerings. Our decision to issue debt or equity securities will also depend on contractual, legal, and other restrictions that may limit our ability to raise additional capital and may require us to obtain stockholder approval, which we may not be able to obtain. Any required additional financing may not be available on terms acceptable to us, or at all. For instance, debt financing, if available, may involve restrictive covenants and could reduce our operational flexibility or profitability, and any new or refinanced debt may be subject to substantially higher interest rates, which could adversely affect our financial condition and impact our business. Recent quantitative tightening by the U. S. Federal Reserve, along with other central banks around the world, may further negatively affect our short-term ability or desire to incur debt. A failure to **obtain 58obtain** additional funding could prevent us from making expenditures that may be required to grow or maintain our operations. Current capital market conditions, including the impact of inflation, have increased borrowing rates and can be expected to significantly increase our cost of capital as compared to prior periods should we seek additional funding. Moreover, global capital markets have undergone periods of significant volatility and uncertainty in the past, and there can be no assurance that such financing alternatives will be available to us on favorable terms or at all, should we determine it necessary or advisable to seek additional capital. If we raise additional funds by issuing equity securities, you may experience significant dilution of your ownership interest, and the newly-issued securities may have rights senior to those of the holders of our common stock. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility and would also require us to fund additional interest expense, which could harm our profitability. Holders of debt would also have rights, preferences or privileges senior to those of holders of our common stock. We **have in the past, and** may **again in the future,** engage in future acquisitions that could disrupt our business, cause dilution to our stockholders and harm our financial condition and operating results. On August 3, 2022, we entered into a share purchase and transfer agreement and completed our acquisition of 100 % of the registered share capital of Trace Analytics GmbH, a German limited liability company located in Braunschweig, Germany, for total potential purchase price consideration of \$ 17. 3 million, comprised of (i) a \$ 14. 4 million initial cash payment plus (ii) up to \$ 2. 0 million contingent cash consideration upon achievement of certain milestones over a twenty four month period and (iii) \$ 0. 9 million contingent pension liability holdback to be released upon discharging or transferring of such liability from Trace Analytics GmbH. **On April 29, 2024, we entered into an equity purchase agreement, with RedWave and the other parties thereto, pursuant to which we purchased all of the outstanding equity interests of RedWave. The purchase price included an initial payment of \$ 45. 0 million in cash and 1, 497, 171 unregistered shares of our common stock, which reflects closing adjustments relating to working capital, cash and debt adjustments. Approximately \$ 4. 5 million of cash**

consideration was placed into an indemnification escrow account until April 29, 2025 to settle certain claims for indemnification for breaches or inaccuracies in RedWave's representations and warranties, covenants, and agreements. We may also be obligated to issue up to an additional 4, 000, 000 unregistered shares of our common stock as contingent consideration.

In the future, we may acquire additional companies, assets or technologies in an effort to complement our existing offerings or enhance our market position. We currently have no plans, proposals or arrangements with respect to any acquisition. We may not be able to find additional suitable acquisition candidates and we may not be able to complete ~~60~~**additional** ~~additional~~ acquisitions on favorable terms, if at all. Any prior acquisitions we have made or future acquisitions we make could subject us to a number of risks, including: • the purchase price we pay could significantly deplete our cash reserves, impair our future operating flexibility or result in dilution to our existing stockholders; • we may find that the acquired company, assets or technology does not further improve our financial and strategic position as planned; • we may find that we overpaid for the company, asset or technology, or that the economic conditions underlying our acquisition have changed; • we may have difficulty integrating the operations and personnel of the acquired company; • we may have difficulty retaining the employees with the technical skills needed to enhance and provide services with respect to the acquired assets or technologies; • the acquisition may be viewed negatively by customers, financial markets, or investors; • we may have difficulty incorporating the acquired technologies or products with our existing products; • we may encounter difficulty entering and competing in new product or geographic markets; • we may encounter a competitive response, including price competition or intellectual property litigation; **59** • we may have product liability, customer liability or intellectual property liability associated with the sale of the acquired company's products; • we may be subject to litigation by terminated employees or third parties; • we may be subject to additional liabilities that are not possible to be known at the time of the acquisition; • we may incur debt and restructuring charges; • we may acquire goodwill and other intangible assets that are subject to impairment tests, which could result in future impairment charges; • our ongoing business and management's attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically or culturally diverse enterprises; and • our due diligence process may fail to identify significant existing issues with the target company's product quality, product architecture, financial disclosures, accounting practices, internal controls, legal contingencies, intellectual property and other matters. Any acquisitions of businesses, technologies, products or services may not generate sufficient revenue to offset the associated costs of the acquisitions or may result in other adverse effects, which could have a material adverse effect on our business, operating results, and financial condition. In addition, negotiations for acquisitions or investments that are not ultimately consummated could result in significant diversion of management time, as well as substantial out-of-pocket costs, any of which could have a material adverse effect on our business, operating results and financial condition. We may face exposure to foreign currency exchange rate fluctuation. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, the GBP and the Chinese Yuan. We expect our non- U. S. operations to continue to grow in the near term and we are continually monitoring our foreign currency exposure to determine if we should consider a hedging program. Today, our non- U. S. contracts are denominated in either U. S. dollars or local currency, while our non- U. S. operating expenses are often denominated in local currencies. Additionally, as we expand our non- U. S. operations, a larger portion of our operating expenses may be denominated in local currencies. Therefore, increases in the value of the U. S. dollar and decreases in the value of foreign currencies could result in the dollar equivalent of our revenue being lower. We generally recognize revenue from extended warranty and service contracts over the contract term, and changes in sales of such contracts may not be immediately reflected in our operating results. We offer our customers the option to purchase extended warranty and service for regular system maintenance and system optimization on a fixed fee basis. We generally recognize revenue from our extended warranty and service plans ratably over the contract terms, which typically range from one additional year to four additional years and could in ~~61~~~~some~~ ~~some~~ cases be subject to an early termination right. A portion of the revenue we report in each quarter is derived from the recognition of deferred revenue relating to extended warranty and service contracts entered into during previous quarters. Consequently, a decline in new or renewed extended warranty and service contracts by our customers in any one quarter may not be immediately reflected in our revenue for that quarter. Such a decline, however, will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our services and potential changes in our rate of renewals may not be fully reflected in our operating results until future periods. Our ability to use our net operating losses and certain other tax attributes may be limited. Under legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, unused federal net operating losses, or NOLs, generated in tax years beginning after December 31, 2017, will not expire and may be carried forward indefinitely, and generally may not be carried back to prior taxable years, except that under the CARES Act, net operating losses generated in 2018, 2019 and 2020 may be carried back five taxable years. Additionally, the deductibility of such federal NOLs in tax years beginning after December 31, 2020, is limited to 80 % of taxable income. It is uncertain if and to what extent various states will conform to the Tax Cuts and Jobs Act, or the CARES Act. In addition, under Sections 382 and 383 of the Internal **60** Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change," generally defined as a cumulative change of more than 50 percentage points (by value) in its equity ownership by certain stockholders over a three-year period, the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes (such as research tax credits) to offset its post-change income or taxes may be limited. We may experience ownership changes in the future as a result of shifts in our stock ownership (some of which may be outside our control). As a result, if we earn net taxable income, our ability to use our pre-change NOL carryforwards to offset such taxable income may be subject to limitations. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. For example, California recently imposed limits on the usability of California state NOLs to offset taxable income in tax years beginning after 2019 and before 2023. As a result, even if we attain profitability, we may be unable to use a material portion of our NOL carryforwards and other tax attributes, which could

adversely affect our future cash flows. Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect the tax treatment of our domestic and foreign earnings. Any new taxes could adversely affect our domestic and international business operations and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, the Tax Cuts and Jobs Act significantly revised the Code. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Cuts and Jobs Act may affect us, and certain aspects of the Tax Cuts and Jobs Act could be repealed or modified in future legislation. For example, the CARES Act modified certain provisions of the Tax Cuts and Jobs Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Cuts and Jobs Act, the CARES Act, or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Cuts and Jobs Act or future tax reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U. S. tax expense. We are subject to risks related to taxation in the United States. Significant judgments based on interpretations of existing tax laws or regulations are required in determining our provision for income taxes. Our effective income tax rate could be adversely affected by various factors, including, but not limited to, changes in the mix of earnings in tax jurisdictions with different statutory tax rates; changes in the valuation of deferred tax assets and liabilities, changes in existing tax policies, laws, regulations or rates, changes in the level of non-deductible expenses (including share-based compensation), changes in the location of our operations; changes in our future levels of research and development spending, mergers and acquisitions or the result of examinations by various tax authorities. Although we believe our tax estimates are reasonable, if the United States 62