UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39035

10x Genomics, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**45-5614458**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6230 Stoneridge Mall Road	
Pleasanton, California	**94588**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (925) 401-7300

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

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

Aggregate market value of registrant's common stock held by non-affiliates of the registrant, based upon the closing price of a share of the registrant's common stock on June 30, 2020 (the last business day of the registrant's most recently completed second quarter) as reported by Nasdaq Global Market on that date was $7.3 billion.

As of January 31, 2021, the registrant had 86,071,237 shares of Class A common stock, $0.00001 par value per share, outstanding and 22,681,465 shares of Class B common stock, $0.00001 par value per share, outstanding.

Portions of the registrant's Definitive Proxy Statement relating to the registrant's 2021 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2020.

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10x Genomics, Inc.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Annual Report") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. All statements, other than statements of historical facts included in this Annual Report, including statements concerning our plans, objectives, goals, beliefs, business strategies, results of operations, financial position and business outlook, future events, business conditions, uncertainties related to the global COVID-19 pandemic and the impact of our and our customers' and suppliers' responses to it, business trends and other information, may be forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negatives of these terms or variations of them or similar terminology. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot provide any assurance that these expectations will prove to be correct and actual results may vary materially from what is expressed in or indicated by the forward-looking statement. Such statements reflect the current views of our management with respect to our business, results of operations and future financial performance.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including those described in the section titled "Risk Factors" in this Annual Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements. For a more detailed discussion of the risks, uncertainties and other factors that could cause actual results to differ, please refer to the "Risk Factors" in this Annual Report, as such risk factors may be updated from time to time in our periodic filings with the SEC. Our periodic filings are accessible on the SEC's website at www.sec.gov.

The forward-looking statements made in this Annual Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report to reflect events or circumstances after the date of this Annual Report or to reflect new information or the occurrence of unanticipated events, except as required by law. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or occur and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. Further, as the COVID-19 pandemic is unprecedented and continuously evolving, our forward-looking statements may not accurately or fully reflect the potential impact that the COVID-19 pandemic may have on our business, financial condition, results of operations and cash flows.

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

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

Channels for Disclosure of Information

Investors and others should note that we may announce material information to the public through filings with the SEC, our website (https://www.10xGenomics.com), press releases, public conference calls, public webcasts and our social media accounts, https://twitter.com/10xGenomics, https://www.facebook.com/10xGenomics and https://www.linkedin.com/company/10xgenomics). We use these channels to communicate with our customers and the public about the Company, our products, our services and other matters. We encourage our investors, the media and others to review the information disclosed through such channels as such information could be deemed to be material information.

The information on such channels, including on our website and our social media accounts, is not incorporated by reference in this Annual Report and shall not be deemed to be incorporated by reference into any other filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing. Please note that this list of disclosure channels may be updated from time to time.

PART I

Item 1. Business.

Mission

Our mission is to accelerate the mastery of biology to advance human health.

Overview

We are a life science technology company building products to interrogate, understand and master biology. Our integrated solutions include instruments, consumables and software for analyzing biological systems at a resolution and scale that matches the complexity of biology. We have built deep expertise across diverse disciplines including chemistry, biology, hardware and software. Innovations in all of these areas have enabled our rapidly expanding suite of products, which allow our customers to interrogate biological systems at previously inaccessible resolution and scale. Our products have enabled researchers to make fundamental discoveries across multiple areas of biology, including oncology, immunology and neuroscience, and have helped empower the single cell revolution hailed by *Science* magazine as the 2018 “Breakthrough of the Year”. Our products have won many awards, including among others the technological advancements in single cell multimodal omics hailed by *Nature Methods* journal as the 2019 “Method of the Year” and the technological advancements in spatially resolved transcriptomics hailed by *Nature Methods* journal as the 2020 “Method of the Year”. Our Single Cell ATAC solution was named one of the top 10 life sciences innovations of 2019 by *The Scientist* magazine. Our Single Cell Multiome ATAC + Gene Expression solution and our Visium Spatial Gene Expression solution were named as two of the top 10 life sciences innovations of 2020 by *The Scientist* magazine. Since launching our first product in mid-2015 through December 31, 2020, we have sold 2,412 instruments to researchers around the world, including all of the top 100 global research institutions as ranked by *Nature* in 2019 based on publications and all of the top 20 global biopharmaceutical companies by 2019 research and development spend. We believe that this represents the very beginning of our penetration into multiple large markets. We expect that 10x will power a “Century of Biology” in which many of humanity’s most pressing health challenges will be solved by precision diagnostics, targeted therapies and cures to currently intractable diseases.

The “10x” in our name refers to our focus on opportunities with the greatest potential for exponential advances and impact. We believe that the scientific and medical community currently understands only a tiny fraction of the full complexity of biology. The key to advancing human health lies in accelerating this understanding. The human body consists of over 40 trillion cells, each with a genome of 3 billion DNA base pairs and a unique epigenetic program regulating the transcription of tens of thousands of different RNAs, which are then translated into tens of thousands of different proteins. Progress in the life sciences will require the ability to measure biological systems in a much more comprehensive fashion and to experiment on biological systems at fundamental resolutions and massive scales, which are inaccessible with existing technologies. We believe that our technologies overcome these limitations, unlocking fundamental biological insights essential for advancing human health.

Resolution and scale are the imperatives underlying our technologies and products. Our Chromium and Visium product lines provide this resolution and scale along distinct but complementary dimensions of biology. Our Chromium products enable high throughput analysis of individual biological components, such as up to millions of single cells. They use our precisely engineered reagent delivery system to divide a sample into individual components in up to a million or more partitions, enabling large numbers of parallel micro-reactions. In this manner, a large population of cells can be segregated into partitions and analyzed on a cell by cell basis. Our Visium products enable analysis of biological molecules within their spatial context, providing the locations of analytes that give insight into higher order biological structure and function. Our Visium platform uses high density DNA arrays with DNA sequences that encode the physical locations of biological analytes within a sample, such as a tissue section. Our products utilize our sensitive and robust molecular assays to convert biological analytes into detectable signals, enabling researchers to obtain vast amounts of information about diverse biological analytes together with their single cell and spatial context. Finally, we provide highly sophisticated and scalable software for analyzing the raw data researchers generate and presenting it in a form that is readily understood by biologists.

Our product portfolio consists of multiple integrated solutions that include instruments, consumables and software. These solutions guide customers through the workflow from sample preparation to sequencing on third-party sequencers that are commonly available in research settings to subsequent analysis and visualization.

Each of our solutions is designed to interrogate a major class of biological information that is impactful to researchers:

- Our single cell solutions, all of which run on our Chromium instruments, include:
  - Single Cell Gene Expression for measuring gene activity on a cell-by-cell basis;
  - Single Cell Immune Profiling for measuring the activity of immune cells and their targets;
  - Single Cell ATAC for measuring epigenetics, including the physical organization of DNA; and
  - Single Cell Multiome ATAC + Gene Expression introduced in 2020 for measuring the genetic activity and epigenetic programming in the same cells across tens of thousands of cells in a single experiment.
- Our Visium Spatial Gene Expression solution for measuring spatial gene expression patterns across a single tissue sample or gene expression and protein co-detection when combined with Immunofluorescence.

Our Feature Barcode technology, which is currently compatible with our Single Cell Gene Expression and Immune Profiling solutions, allows researchers to simultaneously measure multiple analytes, such as protein and RNA, within the same set of cells or tissues.

Our Targeted Gene Expression solution, which we introduced in 2020, is currently compatible with our Chromium Single Cell Gene Expression, our Chromium Single Cell Immune Profiling and our Visium Spatial Gene Expression Solutions and, allows researchers to target the genes most relevant for their research, validate their hypotheses faster and reduce sequencing costs.

Collectively, our solutions enable researchers to interrogate, understand and master biology at the appropriate resolution and scale.

We believe our solutions, which enable a comprehensive view of biology, target numerous market opportunities across the more than $60 billion global life sciences research tools market. We view much of this total market opportunity as ultimately accessible to us due to our ability to answer a broad diversity of biological questions. Based on the capabilities of our current solutions, and focusing solely on cases where our current solutions offer alternative or complementary approaches to existing tools, we believe, based on our internal estimates, we could access approximately $15 billion of the global life sciences research tools market. We believe we can further drive growth by improving or enabling new uses and applications of existing tools and technologies, as our solutions allow researchers to answer questions that may be impractical or impossible to address using existing tools. We also expect to pursue additional opportunities that will further expand our opportunity, including new potential applications of our single cell, spatial and In Situ technologies in the future.

As of December 31, 2020, we employed a commercial team of 290 employees, many of whom hold Ph.D. degrees, who help drive adoption of our products and support our vision. We prioritize creating a superior user experience from pre-sales to onboarding through the generation of novel publishable discoveries, which drive awareness and adoption of our products. We have a scalable, multi-channel commercial infrastructure including a direct sales force in North America and certain regions of Europe and distribution partners in Asia, certain regions of Europe, Oceania, South America, the Middle East and Africa that drives our customer growth. This is supplemented with an extensive and highly specialized customer service infrastructure with Ph.D.-level specialists. We currently have customers in more than 45 countries.

Our revenue was $298.8 million and $245.9 million for the years ended 2020 and 2019, respectively, representing an annual growth rate of 22%. We generated net losses of $542.7 million and $31.3 million for the years ended 2020 and 2019, respectively.

The complexity of biology

Biology is staggeringly complex. The cell is the basic, fundamental organizational unit of all biological organisms. A human being starts from a single cell, which divides into over 40 trillion cells–such as blood cells, skin cells, muscle cells, bone cells, stem cells and neurons–to create the tissues that enable all necessary functions in the human body. These cells utilize the basic building blocks of DNA, RNA and protein, configured in cell-specific ways.

DNA, the hereditary material of living organisms, is the foundation for a series of biological processes that form the basis for biology and how cells function. DNA is transcribed into messenger RNA (“mRNA”) in a process referred to as transcription or, alternatively, gene expression. Information from the mRNA molecules is then translated into protein in a process called translation. Each gene has the ability to create multiple different mRNAs, resulting in the production of over 100,000 different mRNAs from about 30,000 genes. The complete collection of all of the DNA, mRNA and proteins are called the genome, transcriptome or gene expression profile, and the proteome, respectively. The epigenome includes molecular configurations and chemical DNA modifications that affect how genes are regulated. The genome, epigenome, transcriptome and proteome can be distinct for each of the trillions of cells in the human body and collectively constitute a rich architecture of biology.

Industry direction

The 20th century discovery of DNA, RNA, protein and the basic molecular and cellular mechanisms of their function paved early foundations for humanity to understand our own biology. In the early 2000s, the study of biology shifted from focusing on individual genes and their products to a more global level of characterizing the full collection of DNA, RNA and proteins and how they interact, giving rise to the field of genomics. Genomics is a broad, highly interdisciplinary field that approaches the study of biology at a system-wide level. We believe that genomics-based approaches will encompass much of biology and medical applications in the coming decades.

The Human Genome Project, which was completed in 2003, determined a reference sequence of the three billion nucleotides of the human genome as a composite over several individuals. This reference sequence provided an initial “parts list” of genes, enabling researchers to begin understanding human biology at a global molecular level.

The subsequent two decades of genomic research in many ways have been defined by genome-wide association studies (“GWAS”) and large-scale sequencing of individuals and populations. The goal was to compile all of the genetic variants in human populations and to link those variants to different conditions, traits and diseases. These associations would serve to generate clues and hypotheses that can be tested by subsequent experimentation to understand the detailed biology of each gene and variant.

Both of these efforts have provided substantial value and have been foundational in enabling multiple new research and clinical applications. However, much of the initial promise of the Human Genome Project and subsequent GWAS projects remains unfulfilled. We believe this is ultimately due to the tremendous underlying complexity of biology. The human genome project provided a list of parts and subsequent GWAS projects looked for statistical links between these parts and various diseases and traits. Going forward we need to understand the biological function of each gene and all the molecular and cellular networks they encode. Genomics needs to expand from its focus on the genome and statistical associations to the study of biology more broadly.

This presents an enormous challenge because of the limited capabilities of existing tools for accessing biology at the molecular and cellular level. Some of these limitations are:

- Average, or “bulk,” measurements obscure underlying differences between different biological units, such as individual cells;

- Low throughput prevents requisite sampling of the underlying complexity—for example, when only a few hundred cells can be evaluated at a time;
- Limited number of biological analytes are interrogated, giving a myopic view of only a few biological processes;
- Limited ability for multi-omic interrogation;
- Inefficient use of sample to generate a signal of sufficient strength to analyze the biological molecules of interest; and
- Inadequate bioinformatics and software tools.

We believe technologies that address these limitations will serve large and unmet market needs by providing a better understanding of molecular and cellular function, the origin of disease and how to improve treatment.

Measure the full complexity of biology. A major need is for an in-depth cataloging of biological complexity. This will involve going from a basic biological parts list to a detailed map of exactly how all of these parts are used and interact in both healthy and disease states. Researchers and clinicians need to characterize every cell in the human body, to understand how cell-to-cell variations in genomes, epigenomes, transcriptomes and proteomes give rise to function or dysfunction. They also need to characterize every tissue at a full molecular and cellular level, including how cells are arranged together into spatial patterns that affect function, give rise to disease or impact treatment. For example, in the context of cancer biology, many tumors consist of a heterogeneous population of healthy and cancerous cells, the latter of which may consist of genetically distinct subpopulations that are susceptible to different therapeutics. Furthermore, different spatial patterns of cancer antigens may require different treatment approaches. Without being able to see cells and molecules in their spatial context it is difficult to fully understand tumor resistance and how cells interact with one another within the tumor microenvironment and enable targeted therapies.

Massively parallelize experimentation. Mastering biology will require moving beyond the cataloging of biological complexity and into performing experiments to understand the impact of active changes to biological systems. We believe technologies that enable measurement of massively parallel perturbation and the impact of these perturbations will be important for accelerating biological and medical discovery. For example, an unmet goal of researchers has been to compile all of the genetic variations in human populations and link those variations to different conditions, traits and diseases. Linking these variations to disease requires the analysis of the impact of these variations within different systems, alone and in various combinations. Technologies that enable these variations to be created in arbitrary combinations within various biological contexts and the impact of these combinations measured in a massively parallel fashion will highly accelerate this work. In another example, a longstanding need of researchers has been to predict the interactions between immune cells and the target molecules they can recognize. The human body can make over a trillion different immune cells that are collectively capable of recognizing and mounting a response to nearly any conceivable antigen. We believe that understanding, and ultimately harnessing, this targeting will require technologies that can enable the massively parallel screening of interactions between a set of recognizing immune cells and a set of synthetic antigen target molecules.

We believe technologies that address these needs will redefine biological discovery and power a “Century of Biology” in which many of humanity’s most pressing health challenges will be solved by precision diagnostics, targeted therapies and cures to currently intractable diseases.

Our solutions

We have built and commercialized multiple product lines that allow researchers to interrogate, understand and master biological systems at a resolution and scale commensurate with the complexity of biology. We believe that our products overcome the limitations of existing tools. Our vision, discipline and multidisciplinary approach have allowed us to continuously innovate to develop the platforms, molecular assays and software that underlie our solutions.

Our technological imperatives: resolution and scale

Resolution and *Scale* are the imperatives that underlie our products and technology. First, our solutions enable understanding biology at the right level of biological resolution, such as at the level of the single cell or at high spatial resolution of tissues and organs. Second, we believe that high resolution tools only become truly powerful when they are built into technologies with tremendous scale. Measuring individual cells, spatial portions of tissues or molecular interactions in small numbers is insufficient. Our products enable measuring and manipulating up to millions of single cells or thousands of tissue sample positions. Thus, our products provide the appropriate levels of both resolution and scale in a manner that allows researchers to easily sift through the complexity to access the underlying biology.

Our platforms, molecular assays and software

Our Chromium platform, Visium platform, molecular assays and software constitute the building blocks of our integrated solutions. These shared building blocks allow us to rapidly build and improve our solutions for studying biology at the appropriate resolution and scale:

Our Chromium platform enables high-throughput analysis of individual biological components. It is a precisely engineered reagent delivery system that divides a sample into individual components in up to a million or more partitions, enabling large numbers of parallel micro-reactions. In this manner, for example, the individual single cells of a large population of cells can be segregated so that each cell resides in its own partition. Each partition then behaves as a micro-scale reaction vessel in which its contents are barcoded with a DNA sequence that specifically identifies those contents as being distinct from the contents of other partitions. Once biological material in each partition is barcoded, they can then be pooled and sequenced together. Finally, the barcode sequences can be used to easily tease apart information originating from different partitions. Our paradigm of partitioning and barcoding gives researchers the ability to measure many discrete biological materials and/or perform many different experiments in parallel, providing tremendous resolution and scale.

We have leveraged our Chromium platform to create a suite of solutions that measure biological analytes at the resolution of the single cell, the most fundamental organizational unit of biology. We believe that, in this sense, all of biology is single cell biology and that our single cell solutions can enhance and sharpen a wide array of scientific work in genetics, developmental biology, molecular biology and cell biology.

Part of our Chromium platform is our Chromium Connect instrument, which we began shipping during the first quarter of 2020. Chromium Connect automates single cell workflows, maximizing lab productivity while reducing user variability to generate consistent, reproducible single cell sequencing results.

Our Visium platform empowers researchers to identify where biological components are located and how they are arranged with respect to each other, otherwise referred to as “spatial analysis.” Our Visium platform uses high density DNA arrays which have DNA barcode sequences that encode the physical location of biological analytes within a sample, such as a tissue section. This solution allows the spatial location of the analytes to be “read out” using sequencing to constitute a visual map of the analytes across the sample. Similar to partitioning, spatial barcoding with large numbers of probes on an array can unlock tremendous insights, providing high resolution genomic information to visualize analytes across biological tissues.

Our molecular assays are used with our Chromium and Visium platforms to provide sensitive and robust biochemistries that convert minute amounts of biological analytes into detectable signals. We have created a wide variety of proprietary assays compatible with our platforms for measuring the genome, epigenome, transcriptome and proteome. For example:

- Our GEM-RT assay is a highly sensitive technique for detecting mRNA molecules that are in low abundance in single cells. Less sensitive methods easily miss low abundance mRNA molecules, resulting in loss of information about the activities of many important genes that are detectable using our assay.
- Our ATAC-seq assay can be used to determine whether particular genes are active or dormant on a system-wide basis and is tremendously useful in studying gene regulation.
- Our Feature Barcode assay allows simultaneous multi-omic interrogation of different classes of biological analytes in a sample. Feature Barcode is highly versatile and can be customized to analyze many different classes of analytes for a wide variety of applications.
- Our Multiome ATAC + Gene Expression assays enables simultaneous multiomic interrogation of transcriptome and epigenome profiles from singe cells for deeper understanding of gene regulation.
- Our Visium Spatial Gene Expression assay measures the spatial positions of biological analytes within tissues at high resolution.
- Our Targeted Gene Expression assay profiles a specific set of transcripts from 10x libraries, and enables researchers to maximize on-target sequencing reads. The targeting solution, with comprehensive and customizable pre-designed gene panels, is compatible with both our GEM-RT and Visium platforms.

Our software is essential to our mission of accelerating the mastery of biology. Since our platforms and molecular assays enable new levels of resolution and scale, they produce entirely new types of data and at much larger scales than previously achievable. To that end, we have developed sophisticated and scalable software that completes our solutions which we provide to researchers generally free of charge. Our analysis software transforms large amounts of raw data into usable results, giving researchers user

friendly tools to dynamically explore these results. As larger and larger amounts of biological data are generated with greater ease, we believe that software tools will become increasingly critical for progress in biology.

As of the first quarter of 2021, we have taken our software offerings a step further and introduced 10x Genomics Cloud Analysis, which will make it even easier for new 10x users to get started, and for our advanced users to scale to larger and more complex experiments. With Cloud Analysis, we are taking the technology that has underpinned and driven our own internal product development for years, and are bringing that to our customers. Optimized for our software products, Cloud Analysis aims to be the easiest-to-use and fastest way to run 10x analysis available. And because we believe analysis is an integral part of our products, we are providing cloud analysis at no additional cost for every sample our customers run.

Since our founding, we have committed to making software engineering and computational biology world-class, core internal competencies. We believe this deep investment distinguishes us from our competition and is worthwhile because it:

- *Removes barriers to adoption.* With our software, our customers can immediately begin making sense of their experimental data. Without it, they would be forced to develop their own software or wait for the community to do so, slowing down adoption of our products by months or even years;
- *Accelerates pull-through.* Easy-to-use, efficient software helps our customers analyze their data and complete their experiments and studies faster, enabling them to move on to their next experimental questions sooner;
- *Increases scale.* Reliable, scalable software helps to remove analysis as a bottleneck as our customers plan larger and more ambitious experimental designs;
- *Expands the user base.* While early adopters are more likely to have access to bioinformatics expertise, our software enables a broader range of customers to take advantage of our solutions;
- *Enables better understanding of our customers' needs.* By supplying analysis software for our customers, we gain much greater insight into their use cases, helping us to design future products that best meet their needs; and
- *Enhances and accelerates product development.* The software we ship to customers is the same software we use to develop and optimize our platforms and chemistry. This aligns us closely with the needs of our customers and reduces our time-to-market.

The introduction of 10x Genomics Cloud Analysis enhances our ability to execute on, and bring value to our customers along, all of the dimensions enumerated above.

Our product development approach

The success of our products is founded on how we approach product development. Our employees are deeply scientifically oriented, having the relevant scientific expertise embedded not only within research and development, but also within the management team and throughout the company. We are ambitious and focus on fundamentals. We strive to solve big challenges to enable new fundamental biology and to build technological capabilities with potential for exponential impact. We work closely with our customers, many of whom are thought leaders in genomics and medicine, to identify future frontiers and unmet needs. Once we identify the correct opportunities, which we create through both organic development by our in-house teams and targeted acquisitions of technologies that will accelerate our ability to bring new products to researchers, we have the discipline to focus on execution and have a track record of bringing successful products to market.

Multidisciplinary collaboration and technological innovation are central to our product development process. We have built teams with deep expertise across diverse disciplines including chemistry, molecular biology, microfluidics, hardware, computational biology and software engineering. This multidisciplinary expertise forms the basis of our innovation engine, which allows us to introduce new products at a rapid pace as well as continuously launch improved versions of our existing products.

Our solutions enable our customers to focus on biology by providing them with intuitive user interfaces and software. Our products guide customers through the workflow, from preparing samples, to reading sample information on a third-party sequencer, through analyzing and visualizing this information, to make obtaining biological answers as easy as possible. Our workflows operate with existing sequencers that are widely available in research settings.

Our market opportunity

According to industry sources, the worldwide life sciences research tools market totaled more than $60 billion in 2020. Our diverse products and solutions allow biologists to interrogate and understand biological systems at exceptional resolution and

scale. Our focus on enabling a comprehensive view of biology, and not narrowly focusing on a particular analyte such as DNA alone, has produced products which we believe have broad applications and target numerous opportunities across different areas of life sciences research. Because we provide solutions to answer a broad diversity of biological questions, we view much of this total market as ultimately accessible to us.

Areas in which our current solutions offer alternative or complementary approaches to existing tools represented a total opportunity of approximately $15 billion of the more than $60 billion global life sciences research tools market in 2020. This $15 billion opportunity includes flow cytometry, next generation sequencing, laboratory automation, microscopy and sample preparation, among other tools. In many cases, our current solutions offer alternative approaches to existing tools, where the advantages of our solutions can provide more precise answers to existing biological questions than existing tools and technologies. Our tools may also complement, enhance and enable new applications of these technologies. We believe we will compete for research spending within the life science research tools market and capture an increasing share of research budgets as our solutions deliver new capabilities, enable new applications and lead to new discoveries. We also expect to pursue additional opportunities that will further expand our opportunity, including new potential applications of our single cell, spatial and In Situ technologies in the future.

We believe a strong benchmark of the potential adoption of our solutions is the installed base of real-time polymerase chain reaction (“RT-PCR”) units, which is approximately 50,000 units globally. We also believe, based on industry sources, that there are over 15,000 next generation sequencers installed globally. While owners of next-generation sequencing instruments are one of several potential constituencies for buying our solutions, many of our customers do not own a sequencer and, as our installed base has grown, many of our customers have purchased multiple Chromium instruments. We believe that our opportunity for placements of our instruments is meaningfully larger than the installed base of next generation sequencers.

Growth of our opportunity is also driven by a broad and increasing range of applications for our solutions. Our solutions can be used in many different applications, including basic biology, oncology and immuno-oncology, genetic disease, neurological disease, autoimmunity, infectious disease, the human microbiome and many others. In the “Century of Biology,” we believe that the mastery of biology will create advances and benefits for a broad and growing range of industries including broader segments of the healthcare industry and beyond.

Our competitive strengths

We believe our continued growth will be driven by the following competitive strengths:

Our position as a leader in a large and growing market. Since launching our first product in mid-2015 through December 31, 2020, we have sold 2,412 instruments and we serve thousands of researchers globally. We have fostered deep relationships with many key opinion leaders and as of December 31, 2020, our customers included all of the top 100 global research institutions as ranked by *Nature* in 2019 based on publications and all of the top 20 global biopharmaceutical companies by 2019 research and development spend. Our products are an important part of our customers’ workflow and a significant portion of them utilize more than one of our solutions. Our technologies have become a vital tool for biological research. To date, more than 2,200 peer-reviewed articles have been published based on data generated using our products. Our position as a leader in this market allows us to form deep partnerships with our customers who help us stay on the frontiers of biology, giving us insight on industry needs that inform our product strategy and providing us with a strong competitive advantage.

Our proprietary technologies. Through multiple years of development, acquisition and licensing, we have amassed a core set of technologies that form the foundation of our growing suite of products and solutions. These technologies, including instruments, assays and software, combine a diverse set of disciplines, including chemistry, molecular biology, microfluidics, hardware, computational biology and software engineering. Our technologies underlie features and performance that differentiate our products from the competition. Further, many of these technological elements can be utilized across multiple products, enabling us to leverage our existing infrastructure and investment when building future products, increasing the speed of product development and product performance. Worldwide we own or exclusively license over 330 issued or allowed patents and over 660 pending patent applications as of December 31, 2020. In addition to these owned and exclusively licensed patents and pending patent applications, we also license patents on a non-exclusive and/or territory restricted basis. Our intellectual property portfolio includes important patents in single cell analysis, epigenomics, spatial analysis, in situ analysis, and multi-omics.

Our rigorous product development processes and scalable infrastructure. We have implemented a rigorous and systematic product development process by which our vision can be efficiently translated into commercial products. We develop our products over a set of defined phases delineated by validating multifunctional reviews, which ensure our teams remain focused on quality, efficiency and profitability. This process allows many highly focused teams to execute on separate product development

efforts in parallel while drawing effectively on the resources and capabilities of the company. We have also built extensive technological and operational infrastructure to support the efficient execution of these teams. This infrastructure includes multiple technological investments across a range of areas, including custom barcoded gel bead production, microfluidic chip manufacturing, scalable high-performance computation and automated software productization and testing tools. This infrastructure can be drawn on to develop new products and improved versions of our existing products with high quality at a rapid pace.

Our customer experience and broad commercial reach. We believe in providing our customers with a high-quality experience from start to finish: starting with a collection of validated methods for preparation of samples to be run on our systems and ending with extensive software to aid in analysis and visualization of the data generated. We have also built comprehensive product testing and quality control into our culture and processes to help guarantee the performance of our products in customer hands. As of December 31, 2020, we employed a commercial team of 290 full time employees. This includes an extensive and highly specialized customer service infrastructure with technical specialists covering multiple areas of expertise, including both experimental biology and software. Many members of our sales and customer service teams have a Ph.D. degree in the relevant scientific field. Both our sales and customer service teams help ensure our customers have a positive experience with our products.

Our experienced multidisciplinary team. At 10x, we have built a multidisciplinary team with talent and expertise across a diverse set of areas such as chemistry, molecular biology, microfluidics, hardware, computational biology and software engineering who are committed to identifying and addressing problems at the forefront of biology. We have supplemented our diverse technical experience by assembling an operational team with expertise in manufacturing, legal, sales, marketing, customer service and finance. We believe this confluence of talent from multiple disciplines at 10x allows us to stay ahead of our competitors by identifying highly impactful opportunities and building products and solutions that address these opportunities.

Our growth strategy

Our growth strategy includes the following key elements:

Develop critical enabling technologies. Just as our past success is attributable to our innovative technologies, we believe that our future growth will be driven in large part by our significant continued investment in research and development. We aim to build new platforms, consumables and software that further our goals of interrogating, understanding and mastering biological systems at the needed resolution and scale. We prioritize innovations that meet large unmet market needs, such as measuring novel biological analytes with key functional impact at the single cell or spatial level. We expect that these investments in research and development will allow us to increase our penetration of our accessible markets.

Expand the installed base of our Chromium instruments. Since our commercial launch in mid-2015 through December 31, 2020, we have placed 2,412 instruments and serve thousands of researchers globally. Utilizing our multi-channel sales and distribution infrastructure, we will continue to engage with researchers to increase our installed base of Chromium instruments. We will target new customers in addition to expanding the number of instruments within institutions that have already recognized the significant value of our technology. A portion of our current laboratory customers do not yet own a Chromium instrument, but rather gain access to one of our instruments through an adjacent lab or core facility within the institution. These customers are substantial and easily accessible and therefore represent an opportunity for future instrument sales. We also intend to expand our existing geographic reach, both directly and through distributors.

Strengthen use and adoption of our consumables. Our instruments are designed to be used exclusively with our consumables. This closed system generates recurring revenue from consumables tied to each instrument we sell. We plan to drive wider adoption of our products within the workflows of our existing customers. For example, although most of the biopharmaceutical companies using our products use them at multiple sites, we believe that as our applications are increasingly incorporated into the validation steps in the drug development process, the amount of our consumables used will grow. We have built a dedicated global strategic sales, marketing and business development team to support the adoption cycle by biopharmaceutical companies. The recent introduction of our Chromium Connect instrument is also aimed at driving higher consumable revenue growth, as the fully automated workflow will reduce bottlenecks caused by manual processes. We also plan to demonstrate new applications using our current solutions, including applications making synergistic use of multiple solutions.

Identify the most relevant technologies, create or acquire such technologies and develop them into new products. Over the years, we have developed, acquired and licensed a core set of technologies and associated intellectual property across a broad range of emerging areas within biology and life sciences. The ability to identify these core technologies and capabilities has complemented our internal product development process and enhanced our growing suite of products and solutions. We will

continue to identify and acquire or license technologies and intellectual property that accelerate the development of new features and products or complement our existing features, products and technologies. For instance, we acquired Epinomics, Inc. (“Epinomics”) and Spatial Transcriptomics Holdings AB (“Spatial Transcriptomics”) in 2018, obtaining technology and intellectual property that formed the foundation of our ATAC-seq assay and Visium platform, respectively. We acquired ReadCoor, Inc. ("ReadCoor") and CartaNA AB ("CartaNA") in 2020, obtaining intellectual property, key technology advances, and deep talent and expertise in the emerging *In Situ* field. Additionally, in January 2021 we acquired Tetramer Shop ApS, a developer and provider of reagents for precise monitoring of antigen-specific T cells in research and development, enabling us to strengthen our efforts in immunology.

Promote our platforms as the standard for single cell, spatial and *In Situ* analysis. We believe many key opinion leaders have recognized our Chromium platform as the standard for single cell analysis. One of our strategies is to broaden this recognition and promote the breadth of scientific achievements enabled by our products. To date, more than 2,200 peer-reviewed articles have been published using data generated by our portfolio of Chromium solutions. We also highlight successful instances where our Visium platform is used to analyze biological samples within their spatial context. Further research and discoveries will unfold as our solutions are utilized as the global standard and we believe our future third platform, based on *In Situ* technology, could be impactful on how biological research and clinical assays will be conducted in the future.

Our products and technology

Our products are integrated solutions comprised of instruments, consumables and software. They are built with our expertise in chemistry, molecular biology, microfluidics, hardware, computational biology and software engineering. Our products begin with a researcher’s sample (such as a collection of thousands to millions of cells) and perform high-throughput barcoding to construct libraries that are compatible with standard sequencers. Our proprietary software then provides turn-key analysis pipelines and intuitive visualization tools that allow researchers to easily interpret the biological data from the samples. A summary of our solutions follows below.

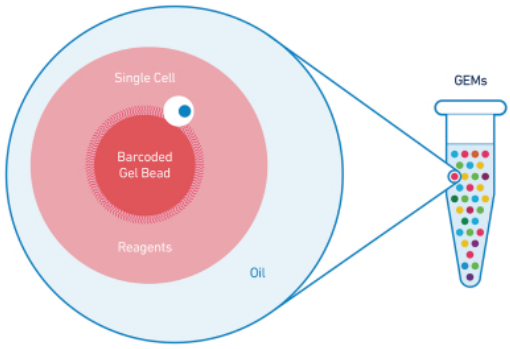
	10x SOLUTION	INTERROGATES	KEY EXAMPLE APPLICATIONS
Single Cell	*Chromium Single Cell* **Gene Expression Solution** (with Feature Barcode)	• RNA • Cell surface protein • CRISPR screening	• Developmental Biology, Oncology, Immunology, Neuroscience and BioPharma
Single Cell	*Chromium Single Cell* **Immune Profiling Solution** (with Feature Barcode)	• Immune cell RNA • Immune cell paired receptor RNA • Immune cell surface protein and antigen specificity	• Immunology, Oncology and BioPharma
Single Cell	*Chromium Single Cell* **ATAC-seq Solution**	• Epigenetics (chromatin accessibility)	• Developmental Biology, Oncology and Immunology
Single Cell	*Chromium Single Cell* **Multiome ATAC + Gene Expression Solution**	• RNA • Epigenetics (chromatin accessibility)	• Oncology, Immunology and Neuroscience
Spatial	*Visium Spatial* **Gene Expression Solution** (with H&E or Immunofluorescence)	• RNA locations	• Pathology and Oncology

Our Chromium Platform

Our Chromium platform, which includes our Chromium Controllers, microfluidic chips and related consumables, enables high-throughput analysis of individual biological components. It is a precisely engineered reagent delivery system that divides a sample into individual components in up to a million or more partitions, enabling large numbers of parallel micro-reactions. The Chromium platform can be used to partition not only single cells, but also other biological materials such as cell nuclei and DNA molecules. The large numbers of partitions generated using our Chromium products can be used for analyzing samples at high resolutions and at large scales. We pair a partitioned sample with our proprietary gel beads bearing barcodes that allow

researchers to uniquely identify the contents of each partition and distinguish them from contents of other partitions. We refer to the partitions that are generated on our Chromium platform as "GEMs," which stands for Gel beads in EMulsion. We collectively refer to our partitioning and barcoding technologies as our GemCode technology.

Our Chromium Controller, Chromium Connect and microfluidic chips. All of our Chromium consumables run on our Chromium Controller instrument. We have designed our instrument to be widely accessible to researchers with a list price of $75,000 and a form factor that easily fits on a standard laboratory bench. Our Chromium Controller operates exclusively with our microfluidic chips, which are highly engineered single-use devices that process sample and reagents. During our Chromium workflows, the researcher loads sample onto the microfluidic chip along with our proprietary gel beads and oils. The loaded chip is inserted into the Chromium Controller, which facilitates the generation of GEMs that contain sample and gel beads. Our Chromium Connect product is a high-throughput version of our Chromium instrument that incorporates liquid handling robotics to automate our workflow and can be utilized with our Single Cell Gene Expression solution.



Our Gel Beads. Within each GEM, the sample is co-encapsulated with one of our proprietary gel beads which are designed to contain a unique, identifying DNA barcode for subsequent sequencing and analysis. Our gel beads, which we manufacture in-house using proprietary methods, incorporate barcoded DNA molecules that are designed to react with the sample inside each

GEM. The GEMs act as individual reaction vessels to generate barcoded molecules. We have developed various molecular assays that can be used to perform barcoding reactions with different types of biological analytes—for example, our proprietary GEM-RT assay incorporates sequences of mRNA into barcoded molecules. Once those barcoded molecules are generated inside individual GEMs, the GEMs can be broken and their contents pooled to generate libraries that can be analyzed by widely available third-party sequencers. Critically, because different GEMs have different DNA barcodes, each sequencing read can be traced back to its GEM of origin, allowing identification of the biological source or context of the contents of the GEM. This barcoding paradigm enables multiplexing across very large numbers of cells or other biological material.

Key GemCode advantages. Our GemCode technology has a number of technological advantages over alternative tools. For example, our gel beads are composed of proprietary materials that permit their incorporation into GEMs at high efficiency. This efficiency increases the number of partitions that include one and only one barcoded gel bead and avoids loss of information from samples that are not paired with barcodes. Furthermore, the chemical structure of our gel beads allows them to not only encapsulate hundreds of millions of copies of DNA barcode oligonucleotides, but also permit their controlled release at precise times during our workflow. Similarly, our microfluidic chips are engineered to highly precise dimensions and consist of materials that optimize the partitioning of biological materials into GEMs. Such features enable our Chromium platform to provide a combination of superior performance characteristics for single cell analyses:

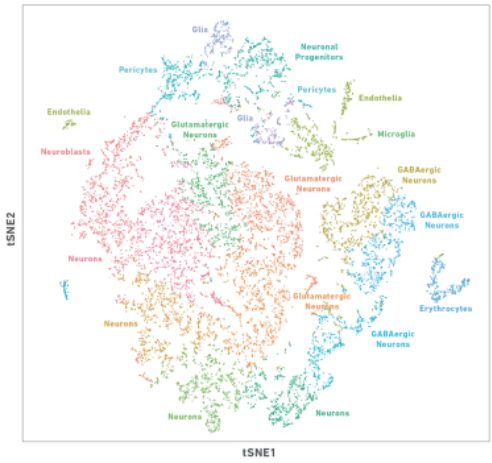
- *High cell throughput*: How many cells can be measured at once? Measuring more cells with resolution allows researchers to look for rare cells in a population. If a disease-causing cell occurs in only 1 in 10,000 cells in a sample, then measuring just 1,000 cells will be unlikely to find a single copy of the disease-causing cell. Our Single Cell Gene Expression and Immune Profiling solutions, on the other hand, have cell throughputs of up to 80,000 cells per run using one microfluidic chip which increases the likelihood of finding a copy of the disease-causing cell.
- *High cell capture rate*: What fraction of the researcher's sample cells are measured rather than lost? A high cell capture rate is important in many cases where researchers start with only a limited number of rare cells, such as a tumor biopsy from a patient. Our Single Cell Gene Expression and Immune Profiling solutions, for example, have typical cell capture rates of about 65%, which is significantly higher than those achieved by many competing solutions.
- *Low doublet rate*: How often do researchers avoid doublets—artifacts where two or more cells are read as one? Doublets result in loss of cell information, inaccurate information, and wasted sequencing. Researchers seek products with low doublet rates. Our Single Cell Gene Expression, ATAC and Immune Profiling solutions, for example, have doublet rates of less than 1% per 1,000 cells.

Our Chromium platform currently provides researchers with solutions in four major application areas:

Single Cell Gene Expression

Our Chromium Single Cell Gene Expression solution provides customers with the ability to measure the transcriptome of single cells, revealing gene activity and networks on a cell-by-cell basis. This approach enables customers to identify and characterize rare cell types in a population of cells, characterize cell populations without prior knowledge of cell subtypes or cell markers, define novel cell types and cell states, discover new biomarkers for specific cell populations and analyze and understand cellular heterogeneity and its effects on biological systems.

For this solution, customers run their samples of interest on the Chromium Controller or Chromium Connect to generate GEMs containing single cells and prepare single cell libraries using our reagents. Researchers can sequence these single cell libraries on compatible third-party sequencers, analyze their data using our Cell Ranger analysis pipeline software and visualize their data using our Loupe Cell Browser software. The browser displays a visual representation of the data in which cells having similar gene expression profiles are colored and clustered together. Researchers can explore their data by cluster or gene(s) of interest to derive biological meaning from the visualizations. The following visualization is an example showing single cell profiling of approximately 10,000 mouse brain cells that reveals multiple types of neurons.



t-SNE projection of approximately 10,000 mouse brain cells derived from the combined cortex, hippocampus and ventricular zones of embryonic day 18 brain tissue. Major subpopulations were identified based on gene markers that are enriched in each class.

Our Single Cell Gene Expression solution uses our proprietary biochemistry, GEM-RT, to capture mRNA molecules with high sensitivity. Sensitivity is the number of different mRNA transcripts that can be detected. Higher sensitivities are required to detect mRNA molecules that are present in low abundance in a cell. Our latest version of this solution uses a new GEM-RT biochemistry that now has an increased sensitivity of up to 8,500 unique transcripts per cell.

Furthermore, our Single Cell Gene Expression solution can be used with our Feature Barcode technology to simultaneously measure multiple analytes in the same cells. Our Feature Barcode is highly customizable, allowing our customers to add a barcode to any biological feature they want to analyze in conjunction with gene expression and other biological data. Feature Barcode can currently be used to:

- Measure cell surface proteins simultaneously with gene expression, giving a far fuller picture of the states of single cells that includes the transcriptional profile inside the cells as well as the proteins on the outside of the cells; and
- Measure a set of CRISPR genetic perturbations that have been applied to a cell simultaneously with the resulting changes to gene expression and/or surface protein characterization, allowing users to interrogate the impact of actively perturbing many different aspects of a biological system in a massively parallel fashion.

Our Single Cell Gene Expression solution, along with our other single cell solutions, are currently used by the Human Cell Atlas (“HCA”). The HCA is an international consortium of prominent genomics researchers that has emerged as the first and largest project aiming to develop reference maps for all cell types in all tissues of the human body. In 2017, we announced a collaboration with the HCA to enable pilot research projects. Under the terms of this collaboration, we provide members of the HCA consortium with discounts on our instruments and consumables. Sales to members of the HCA consortium accounted for less than 10% of our revenue for the years ended December 31, 2020 and December 31, 2019. In much the same way that the standardized reference human genome generated by the Human Genome Project in 2003 paved the way for significant leaps in genomics, we believe that creation of a standardized reference of human cell types is critical for future advances. We believe that our partnership with the HCA is a recognition of the quality of our products and may accelerate their adoption by the wider research community.

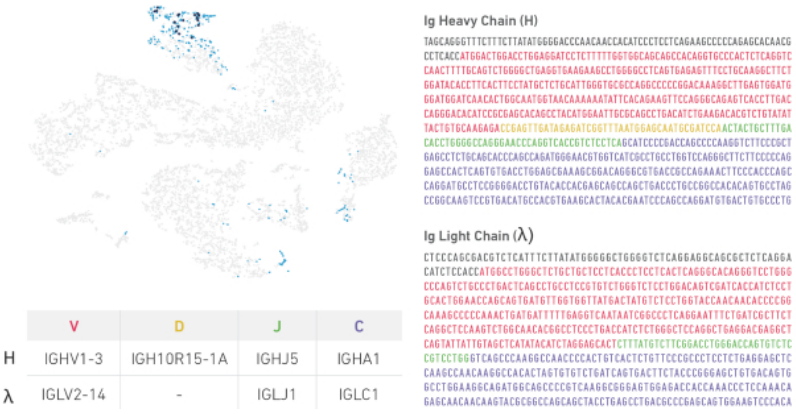
To date, more than 1,700 peer-reviewed scientific publications have been published using data generated by our Single Cell Gene Expression solution with the top research areas being developmental biology, immunology and oncology. This body of work is yielding significant insights into many different areas of biology and disease. For example, after the COVID-19 pandemic emerged in early 2020, a coalition of researchers from the Human Cell Atlas Biological Network re-analyzed single-cell gene expression datasets obtained from the respiratory system, retina, intestine, heart, muscle, liver, brain, skin, and many other tissues and organs. Through this work, the authors clarified the expression patterns of key genes responsible for SARS-CoV-2 infection

of human cells throughout the body, providing the most detailed view for where SARS-CoV-2 could infect human cells, which suggested important implications for viral transmissibility. This analysis highlighted the forward-thinking importance of the Human Cell Atlas consortium efforts to use single-cell gene expression, supported by us to extensively catalogue all of the cells present throughout every tissue and organ in the human body as a foundation for future understanding of critical human diseases. Subsequent single-cell gene expression studies throughout 2020 built upon this foundation to identify the cellular expression of additional genes and molecular regulatory mechanisms required for SARS-CoV-2 infection, differences in cellular immune responses that correlate with severity of COVID-19, and to develop human cell culture, non-human animal, and human organoid models of infection to enable the rapid pre-clinical study of treatments for this disease.

Single Cell Immune Profiling

Our Chromium Single Cell Immune Profiling solution is used to study the immune system, which is the body's natural diagnostic and therapeutic system. The immune system has a vast network of T-cells and B-cells that recognize pathogens using receptor molecules that bind to foreign molecules, or antigens. T-cells and B-cells can generate an immense diversity of receptors that are each specific to a different potential antigen, making it possible for the human body to recognize nearly any conceivable antigen. Our Single Cell Immune Profiling solution enables researchers to study these receptor molecules at the single cell level in conjunction with the transcriptome of the immune cell. Through the use of our solutions, researchers can measure both the T-cell or B-cell receptors while also determining whether the cell has been activated to attack its target or is quiescent and waiting for a threat to emerge. Importantly, because our analysis is performed at the single cell level, we obtain information regarding the pairing of the sequences of the alpha and beta chains of T-cell receptors or the heavy and light chains of B-cell receptors. This paired receptor information is unavailable from traditional bulk approaches for analyzing immune cells and is critical as it is the pair of receptors that defines the targets of each immune cell. By enabling paired immune receptor and transcriptome analysis in massive numbers of immune cells, our Single Cell Immune Profiling solution sheds insight on the clonality, diversity and cellular context of the immune repertoire.

The workflow of this solution, which is similar to that of the Single Cell Gene Expression solution, utilizes our Chromium Controller to generate GEMs, followed by single cell library preparation and sequencing. In contrast to Gene Expression, our Single Cell Immune Profiling solution uses a different biochemistry that obtains sequence information from the 5' end of mRNA molecules, rather than their 3' end. This biochemistry allows researchers to capture the more information-rich regions of immune receptor transcripts. Our Single Cell Immune Profiling solution also includes a step of enriching for immune receptor transcripts using specific primers to create an immune-specific library that can be sequenced separately from gene expression. We have also developed specialized pipelines within our Cell Ranger software and a specialized visualization software, Loupe V(D)J Browser, for visualizing the paired immune receptor information derived from this product. This software allows researchers to identify cell type clusters based on gene expression and then layer T-cell and/or B-cell receptor sequence diversity directly onto that visualization, enabling users to easily derive biological meaning from these two different data types. The following visualization is an example showing the simultaneous assessment of paired immune cell receptor information and gene expression in colorectal cancer cells.



Overlay of gene expression and lg clonotypes for colorectal cancer cells visualized using Loupe Cell Browser. Light blue dots indicate an lg clonotype cell. Dark blue dots show the location of the most prevalent lg clonotype in the plasma cell cluster, with the table outlining the gene calls for the heavy (H) and lambda l light chain. The paired H and l chain V(D)J sequences are shown to the right and corresponding V(D)J nucleotides are color-coded (5'UTR: gray, V: red, D: yellow, J: green, C: purple).

Feature Barcode can be used in combination with our Single Cell Immune Profiling solution, adding significant multi-omic functionality. Importantly, this functionality allows users to determine the antigen that is bound by immune cells simultaneously with their gene expression. This capability allows researchers to determine both the receptor sequences of individual immune cells as well as an antigen that the receptor targets and makes this analysis practical to perform for millions of immune cells. We believe that the capability to understand immune receptor-antigen interactions at a high-throughput single cell level is tremendously valuable for elucidating the rules of immune cell targeting and can be used to understand disease and identify leads for immunotherapies.

We believe our technology can assist researchers in constructing an immune map of receptor-antigen targeting rules. Such a map would allow for the prediction of the antigens recognized by a given receptor, or conversely, the prediction of receptors that bind to a given antigen. Due to the large number of potential receptor sequences and the large number of possible antigens, researchers previously assumed that computational prediction of the cognate antigen from receptor sequence alone would be impractical. However, recent work demonstrated that T-cell receptor sequences that recognize the same antigen shared enough sequence features that a computational prediction framework for mapping T-cell receptors to antigens is feasible. We believe that our Single Cell Immune Profiling Solution combined with Feature Barcode will enable extending this work at far higher scales.

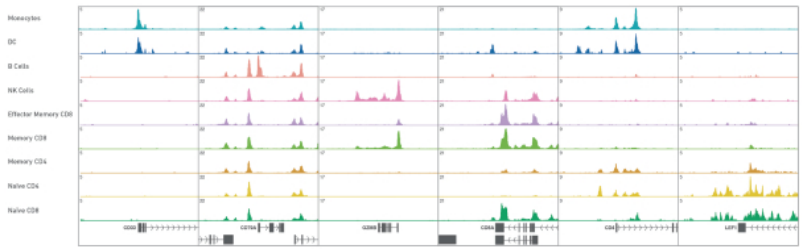
As a proof of concept for the immune map, we presented at the Advances of Genomes, Biology and Technology meeting in February 2019 results from a single experiment utilizing our Single Cell Immune Profiling Solution on approximately 200,000 T-cells from four individuals and 44 feature-barcoded antigens to identify T-cell receptor-antigen pairs. This experiment, which took place over approximately one week, generated a paired receptor-antigen dataset six times larger than the collection of all previously published receptor-antigen pairings. This leap was made possible by the tremendous resolution and scale with which the immune system can be analyzed using our solutions.

Single Cell ATAC

Our Chromium Single Cell ATAC solution enables customers to understand the epigenetic state—including how the genome and its surroundings are modified to "open" and "closed" states, affecting how genes are regulated—in up to millions of cells. While our Single Cell Gene Expression solution answers the "what" of what makes two cells different from each other, our Single Cell ATAC solution answers the "how." These two products are highly complementary and can be used as a powerful combination to understand both the cause and effect of gene regulation.

ATAC-seq stands for "Assay for Transposase Accessible Chromatin using sequencing." This technique uses an engineered transposase enzyme to insert nucleic acids tags into the genome while also excising the tagged sequences from its surroundings. ATAC-seq is based on the fact that the transposase enzyme will preferentially tag and excise regions of the genome that have an "open" chromatin state that is unimpeded by proteins bound to genomic DNA. The tagged sequences can be sequenced to infer genomic regions of increased chromatin accessibility as well as map regions that are bound by transcription factor proteins responsible for regulating gene expression. ATAC–seq was pioneered by researchers at Stanford University and is exclusively licensed to us. ATAC-seq has now become an important tool in epigenetics and genome-regulation research.

Our Single Cell ATAC solution uses the ATAC-seq assay in conjunction with our Chromium platform to create a product for high-throughput epigenetic interrogation at single cell resolution. In the workflow, users treat cell nuclei with transposase enzyme and then use our Chromium Controller to encapsulate these nuclei in GEMs. The tagged sequences from the nuclei are barcoded inside GEMs and then processed to generate sequencing libraries. Sequencing reads are analyzed using our Cell Ranger ATAC software, and visualized using our Loupe Cell Browser, which has been especially configured to display epigenetic data. The following visualization is an example of plots showing open chromatin around genes that are specifically associated with certain cell types.



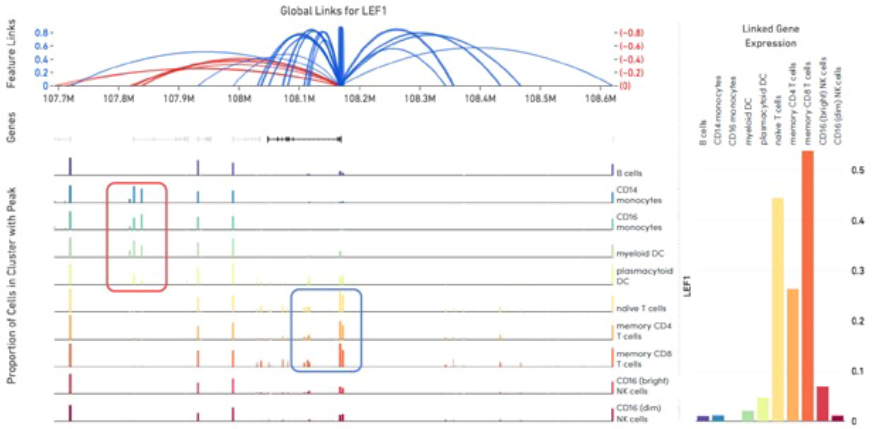
Open chromatin signals around marker genes are specifically associated with the cell type of expression. Plots show aggregate chromatin accessibility profiles for each cluster at several marker gene loci.

Our Single Cell ATAC solution has been adopted by a number of key opinion leaders. In one example, researchers used a combination of single cell transcriptome profiling and single cell ATAC-seq to identify enhancer elements that mark specific sub-classes of cells in the mouse brain. Once these elements are identified they can be targeted in order to generate mice with specific cell types labeled or perturbed at a level of specificity not usually achievable using gene expression alone. The ability to specifically target new cell types of interest allows in-depth investigations of the functions of those targeted cells.

Single Cell Multiome ATAC + Gene Expression

Our Chromium Single Cell Multiome ATAC + Gene Expression solution enables customers to link a cell's epigenetic state, which affects how genes are regulated, directly to its transcriptional output, in up to millions of cells simultaneously. This product is the first commercial solution to enable simultaneous interrogation of both the RNA and chromatin accessibility, using the Assay for Transposase Accessible Chromatin (ATAC) in a single cell. Previously, researchers would profile these two modalities separately using our Single Cell Gene Expression solution and Single Cell ATAC solution, and computationally infer related cell types between the two datasets. However, with our recently introduced Single Cell Multiome ATAC + Gene Expression solution, it is now possible to directly measure both modalities in the same single cell, providing valuable insights into how the epigenetic landscape in a cell (the "input") directly impacts downstream gene expression (the "output").

Our Single Cell Multiome ATAC + Gene Expression solution is similar in workflow to our Single Cell Gene Expression and Single Cell ATAC products on the Chromium platform. In the workflow, users treat cell nuclei with transposase enzyme and then use our Chromium Controller to encapsulate these nuclei in GEMs. The tagged DNA sequences and the mRNA from the nuclei are barcoded inside GEMs and then processed to generate gene expression and ATAC sequencing libraries. Sequencing reads are analyzed using our Cell Ranger ARC software, which has been specifically designed to leverage data from both RNA and ATAC data, and visualized using our Loupe Cell Browser. The following visualization is an example of how chromatin accessibility from ATAC data can be linked with gene expression data for inferring regulatory interactions in cells:



This product launched in the third quarter of 2020 and has been rapidly adopted by major academic institutions, including a study presented at the Opening Plenary session of the American Association for Cancer Research (AACR) Annual Meeting in 2020. In addition to applications in oncology, researchers are also applying the assay to neuroscience, including understanding the genetic architecture of neuropsychiatric diseases, and immunology, for understanding T cell exhaustion during immunotherapy.

Our Visium platform

Our Visium platform enables researchers to understand the spatial positions of biological analytes within tissues at high resolution. Such spatial analysis can be critically important in understanding tissue function in both healthy and disease states. For example, in the context of neurobiology, neuronal degeneration in the *substantia nigra*, an area of the brain associated with movement, results in Parkinson's disease, while degeneration of upper and lower motor neurons results in amyotrophic lateral sclerosis, or Lou Gehrig's disease. In the context of cancer treatment, the knowledge of whether T-cells have infiltrated inside of a tumor, rather than merely surrounding the tumor, is an important prognostic indicator. Understanding the spatial relationship of the biological analytes in tissues may hold the key to unlocking the underlying causes and identifying cures for such diseases.

Our Visium products are based on technology that we acquired from Spatial Transcriptomics in 2018. Spatial Transcriptomics utilized arrays having specialized probes on their surfaces that are encoded with the spatial position of the probe. In the Visium product workflow, a tissue sample is placed onto the array and reagents are added by the user to create barcoded molecules from the array probes and the biological material in the tissues. This barcoded material encodes the spatial information that was contained in the probes. Users then pool the material from the array and follow a protocol to create libraries of molecules that can be sequenced using a standard sequencer. After sequencing, analysis software assigns each sequencing read to its spatial position of origin, aligning with a morphological stain of the tissue section. Collectively, the spatially defined reads provide a visual depiction of the locations and patterns of large numbers of biological analytes simultaneously in the tissue sample.

The Spatial Transcriptomics product performed spatial analysis of mRNAs using arrays that had 1,000 probes with distances of approximately 200 microns between probes. This product was used to identify heterogeneity in metastatic melanoma and to demonstrate that there was significantly more heterogeneity than could be predicted by manual pathology annotation. In an independent study of mouse and human amyotrophic lateral sclerosis samples, researchers were able to observe changes in RNA expression over the disease course, while preserving the understanding of those changes in the spatial context. This allowed them to visualize the key changes that occur in brain regions before and during neuronal degeneration.

Our Visium solution for spatial gene expression analysis was launched in late 2019. Our Visium Spatial Gene Expression product has significant improvements over the Spatial Transcriptomics product, including increased spatial resolution, increased gene sensitivity, a simpler workflow, compatibility with both hematoxylin and eosin (H&E) and immunofluorescence stains, and fully developed analysis and visualization software. We intend to continuously innovate to provide enhanced resolution, performance, throughput and efficiency for our existing Visium Spatial Gene Expression product and we also intend to develop additional Visium spatial products using our other assays which, analogously to the Chromium platform, allow spatial interrogation of a broader range of biological analytes including DNA, immune molecules, epigenetics and protein.

Our analysis and visualization software

Our software is a fundamental part of our integrated solutions and is comprised of two parts, analysis and visualization. Our analysis pipeline software tools, including Cell Ranger, Space Ranger, Long Ranger and Supernova, take raw sequencing data as input and transform them into biologically meaningful results. Customers can further analyze these results in their own or third-party tools, or take them into our Loupe family of visualization software tools, which allow users to draw insights using an intuitive user interface without writing code. Our analysis and visualization software is generally available to researchers free of charge, so as to accelerate the adoption of our products and software as a standard for genome, single cell and spatial analysis. We have also launched 10x Genomics Cloud Analysis, which makes it even easier for new 10x customers to get started, and for our advanced users to scale to larger and more complex experiments.

Since our launch, we have shipped more than 50 major releases of our software. We believe that the main factors that differentiate our software include:

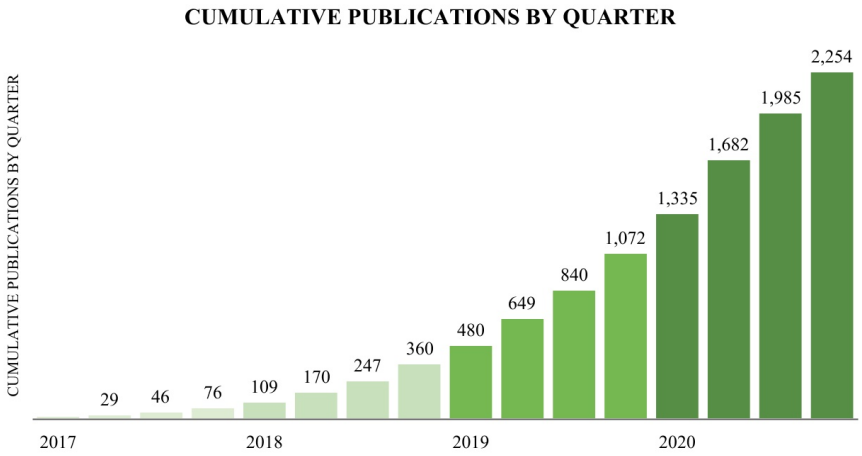
- **Ease of installation and use.** Much of the software typically used in bioinformatics analysis requires substantial programming expertise to use and even just to install. We invest substantial effort in making our software both easy to install and use, so researchers can focus on their experiments rather than installation requirements. The 10x Genomics Cloud takes that one step further.
- **Advanced algorithms and methods.** Our software makes the latest analytical methods easily accessible to researchers and we are constantly working to improve our software's ability to realize the maximum value and benefit of the data produced by our chemistries and platforms.
- **Scalable from workstation to cluster to cloud.** A robust, common architecture underlying our software tools gives researchers maximum flexibility to run our software on-premises on individual workstations or servers, on large high-performance compute clusters and in private and public clouds.

Peer-reviewed scientific publications using our products

To date, more than 2,200 peer-reviewed articles have been published based on data generated using our products. More than 250 of these articles were published in three of the most highly regarded journals: *Cell*, *Nature* and *Science*. Underscoring the reach of our products, these publications cover a wide range of research and applied areas from cell biology to genetic health to neuroscience with the top three areas of publication being immunology, developmental biology, and cancer research.

Research area	Number of articles	Percentage
Immunology	485	21.2 %
Developmental Biology	473	20.7
Cancer Research	348	15.2
Neuroscience	278	12.2
Computational Method	260	11.4
Cell Atlas	178	7.8
Genome Assembly	158	6.9
Genetic Health	118	5.2
Infectious Disease	115	5.0
Cell Biology	113	4.9
Assay Method	96	4.2
Immuno-oncology	89	3.9
Genome Analysis	77	3.4
Functional Genomics	61	2.7
Agrigenomics	58	2.5
Reproductive Biology	50	2.2
Method Comparison	45	2.0
Conservation Biology	29	1.3
Population Genetics	16	0.7
Single Cell Multiomics Method	16	0.7
Microbiology	13	0.6 %

We have seen robust quarter-over-quarter growth in the number of publications commensurate with our commercial growth and success:



These publications describe, for example, the use of our products to:

- Integrate single-cell transcriptomics, antibody sequencing, and antibody binding to profile the molecular features of the antibody response to influenza vaccination;
- Identify the immune cell signature of bacterial sepsis;
- Investigate the pathology of SARS-CoV-2, identify potent neutralizing antibodies, and develop potential treatments;
- Map the spatial architecture and cellular composition of cutaneous squamous cell carcinoma in human skin;
- Overturn a previous mechanistic theory for immune checkpoint blockade by showing peripheral recruitment of novel $CD8^+$ T-cell clones in multiple types of cancer;
- Define cellular and genetic networks linked to amyloid plaque formation in Alzheimer's disease; and
- Characterize the window of implantation during the human menstrual cycle by creating transcriptomic profiles of endometrial cell types.

Research and development

Our research and development teams have designed and developed our proprietary products using an interdisciplinary approach that combines expertise across the fields of chemistry, molecular biology, microfluidics, hardware, computational biology and software engineering. Our research and development groups work together in cross-functional project teams; an approach that has been key to our success to date. Our research and development teams are currently located in our headquarters in Pleasanton, California, in Stockholm, Sweden and in Copenhagen, Denmark.

The overarching goals of our research and development programs are to continue to bring new technologies to market that address the most pressing questions in biology and to provide exponential advances in human health. To this end, we plan to focus our research and development efforts on the following areas:

Improve the performance of our existing solutions. We plan to improve our existing assays and software. These improvements may provide increased sensitivity to capture greater amounts of signal from biological analytes, allow broader types of biological samples to be interrogated with our solutions and increase the amount of biological information that can be obtained using our software.

Develop new solutions for our Chromium platform. We plan to expand the range of solutions that are available on our Chromium platform to allow researchers access to new types of biological information. For example, we are planning to develop additional multi-omics solutions on our Chromium platform for simultaneous interrogation of different classes of analytes.

Develop new solutions for our Visium platform. In 2019, we introduced the first product on our Visium platform, which offers high spatial resolution, high sensitivity, efficient workflow and analysis and visualization software. We are working to develop new technologies for our Visium platform that will further enhance the spatial resolution, usability and automation of our platform.

Improve and develop new capabilities for our Chromium instruments. We plan to develop new capabilities that would improve the usability and increase the performance of our Chromium instruments by increasing automation, throughput, workflow visibility or troubleshooting capabilities.

Develop combined software and workflows across multiple solutions. We plan to develop workflows that enable users to run multiple assays on the same biological samples and software that simultaneously analyzes the data generated from these multiple assays. We plan to do this for key solution combinations where the information obtained from the two solutions is highly complementary.

Investigate new technologies, including our emerging In Situ technology. We will seek to both develop and acquire new technologies that could be additive to or complementary with our current portfolio. For example, in 2020, we acquired ReadCoor and CartaNA, which we expect to utilize to build our *In Situ* platform with our internal research and development efforts.

Our research and development costs were $123.4 million and $83.1 million for the years ended December 31, 2020 and 2019, respectively. In-process research and development costs, consisting of costs incurred to acquire intellectual property for research

and development were $447.5 million for the year ended December 31, 2020. There were no similar purchases in the year ended December 31, 2019. As of December 31, 2020, we employed 336 employees in research and development. Looking forward, we will continue to invest in efforts to support the ongoing development of our instruments, consumables and software across all three of our platforms, as well as enhance the overall performance of our solutions.

Commercial

Commercial team

We began the full launch of our first product in mid-2015 and have since sold thousands of products globally. Our customers primarily include academic, government, biopharmaceutical, biotechnology and other institutions focused on life sciences research. We sell our products primarily through our own direct sales force in North America and certain regions of Europe. As of December 31, 2020, our commercial organization consisted of 290 full time employees, including more than 100 commissioned sales representatives, many with Ph.D. degrees and many with significant industry experience. We sell our products through third-party distributors in Asia, certain regions of Europe, Oceania, South America, the Middle East and Africa. We have sold products in more than 45 countries.

For both the years ended December 31, 2020 and 2019, no single customer, including distributors, represented greater than 10% of our business. For both the years ended December 31, 2020 and 2019, sales to academic institutions represented approximately 65% and 70% of our direct sales revenue, respectively. We expect that sales to biopharmaceutical companies will represent a growing proportion of our revenue in the future.

Commercial strategy

Our products are integrated solutions comprised of instruments, consumables and software. We aim to drive customer adoption and the installed base of our Chromium instruments which then forms a base of users who drive revenue by purchasing our consumables. Our products are designed to be easy to install and use without the need for extensive training.

Our customers primarily include academic, government, biopharmaceutical, biotechnology and other institutions. Our strategy typically involves targeting key opinion leaders during the initial phase of our product launches, after which we aim to expand adoption of our products across a broader base of customers. As our customer base has grown, we have been able to leverage our larger installed base of instruments to accelerate the adoption of new solutions. Approximately half of our customers purchased our consumables relating to more than one of our solutions in both the years ended December 31, 2020 and 2019.

Our commercial strategy focuses on ensuring our customers are successful with our products. These successes often result in publications which can drive increased public awareness and further market adoption. Since our first product launch in 2015, there have been more than 2,200 publications by researchers using data generated by our products.

Our direct sales and marketing efforts are targeted at the principal investigators, research scientists, department heads, research laboratory directors and core facility directors at leading academic institutions, biopharmaceutical companies and publicly and privately funded research institutions who control the buying decision. Due to the pricing of our instruments and consumables, the buying decision is typically made by the principal investigator rather than by committee or department chair, which we believe simplifies the purchasing decision and has helped accelerate adoption of our products.

We also target researchers who do not own their own Chromium Controller instrument, but who have access to one, which we refer to as “halo users.” By sharing one instrument across groups within an institution, multiple halo users are able to utilize the instrument for their own research and experiments, contributing meaningfully to consumable pull-through on just one instrument. Halo users help drive consumable revenue and utilization of our consumable products and may become future purchasers of a Chromium instrument.

The use of our products requires the access to, but not necessarily the ownership of, a third-party next-generation sequencer. Since sequencers are often accessible as a shared resource, our target customer base is broader than those who own a next-generation sequencer.

We increase awareness of our products among our target customers through direct sales calls, trade shows, seminars, academic conferences, web presence, social media and other forms of internet marketing. We supplement these traditional marketing efforts by fostering an active online community of users of our products consisting of communities, forums and blogs with internally generated and user-generated content. We also provide education and training resources, both online and in person.

Suppliers and manufacturing

Consumables

The majority of our consumable products are manufactured in-house at our facilities in Singapore and in Pleasanton, California. These manufacturing operations include: gel bead generation, surfactant synthesis and emulsion oil formulation, reagent formulation and tube filling, microfluidic chip manufacturing, kit assembly and packaging as well as analytical and functional quality control testing. Our Pleasanton, California manufacturing operations are ISO 9001:2015 certified, which covers design, development, manufacturing, distribution, service and sales.

We obtain some components of our consumables from third-party suppliers. While some of these components are sourced from a single supplier, we have qualified second sources for several of our critical reagents, including microfluidic chips, arrays and oligonucleotides. We believe that having dual sources for our components helps reduce the risk of a production delay caused by a disruption in the supply of a critical component. For further discussion of the risks relating to our third-party suppliers, see the section titled "*Risk Factors—Risks related to our business and industry—We are dependent on single source and sole source suppliers for some of the equipment, components and materials used in our products and the loss of any of these suppliers could harm our business*. The ability of our suppliers to meet our needs and the needs of our customers could be reduced or eliminated by the impacts of the COVID-19 pandemic."

Instruments

We outsource manufacturing for our Chromium Controller and Chromium Connect to a qualified contract manufacturer. This manufacturer has represented to us that they maintain ISO 13485 certification. Our Chromium Connect includes an automated workflow liquid handling robot which is manufactured by our partner.

Human Capital

At 10x, our success begins with our people. We are led by a talented, global, and diverse team of scientists, software developers, and subject matter experts who help drive adoption of our products and support our vision. We have built a multidisciplinary team with talent and expertise across a diverse set of areas such as chemistry, molecular biology, microfluidics, hardware, computational biology and software engineering, and have supplemented this diverse technical experience with our operational team with expertise in manufacturing, legal, sales, marketing, customer service and finance. As of December 31, 2020, we employed a total of 852 individuals, 681 of whom were employed in the United States and 171 of whom were employed outside the United States. As of December 31, 2020, our 852 employees included 336 in research and development, 290 in sales, marketing and support, 137 in general and administrative and 89 in manufacturing, of which many hold Ph.Ds in their respective disciplines. Additionally, most of our senior management team and the members of our board of directors hold either PhDs and/or other advanced degrees. Our Company's scientific expertise is therefore embedded within the management team and throughout the organization. We are very proud to say that some of the world-leading experts in chemistry, molecular biology, microfluidics, hardware, computational biology and software engineering work and thrive at 10x. Our employees are highly motivated by our mission.

We embrace diversity and inclusion. We value diversity at all levels and continue to focus on extending our diversity and inclusion initiatives across our entire workforce. We believe that our business benefits from the different perspectives a diverse workforce brings, and we pride ourselves on having a strong, inclusive and positive culture based on our shared mission and values.

We continue to emphasize employee development and training. We believe that our future success largely depends upon our continued ability to attract and retain highly skilled employees. We provide our employees with competitive salaries and bonuses, opportunities for equity ownership and development programs that enable continued learning and growth. In addition, we regularly conduct an employee survey to gauge employee engagement and identify areas of focus.

None of our employees are represented by a labor union or covered under a collective bargaining agreement, and we have never experienced a work stoppage. We consider our relationship with our employees to be positive.

Competition

The life sciences market is highly competitive. There are other companies, both established and early stage, that have indicated that they are designing, manufacturing and marketing products for, among other things, genomics analysis, single cell analysis and spatial analysis. These companies include Becton, Dickinson and Company and Nanostring Technologies, Inc., each of which has products that compete with our products, as well as a number of other emerging and established companies. Some of these companies may have substantially greater financial and other resources than us, including larger research and development staff

or more established marketing and sales forces. Other competitors are in the process of developing novel technologies for the life sciences market which may lead to products that rival or replace our products.

However, we believe we are substantially differentiated from our competitors for many reasons, including our position as a leader in a large and growing market, proprietary technologies, rigorous product development processes and scalable infrastructure, customer experience and multidisciplinary teams. We believe our customers favor our products and company because of these differentiators.

For further discussion of the risks we face relating to competition, see the section titled "*Risk Factors—Risks related to our business and industry—Our markets are highly competitive. If we fail to compete effectively, our business and operating results will suffer*."

Government regulation

The development, testing, manufacturing, marketing, post-market surveillance, distribution, advertising and labeling of certain of medical devices are subject to regulation in the United States by the Center for Devices and Radiological Health of the U.S. Food and Drug Administration ("FDA") under the Federal Food, Drug, and Cosmetic Act ("FDC Act") and comparable state and international agencies. A medical device is an instrument, apparatus, implement, machine, contrivance, implant, *in vitro* reagent or other similar or related article, including any component part or accessory, which is (1) intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment or prevention of disease, in man or other animals, or (2) intended to affect the structure or any function of the body of man or other animals and which does not achieve any of its primary intended purposes through chemical action within or on the body of man or other animals and which is not dependent upon being metabolized for the achievement of any of its primary intended purposes. Medical devices to be commercially distributed in the United States must receive from the FDA either clearance of a premarket notification, known as 510(k), or premarket approval pursuant to the FDC Act prior to marketing, unless subject to an exemption. None of our products are currently medical devices and all of our products are currently designed "For Research Use Only. Not for use in diagnostic procedures" ("RUO") products, as they are not meant for clinical applications. RUO products are not regulated as medical devices and are therefore not subject to the regulatory requirements enforced by the FDA. The products must bear the statement: "For Research Use Only. Not for Use in Diagnostic Procedures." RUO products cannot make any claims related to safety, effectiveness or diagnostic utility and they cannot be intended for human clinical diagnostic use. In November 2013, the FDA issued a final guidance on products labeled RUO, which, among other things, reaffirmed that a company may not make any clinical or diagnostic claims about an RUO product. The FDA will also evaluate the totality of the circumstances to determine if the product is intended for diagnostic purposes. If FDA were to determine, based on the totality of circumstances, that our products labeled and marketed for RUO are intended for diagnostic purposes, they would be considered medical devices that will require clearance or approval prior to commercialization. Further, sales of devices for diagnostic purposes may subject us to additional healthcare regulation. We continue to monitor the changing legal and regulatory landscape to ensure our compliance with any applicable rules, laws and regulations.

Intellectual property

Our success depends in part on our ability to obtain and maintain intellectual property protection for our products and technology. We utilize a variety of intellectual property protection strategies, including patents, trademarks, trade secrets and other methods of protecting proprietary information. Worldwide we own or exclusively license over 330 issued or allowed patents and 660 pending patent applications as of December 31, 2020.

We also license additional patents on a non-exclusive and/or territory restricted basis. Patent rights generally have a term of twenty years from the date in which they were filed. We own registered trademarks on 10X GENOMICS and product related brand names in the United States and worldwide.

We license certain U.S. and foreign patents and patent applications from various third parties for use in our products and technology. Some of these license agreements provide use the exclusive right to practice the licensed intellectual property subject to specific field or territory, general and administrative restrictions, and certain fee and royalty arrangements. Subject to common termination rights, these exclusive license agreements typically are in force until the last of the licensed patents expires or, in some cases, upon our failure to achieve specified sales volume thresholds. Certain of these agreements also require that any products related to the licensed patents be substantially manufactured in the United States.

In connection with our acquisition of Spatial Transcriptomics, we are required to make contingent payments to the sellers based on revenue from sales of Spatial Transcriptomics products and Visium products, for the years ended December 31, 2019 through

December 31, 2022. These contingent payments are equal to a percentage in the teens multiplied by such revenue. Pursuant to the license agreement we entered into with The Board of Trustees of the Leland Stanford Junior University ("Stanford"), we are required to pay Stanford a low single-digit royalty percentage based on the net revenue of certain ATAC-seq products during the applicable term of the licensed patents. Pursuant to the license agreement we entered into with the President and Fellows of Harvard University ("Harvard"), we are required to pay Harvard a low single-digit royalty percentage based on the net revenue of certain products covered by the licensed patents during the applicable term of those patents. For the years ended December 31, 2019 and 2020, we made aggregate contingent and royalty payments under the Spatial Transcriptomics acquisition agreement, Stanford license agreement and Harvard license agreement, collectively, of less than $6.6 million and $7.0 million, respectively. We expect the size of these payments to grow as our business grows.

The patents we own expire beginning in 2033 and the patents we exclusively license expire beginning in 2028. The Harvard license is exclusive in the field of sequencing sample preparation and single cell analysis and is projected to terminate in 2034. The Stanford license is exclusive in all fields and the initial exclusivity period of the license terminates in 2025, however we have the option to extend the exclusivity period for additional one-year terms if we meet certain minimum sales thresholds beginning in 2025. If the exclusivity period ends or we fail to extend the exclusivity period, we retain a non-exclusive license to the applicable patents. The Stanford license is projected to terminate in 2038. Both the Harvard and Stanford licenses are worldwide licenses.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. We cannot provide any assurance that any of our current or future patent applications will result in the issuance of patents, or that any of our current or future issued patents will effectively protect any of our products or technology from infringement or prevent others from commercializing infringing products or technology.

For further discussion of the risks relating to intellectual property, see the section titled "*Risk Factors—Risks related to litigation and our intellectual property*."

Corporate information

We were incorporated in the State of Delaware on July 2, 2012 under the name Avante Biosystems, Inc. We changed our name to 10X Technologies, Inc. in September 2012 and to 10x Genomics, Inc. in November 2014. Our principal executive offices are located at 6230 Stoneridge Mall Road, Pleasanton, California 94588, and our telephone number is (925) 401-7300. We completed our initial public offering in September 2019, and our Class A common stock is listed on the Nasdaq Global Select Market under the symbol "TXG."

Available information

Our website is located at https://www.10xgenomics.com, and our investor relations website is located at https://investors.10xgenomics.com. We have used, and intend to continue to use, our investor relations website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. The following filings are available through our investor relations website as soon as reasonably practicable after we file them with, or furnish them to, the Securities and Exchange Commission ("SEC"): Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and our Proxy Statement for our annual meeting of stockholders. These filings are also available for download free of charge through a link on our investor relations website. The SEC also maintains an Internet website at www.sec.gov that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The contents of these websites are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

Item 1A. Risk Factors.

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this Annual Report, including our financial statements and the related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report, before deciding whether to invest in our Class A common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations, cash flows and prospects. In such an event, the market price of our Class A common stock could decline and you may 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 deem immaterial also may impair our business operations and the market price of our Class A common stock. In addition, you should consider the interrelationship and compounding effects of two or more risks occurring simultaneously. Also, the impacts of the COVID-19 pandemic may exacerbate the risks described below as well as risks and uncertainties not presently known to us.

Summary Risk Factors

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to:

Risks related to our business and industry:

- Our dependency on research and development spending by research institutions;
- The COVID-19 pandemic and its impact on our customers and suppliers as well as on our operations
- Our ability to generate sufficient revenue to achieve and maintain profitability;
- Our ability to compete effectively;
- The ability of suppliers to meet our needs and the needs of our customers;
- Fluctuations in our operating results due to a variety of factors;
- Our products are specialized, complex and difficult to manufacture and we could experience production problems;
- Our ability to manufacture our products to the necessary specifications and quantities to meet demand;
- Our dependency on the success of our Next GEM microfluidic chip;
- Our dependency on revenue generated from the sale of our Chromium solutions;
- Our ability to effectively manage product transitions and forecast customer demand;
- Our ability to increase penetration into our existing markets;
- Our ability to develop new products and enhance the capabilities of our existing products;
- The success of our products in achieving and sustaining scientific acceptance;
- Our ability to manage growth and anticipated growth; and
- The impact of seasonal fluctuations in our revenue and results of operations.

Risks related to our regulatory environment and taxation:

- Ethical, legal, privacy and social concerns or governmental restrictions surrounding the use of the genomic and multi-omic information and gene editing could reduce demand for our products;
- Our products could become subject to government regulation and the regulatory approval and maintenance process for such products may be expensive, time-consuming and uncertain both in timing and in outcome; and
- Enhanced trade tariffs, import restrictions, export restrictions, Chinese regulations or other trade barriers may materially harm our business.

Risks related to our intellectual property, information technology, and data security:

- We depend on certain technologies that are licensed to use. We do not control these technologies and any loss of our rights to them could prevent us from selling our products; and
- Our solutions contain third-party open source software components and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products.

Risks related to litigation and our intellectual property:

- Our involvement in lawsuits which would require us to pay significant damages or prevent us from selling our products;
- Our involvement in lawsuits to defend our intellectual property rights which are expensive and time consuming and could be unsuccessful; and
- Our ability to effectively protect our intellectual property.

Risks related to ownership of our Class A common stock:

- The multi-class structure of our common stock; and

- The requirement of our bylaws that the State of Delaware is the exclusive forum for disputes between us and our shareholders.

For a more complete discussion of the risks affecting our business, see below.

Risks related to our business and industry

Our business currently depends significantly on research and development spending by research institutions and the ability of researchers to access labs and conduct research, a reduction in which could limit demand for our products and materially and adversely affect our business and operating results.

In the near term, we expect that a large portion of our revenue will continue to be derived from sales of Chromium and Visium products, including our instruments and consumables, to research institutions. As a result, the demand for our products will depend upon the ability of customers to access labs and conduct research in light of the COVID-19 pandemic, the research and development budgets of these customers and the ability of such customers to receive funding for research, all of which are impacted by factors beyond our control, such as:

- reductions in capacity or shutdowns of laboratories and other institutions as well as other impacts stemming from the COVID-19 pandemic, such as reduced or delayed spending on instruments or consumables due to reductions in capacity or shutdowns of laboratories and other institutions in which our instruments and solutions are used;
- our inability or the inability of our customers to source necessary equipment, components and materials used in our products or used by our customers because of issues with suppliers stemming from the COVID-19 pandemic;
- decreases in funding of research and development;
- changes to programs that provide funding to research laboratories and institutions, including changes in the amount of funds allocated to different areas of research, changes that have the effect of increasing the length of the funding process or the impact of the COVID-19 pandemic on our customers and potential customers and their funding sources;
- macroeconomic conditions and the political climate;
- scientists' and customers' opinions of the utility of new products or services;
- citation of new products or services in published research;
- changes in the regulatory environment;
- differences in budgetary cycles;
- competitor product offerings or pricing;
- market-driven pressures to consolidate operations and reduce costs; and
- market acceptance of relatively new technologies, such as ours.

In addition, various state, federal and international agencies that provide grants and other funding may be subject to stringent budgetary constraints that could result in spending reductions, reduced grant making, reduced allocations or budget cutbacks, which could jeopardize the ability of these customers, or the customers to whom they provide funding, to purchase our products. For example, congressional appropriations to the National Institutes of Health (the "NIH") have generally increased year-over-year in recent years, but the NIH also experiences occasional year-over-year decreases in appropriations. In addition, funding for life sciences research has increased more slowly during the past several years compared to previous years and has actually declined in some countries. There is no guarantee that NIH appropriations will not decrease in the future. A decrease in the amount of, or delay in the approval of, appropriations to NIH or other similar United States or international organizations, such as the Medical Research Council in the United Kingdom, could result in fewer grants benefiting life sciences research. These reductions or delays could also result in a decrease in the aggregate amount of grants awarded for life sciences research or the redirection of existing funding to other projects or priorities, any of which in turn could cause our customers and potential customers to reduce or delay purchases of our products. Our operating results may fluctuate substantially due to any such reductions and delays. Any decrease in our customers' budgets or expenditures, or in the size, scope or frequency of their capital or operating expenditures, including impacts stemming from the COVID-19 pandemic, could materially and adversely affect our business, operating results and financial condition.

Additionally, the research of our customers often requires long uninterrupted studies performed on a consistent basis over time. Reductions in capacity, lab shutdowns or interruptions in the ability of our customers to complete research projects, including

reductions in capacity, shutdowns or interruptions stemming from the COVID-19 pandemic, could be particularly damaging to these studies, our customers and our business.

The impacts and potential impacts of the COVID-19 pandemic continue to create significant uncertainty for our business, financial condition and results of operations.

The extent of the impacts of the COVID-19 pandemic on our business and financial results will continue to depend on numerous evolving factors that we are not able to accurately predict and which will vary by market, including the duration and scope of the pandemic, global economic conditions during and after the pandemic, governmental actions that have been taken, or may be taken in the future, in response to the pandemic, and changes in customer behavior in response to the pandemic, some of which may be more than just temporary. Our global operations expose us to risks associated with the COVID-19 pandemic, which has continued to result in challenging operating environments. COVID-19 continues to spread across the globe to almost all of the countries and territories in which our products are developed, made, manufactured, distributed or sold. Authorities in many of these markets have implemented numerous measures to stall the spread and reduce the impact of COVID-19, including travel bans and restrictions, quarantines, curfews, shelter in place and safer-at-home orders, business shutdowns and closures, and have also implemented multi-step polices with the goal of re-opening these markets. These measures have impacted and continue to impact us, our employees, customers, contract manufacturers, distributors, partners, suppliers and other third parties with whom we do business. The countries and territories in which our products are developed, made, manufactured, distributed or sold are in varying stages of restrictions, re-opening and re-closing to address the COVID-19 pandemic. Certain jurisdictions have begun re-opening only to return to restrictions in the face of increases in new COVID-19 cases. There is considerable uncertainty regarding how the effects of the pandemic, including current and future health and safety measures implemented in response to the pandemic, will impact our business, including whether they will result in further changes in demand for our products, further increases in operating costs (whether as a result of changes to our supply chain or increases in employee costs, operating costs or otherwise), further impact our ability to perform research and development, manufacturing, and shipping of our products, how they will further impact our supply chain and whether they will result in further reduced availability of air or other commercial transport, port closures or border restrictions, each or all of which can impact our ability to make, manufacture, distribute and sell our products. To date, we have incurred increased costs as a result of COVID-19, including increased expenses to implement additional measures to ensure the health and safety of our workforce, such as weekly COVID-19 testing. In addition, measures that impact our ability to access our facilities may continue to impact the availability of our employees, some of whom are not able to perform their job functions remotely. If a significant percentage of our or our business partners' workforce is unable to work, including because of illness, facility closures, quarantine, curfews, shelter in place orders, travel restrictions, social distancing requirements or other governmental restrictions or voluntarily adopted practices, our operations will be negatively impacted. Any sustained interruption in our or our business partners' operations, research and development, distribution network or supply chain or any significant continuous shortage of raw materials or other supplies as a result of these measures, restrictions or disruptions, including as a result of increased demand for certain products, can materially impair our ability to develop, make, manufacture, distribute or sell our products.

If the operations of our suppliers or our customers' suppliers are impacted by the COVID-19 pandemic, we may not be able to source the necessary equipment, components and materials to build our products in sufficient quantities to meet demand or our customers may not be able to source the materials they need to use our products. Further, the COVID-19 pandemic has increased the demand for testing globally. This increased demand for testing has impacted, and may continue to impact, our ability and our customers' ability to source equipment, components and materials used in our products or our customers' facilities that are also needed for COVID-19 testing. The risk that we will not be able to source the necessary equipment, components and materials to manufacture our products has led us to carry higher inventory.

Compliance with governmental measures imposed in response to COVID-19 has caused and will continue to cause us to incur additional costs, and any inability to comply with such measures can subject us to restrictions on our business activities, fines and other penalties, any of which can adversely affect our business. In addition, the COVID-19 pandemic has resulted in a large percentage of our employees working remotely which has amplified certain risks to our business. For example, the increase in remote work has, increased demand on our information technology resources and systems, increased phishing and other malicious activity as cybercriminals try to exploit the uncertainty surrounding the COVID-19 pandemic and led to an increase in the number of points of potential exposure, such as laptops and mobile devices, to be secured, and any failure to effectively manage these risks, including to timely identify and appropriately respond to any security incidents, may adversely affect our business.

Public concern regarding the risk of contracting COVID-19 may impact demand from customers. Even as governmental restrictions are lifted and economies gradually re-open, the ongoing economic impacts and health concerns associated with the pandemic may continue to affect customer behavior. In addition, changes in customer purchasing patterns may increase demand for our products in one quarter, resulting in decreased customer demand for our products in subsequent quarters. In addition, some

researchers who would be running experiments using our platforms have instead shifted their resources to COVID-19 experimentation. Furthermore, our growth strategies include capital intensive initiatives, such as significant investments in research and development and the acquisition or licensing of core technologies and associated intellectual property. The continued economic uncertainty associated with the COVID-19 pandemic has resulted in volatility in the global capital and credit markets which could impair our ability to access these markets on terms commercially acceptable to us, or at all, and execute our growth strategies.

While we have developed and implemented and continue to develop and implement health and safety protocols, business continuity plans and crisis management protocols in an effort to try to mitigate the negative impact of COVID-19 on our employees and our business, there can be no assurance that we will be successful in our efforts or that such efforts may not have detrimental unintended consequences, and as a result, our business, financial condition and results of operations and the price of our Class A common stock may be materially and adversely affected.

We are dependent on single source and sole source suppliers for some of the equipment, components and materials used in our products and the loss of any of these suppliers could harm our business. The ability of our suppliers to meet our needs and the needs of our customers could be reduced or eliminated by the impacts of the COVID-19 pandemic.

We do not have long-term contracts with our suppliers for the significant majority of the services, equipment, materials and components we use for the manufacture and delivery of our products. In certain cases, we also rely on single suppliers for all of our requirements for some of our equipment, materials or components. In most cases we do not have long term contracts with these suppliers, and even in the cases where we do the contracts include significant qualifications that would make it extremely difficult for us to force the supplier to provide us with their services, equipment, materials or components should they choose not to do so. We are therefore subject to the risk that these third-party suppliers will not be able or willing to continue to provide us with equipment, materials and components that meet our specifications, quality standards and delivery schedules. Factors that could impact our suppliers' willingness and ability to continue to provide us with the required equipment, materials and components include shortages, disruption at or affecting our suppliers' facilities, such as work stoppages or natural disasters, infectious disease, epidemics or pandemics including COVID-19, outbreaks, adverse weather or other conditions that affect their supply, the financial condition of our suppliers, deterioration in our relationships with these suppliers or the decision by such suppliers to introduce products that compete directly with our solutions. In addition, we cannot be sure that we will be able to obtain equipment, materials or components on satisfactory terms. Any increase in equipment, material and component costs or decrease in availability could reduce our sales and harm our gross margins.

For example, we depend on a limited number of suppliers for enzymes and amplification mixes used in our consumables. In some cases, these manufacturers are the sole source of certain types of enzymes and reagents. We do not have long-term contracts with any of these sole source suppliers. Lead times for some of these components can be several months or more and could be exacerbated due to the COVID-19 pandemic. In the event that demand increases, a manufacturing 'lot' does not meet our specifications or we fail to forecast and place purchase orders sufficiently in advance, this could result in a material shortage. Some of the components and formulations are proprietary to our vendors, thereby making second sourcing and development of a replacement difficult. Furthermore, such vendors may have intellectual property rights that could prevent us from sourcing such reagents from other vendors. Some vendors could choose to use their enzymes, amplification mixes or other components to create products that directly compete with our consumables and end our current supplier-customer relationship. If enzymes and reagents become unavailable from our current suppliers and we are unable to find acceptable substitutes for these suppliers, we may be required to produce them internally or change our product designs.

We have not qualified secondary sources for all equipment, materials or components that we source through a single supplier and we cannot assure investors that the qualification of a secondary supplier will prevent future supply issues. Disruption in the supply of equipment, materials or components would impair our ability to sell our products and meet customer demand, and also could delay the launch of new products, any of which could harm our business and results of operations. If we were to have to change suppliers, the new supplier may not be able to provide us equipment, materials or components in a timely manner and in adequate quantities that are consistent with our quality standards and on satisfactory pricing terms. In addition, alternative sources of supply may not be available for equipment or materials that are scarce or components for which there are a limited number of suppliers.

While we have taken steps to mitigate potential supply chain and transportation infrastructure system issues which may result from the COVID-19 pandemic, the impacts of the COVID-19 pandemic may exacerbate the risks described in this risk factor and could cause certain of our suppliers to be unable to operate temporarily or go out of business permanently. The realization of any of these risks could prevent us from producing, selling or delivering our products, reduce our sales and harm our gross margins or permanently cause a change in one or more of our products that may not be accepted by our customers or cause us to eliminate

that product altogether. In addition, our customers may face difficulties in procuring, or in some cases may be unable to procure, the equipment, materials or components from their own suppliers necessary to conduct experiments using our solutions.

Our operating results have in the past fluctuated significantly and may continue to fluctuate significantly in the future, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide.

Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. These fluctuations may occur due to a variety of factors, many of which are outside of our control, including, but not limited to:

- reductions in capacity or shutdowns of laboratories and other institutions as well as other impacts stemming from the COVID-19 pandemic, such as reduced or delayed spending on instruments or consumables due to reductions in capacity or shutdowns of laboratories and other institutions in which our instruments and solutions are used;
- our inability or the inability of our customers to source necessary equipment, components and materials used in our products or used by our customers because of issues with suppliers stemming from the COVID-19 pandemic;
- disruptions in customers' on-going experiments or interruptions in the ability of our customers to complete research projects as a result of the COVID-19 pandemic;
- our dependence on single source and sole source suppliers for some of the equipment, components and materials used in our products;
- shortages, delays, production problems and quality issues with the materials we purchase for manufacturing, which could impact our ability to manufacture and ship our instruments, consumables and related components;
- the level of demand for our products, which may vary significantly and result in excess capacity expenses, and our ability to increase penetration in our existing markets and expand into new markets;
- our ability to successfully integrate new personnel, technology and other assets that we acquire into our company;
- the timing and amount of expenditures (including success fees) related to litigation, as well as the outcomes of and related rulings in the litigation and administrative proceedings which may vary substantially from quarter to quarter;
- our ability to successfully manufacture and transition all our customers to our Next GEM microfluidic chips;
- the timing and cost of, and level of investment in, research and development and commercialization activities relating to our products, which may change from time to time;
- the volume and mix of our instrument and consumable sales or changes in the manufacturing or sales costs related to our instruments and consumables;
- the success of our recently introduced products and new versions of existing products and the introduction of other new products or product enhancements by us or others in our industry;
- the timing and amount of expenditures that we may incur to acquire, develop or commercialize additional products and technologies or for other purposes, such as the expansion of our facilities;
- changes in governmental funding of life sciences research and development or changes that impact budgets, budget cycles or seasonal spending patterns of our customers;
- future accounting pronouncements or changes in our accounting policies;
- the outcome of any future litigation or governmental investigations involving us, our industry or both;
- difficulties encountered by our commercial carriers in delivering our instruments or consumables, whether as a result of external factors such as weather or internal issues such as labor disputes;
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors;
- higher than anticipated warranty costs;
- customers accelerating, canceling, reducing or delaying orders as a result of developments related to our litigation or to our transition to Next GEM microfluidic chips;
- the impacts of infectious disease, epidemics, pandemics and outbreaks, including the effects of the COVID-19 pandemic, on our business operations and on the business operations of our customers, manufacturers and suppliers; and

- the other factors described in this "*Risk Factors*" section.

The cumulative effects of the factors discussed above could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful. Investors should not rely on our past results as an indication of our future performance.

This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any guidance we may provide, or if the guidance we provide is below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met or exceeded any previously publicly stated guidance we may provide.

Our instruments, consumables and related components are specialized, complex and difficult to manufacture. We could experience production problems that impact our ability to manufacture and ship our instruments, consumables and related components, which would materially and adversely affect our business, financial condition and results of operations.

The manufacturing processes we and our third-party manufacturers use to produce our instruments, consumables and related components are specialized and highly complex and require high-quality components. We may have quality variations, supply issues, backorders, delays, shortages or production difficulties of needed components and may require components that are difficult to obtain or manufacture at the necessary quantities and necessary quality, in a timely manner or in accordance with regulatory requirements.

Such issues, issues with our manufacturing processes or the manufacturing processes of our third-party manufacturers, shipping issues, inaccurate demand forecasts or other production issues (including issues stemming from the COVID-19 pandemic) could result in our inability to supply our products to our customers, backorders, insufficient inventory, excess inventory, shipping delays, product deficiencies or other operational failures. For example, the COVID-19 pandemic has disrupted air travel in the United States and globally. Such disruptions could reduce or eliminate our ability to receive components or supply our customers. If we cannot supply our products to our customers in a timely manner, our customers may delay or cancel their orders. Furthermore, even if we have inventory, if we do not have adequate inventory of products in the geographic regions in which they are ordered, we may not be able to deliver products to our customers in a timely manner and customers may delay or cancel their orders. Many other factors could cause production or shipping delays or interruptions, including difficulties in transporting materials, equipment, raw material or other shortages, raw material failures, equipment malfunctions, facility contamination, labor problems, natural disasters, infectious disease, conflict, civil unrest, epidemics or pandemics including COVID-19, outbreaks, disruption in utility services, terrorist activities or circumstances beyond our control. Additionally, we and our third-party manufacturers may encounter problems in hiring and retaining the experienced specialized personnel needed to develop and operate our manufacturing processes or the manufacturing processes of our third-party manufacturers, which could result in backorders, shortages, delays in our production or difficulties in maintaining compliance with applicable regulatory requirements.

These issues, or any other problems with the production or timely manufacture and shipment of our instruments, consumables and related components, could materially harm our business, financial condition and results of operations.

We may be unable to consistently manufacture our instruments 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. Certain of our consumables are manufactured at our Pleasanton, California and Singapore facilities using complex processes, sophisticated equipment and strict adherence to specifications and quality systems procedures. In many cases, the consumables we manufacture are bundled with products or components that we source from third parties and assemble, package and perform quality assurance testing at our Pleasanton facilities. Our Chromium Controllers are manufactured by our third-party manufacturer at their facilities. In order to successfully generate revenue from our products, we need to manufacture products that meet our specifications before we allow them to be shipped and to supply our customers with products that meet their expectations for quality and functionality in accordance with established specifications. In order to ensure we are able to meet these expectations, our Pleasanton, California manufacturing facilities, as well as the facilities of our third-party manufacturers, have obtained International Organization for Standardization ("ISO") quality management certifications and employ other quality control measures. While customer complaints regarding defects in our products and consumables have historically been low, our customers have experienced quality control and manufacturing defects in the past. For example, a manufacturing defect in certain of our Chromium Controllers resulted in an unacceptable level of LCD screen failures and we launched a free replacement program in 2018 to allow customers to replace

affected LCD screens as a result. 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 meet our requirements or our customers' expectations. Certain of our consumables are subjected to a shelf life, after which their performance is not ensured. Shipment of consumables that effectively expire early or shipment of defective instruments or consumables to customers may result in recalls and warranty replacements, which would increase our costs, and depending upon current inventory levels and the availability and lead time for additional inventory, could lead to availability issues. Any future design issues, unforeseen manufacturing problems, such as contamination of our or their 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 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 addition, as we increase manufacturing capacity, 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. Our ability to increase our manufacturing capacity at our Pleasanton, California and Singapore locations is complicated by the use of our proprietary equipment that is not readily available from third-party manufacturers.

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. Our current product roadmap calls for the introduction of new instruments and consumables, which may require that we utilize manufacturers with which we have little or no prior manufacturing experience and the risk of manufacturing defects or quality control issues could increase as a result. The expansion of our manufacturing capabilities could increase the risk of manufacturing defects or quality control issues in the consumables we manufacture. 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. Additionally, impacts stemming from the COVID-19 pandemic, including impacts on the health and safety of our manufacturing staff or on the global supply chain and transportation infrastructure, may limit our ability to manufacture products and components that meet specifications, in necessary quantities and at commercially acceptable costs and deliver them in commercially acceptable timeframes to our customers.

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 have incurred significant losses since inception, we expect to incur losses in the future and we may not be able to generate sufficient revenue to achieve and maintain profitability.

We have incurred significant losses since we were formed in 2012 and expect to incur losses in the future. We incurred net losses of $542.7 million and $31.3 million for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, we had an accumulated deficit of $805.1 million. We expect that our losses will continue in the near term as we continue to invest significantly in research and development and the commercialization of both new products and improved versions of existing products. We also expect that our operating expenses will continue to increase as we grow our business. To date, we have financed our operations principally from the sale of convertible preferred stock, the sale of Class A common stock in our IPO and our September 2020 follow-on offering, revenue from sales of our products and the incurrence of indebtedness. There can be no assurance that our revenue and gross profit will increase sufficiently such that our net losses decline, or we attain profitability, in the future. Further, our limited operating history and rapid revenue growth over the last several years make it difficult to effectively plan for and model future growth and operating expenses. Our ability to achieve or sustain profitability is based on numerous factors, many of which are beyond our control, including general economic, industry and market conditions, customer

closures and other impacts stemming from the COVID-19 pandemic, the impact of market acceptance of our products, future product development, our market penetration and margins and current and future litigation. We may never be able to generate sufficient revenue to achieve or sustain profitability and our recent and historical growth should not be considered indicative of our future performance. Our failure to achieve or maintain profitability could negatively impact the value of our Class A common stock.

In particular, we are subject to significant risks of losses related to current litigation matters. See "*—Risks related to litigation and our intellectual property*."

Our markets are highly competitive. If we fail to compete effectively, our business and operating results will suffer.

We face significant competition. We currently compete with both established and early-stage companies that design, manufacture and market instruments, consumables and software for, among other applications, genomics, single cell analysis, spatial analysis and immunology. We believe our competitors include Becton, Dickinson and Company and Nanostring Technologies, Inc., each of which has products that compete to varying degrees with some but not all of our product solutions, as well as a number of other emerging and established companies. Many of these companies have announced plans to introduce products that compete with our single cell, spatial and future *In Situ* platforms.

Some of our current competitors are large publicly traded companies, or are divisions of large publicly traded companies, and may enjoy a number of competitive advantages over us, including:

- greater name and brand recognition;
- greater financial and human resources;
- broader product lines;
- larger sales forces and more established distributor networks;
- substantial intellectual property portfolios;
- larger and more established customer bases and relationships; and
- better established, larger scale and lower cost manufacturing capabilities.

We also face competition from researchers developing their own solutions. The area in which we compete involves rapid innovation and some of our customers have in the past, and more may in the future, elect to create their own platform or assays rather than rely on a third-party supplier such as ourselves. This is particularly true for the largest research centers and labs who are continually testing and trying new technologies, whether from a third-party vendor or developed internally. We also compete for the resources our customers allocate for purchasing a wide range of products used to analyze biological systems, some of which are additive to or complementary with our own but not directly competitive.

We cannot assure investors that our products will compete favorably or that we will be successful in the face of increasing competition from products and technologies introduced by our existing competitors, companies entering our markets or developed by our customers internally. In addition, we cannot assure investors that our competitors do not have or will not develop products or technologies that currently or in the future will enable them to produce competitive products with greater capabilities or at lower costs than ours or that are able to run comparable experiments at a lower total experiment cost. Any failure to compete effectively could materially and adversely affect our business, financial condition and operating results.

We are significantly dependent upon revenue generated from the sale of our Chromium solutions, and in particular our Single Cell Gene Expression solutions.

We currently generate substantially all of our revenue from the sale of our Chromium instruments, which we refer to as "instruments," and our proprietary microfluidic chips, slides, reagents and other consumables for both our Visium and Chromium solutions, which we refer to as "consumables." In particular, we are dependent upon revenue generated from sales of our Single Cell Gene Expression consumables. There can be no assurance that we will be able to design future products, particularly non-Chromium product lines, that will meet the expectations of our customers or that our future products will become commercially viable. As technologies change in the future for research equipment in general and in genomics solutions specifically, we will be expected to upgrade or adapt our products in order to keep up with the latest technology. To date we have limited experience simultaneously designing, testing, manufacturing and selling non-Chromium products and there can be no assurance we will be able to do so. Our sales expectations are based in part on the assumption that our Chromium Connect instrument will increase workflows for our future customers and their associated purchases of our consumables. If sales of our Chromium Connect

instruments fail to materialize so will the related consumable sales and associated revenue. Our sales expectations are also based in part on the continued success of our Single Cell Gene Expression solutions. If our new products, including our Visium Spatial Gene Expression product, which was introduced in 2019, or our Single Cell Multiome ATAC+Gene Expression and Targeted Gene Expression products, which were introduced in 2020, fail to achieve sufficient market acceptance or sales of our Single Cell Gene Expression consumables decrease, our consumables revenue could be materially and adversely impacted.

Our failure to effectively manage product transitions or accurately forecast customer demand could result in excess or obsolete inventory and resulting charges.

Because the market for our products is characterized by rapid technological advances, we frequently introduce new products with improved ease-of-use, improved performance or additional features and functionality. We pre-announce products and services, in some cases before such products and services have been fully developed or tested, and risk failing to meet expectations when such products and services become available. The risks associated with the introduction of new products include the difficulties of predicting customer demand and effectively managing inventory levels to ensure adequate supply of the new product and avoiding excess supply of the legacy product. In addition, the COVID-19 pandemic has made it more difficult to predict customer demand and effectively manage inventory levels for our instruments and consumables and the risk that we will not be able to source the necessary equipment, components and materials to manufacture our products has led us to carry higher inventory.

We may strategically enter into non-cancelable commitments with vendors to purchase materials for our products in advance of demand to take advantage of favorable pricing, address concerns about the availability of future supplies or build safety stock to help ensure customer shipments are not delayed should we experience higher than anticipated demand for materials with long lead times. During periods of decreased demand, which have occurred and which we expect to continue to occur as a result of the COVID-19 pandemic, these non-cancelable commitments could prevent our related costs from decreasing in proportion to decreases in demand.

Our future success is dependent upon our ability to increase penetration in our existing markets and to maintain and increase the effectiveness of our commercial organization.

Our customer base includes academic, government, biopharmaceutical, biotechnology and other institutions. Our success will depend upon our ability to increase our market penetration among these customers and to expand our market by developing and marketing new products and new applications for existing products. We regularly introduce new versions of existing products, and our future success will partially depend on our ability to commercialize these products. 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 we currently employ in our commercial organization. Identifying, recruiting and training additional qualified personnel would require significant time, expense and attention.

We cannot assure investors that we will be able to further penetrate our existing market or that the market will be able to sustain our current and future product offerings. Any failure to increase penetration in our existing markets would adversely affect our ability to improve our operating results.

Additionally, potential impacts of the COVID-19 pandemic on the health and safety of our employees and partners could decrease the effectiveness of our commercial organization and adversely affect our business and operating results. Additionally, our commercial organization’s ability to participate in on-site or other in-person sales and marketing or customer service activities, including participation in trade shows and other in-person events, or on-site installation of our products, may be restricted or eliminated due to the impacts of the COVID-19 pandemic. The effectiveness of our commercial organization may be decreased and our business and operating results may be materially and adversely affected as a result.

We may not be able to develop new products, enhance the capabilities of our existing products to keep pace with rapidly changing technology and customer requirements or successfully manage the transition to new product offerings, any of which could have a material adverse effect on our business and operating results.

Our success depends on our ability to develop new products and applications for our technology in existing and new markets, while improving the performance and cost-effectiveness of our existing products, in each case in ways that address current and anticipated customer requirements. Such success is dependent upon several factors, including functionality, competitive pricing and integration with existing and emerging technologies. New technologies, techniques or products could emerge that might offer better combinations of price and performance or better address customer requirements as compared to our current or future products. Existing markets for our products, including the genomics, single cell analysis, spatial analysis and other relevant

markets, are characterized by rapid technological change and innovation. Competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. Due to the significant lead time involved in bringing a new product to market, we are required to make a number of assumptions and estimates regarding the commercial feasibility of a new product, including assumptions and estimates regarding the biological analytes that researchers will want to measure, the appropriate method of measuring such analytes, how researchers intend to use the resulting data and the scope and type of data that will be most useful to researchers. As a result, it is possible that we may introduce a new product that uses technologies or methods of analysis that have been displaced by the time of launch, addresses a market that no longer exists or is smaller than previously thought, targets biological analytes or produces data that provides less utility to researchers than previously thought or otherwise is not competitive at the time of launch. We anticipate that we will face increased competition in the future as existing companies and competitors develop new or improved products and as new companies enter the market with new technologies. Our ability to mitigate downward pressure on our selling prices will be dependent upon our ability to maintain or increase the value we offer to researchers. The expenses or losses associated with unsuccessful product development or launch activities, or a lack of market acceptance of our new products, could adversely affect our business, financial condition or results of operations.

Because our solutions are used with other products, such as sequencers, to conduct an experiment, we also expect to face competition from these complementary products, either directly or indirectly, as researchers and labs look to reduce the total cost of any given experiment. For example, if a sequencer manufacturer was successful in vertically integrating their product to provide functionality equivalent to our instruments, they would likely be able to deliver a solution that is capable of running comparable experiments with a total experiment cost that is significantly less than the cost of running such experiments using our products together with third-party sequencers. Conversely, if genome sequencing falls out of favor as a preferred approach for genomic research, whether through the development of alternative solutions or real or perceived problems with sequencing itself, the utility of our products could be significantly impacted. It is critical to our success that we anticipate changes such as these in technology and customer requirements and successfully introduce new, enhanced and competitive technologies to meet our customers' and prospective customers' needs on a timely and cost-effective basis. If we do not successfully innovate and introduce new technology into our product lines, our business and operating results will be adversely impacted.

Our ability to attract new customers and increase revenue from existing customers depends in large part on our ability to enhance and improve our existing solutions and to introduce compelling new solutions. The success of any enhancement to our solutions depends on several factors, including timely completion and delivery, competitive pricing, adequate quality testing, integration with existing technologies and overall market acceptance. Any new solution that we develop may not be introduced in a timely or cost-effective manner, may contain errors, vulnerabilities or bugs, or may not achieve the market acceptance necessary to generate significant revenue. If we are unable to successfully develop new solutions, enhance our existing solutions to meet customer requirements, or otherwise gain market acceptance, our business, results of operations and financial condition would be harmed.

Our ability to attract new customers and increase revenue from existing customers also depends on our ability to deliver any enhanced or new solutions to our customers in a format where they can be easily and consistently deployed by most or all users without significant customer service or training. If our customers believe that deploying our enhanced or new solutions would be overly time-consuming, confusing or technically challenging, or require significant training or retraining, then our ability to grow our business would be substantially harmed. We need to create and deliver a repeatable, user-friendly, prescriptive approach to deployment that allows users of all kinds to effectively and easily deploy our solutions, and if we fail to do so, our business and results of operations would be harmed.

The typical development cycle of new life sciences products can be lengthy and complicated and may require new scientific discoveries or advancements and complex technology and engineering. Such developments may involve external suppliers and service providers, making the management of development projects complex and subject to risks and uncertainties regarding timing, timely delivery of required components or services and satisfactory technical performance of such components or assembled products. We expect that impacts stemming from the COVID-19 pandemic will delay the development of certain of our new life science products as well as new versions of existing products. If we do not achieve the required technical specifications or successfully manage new product development processes, or if development work is not performed according to schedule, including because of delays in our research and development programs stemming from the COVID-19 pandemic, then such new technologies or products may be adversely impacted and our business and operating results may be harmed.

If our existing and new products fail to achieve and sustain sufficient scientific acceptance, we will not generate expected revenue and our prospects may be harmed.

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 current system of academic and scientific research views publishing in a peer-reviewed journal as a measure of success. In such journal publications, the researchers will describe not only their discoveries but also the methods and typically the products used to fuel such discoveries. Mentions in peer-reviewed journal publications is a good barometer for the general acceptance of our products as best practices. Ensuring that early adopters and key opinion leaders publish research involving the use of our products is critical to ensuring our products gain widespread acceptance and market growth. Continuing to maintain good relationships with such key opinion leaders is vital to growing our market. The number of times our products were mentioned in peer-reviewed publications has increased significantly in recent years. During this time, our revenue has also increased significantly. We cannot assure investors that our products will continue to be mentioned in peer-reviewed articles with any frequency or that any new products that we introduce in the future will be mentioned in peer-reviewed articles. If too few researchers describe the use of our products, too many researchers shift to a competing product and publish research outlining their use of that product or too many researchers negatively describe the use or usability of our products in publications, it may drive existing and potential customers away from our products, which could harm our operating results. Additionally, the ability of researchers to conduct research or publish in peer-reviewed journal publications has been and will continue to be impacted by the COVID-19 pandemic. Further, even though many of our customers are using our instruments and consumables to research and understand COVID-19 and such efforts may result in peer-reviewed journal publications which describe the use of our products, the COVID-19 pandemic may result in life sciences journals prioritizing research related to COVID-19 in lieu of research relating to other fields, such as oncology, where our instruments and consumables have regularly been mentioned. Any decrease in the frequency at which our instruments and consumables are mentioned in peer reviewed journals, even if only temporarily due to COVID-19, may negatively impact our prospects.

If we do not sustain or successfully manage our growth and anticipated growth, our business and prospects will be harmed.

We have experienced rapid growth in recent periods. This growth and our anticipated growth will place significant strains on our management, operational and manufacturing systems and processes, financial systems and internal controls and other aspects of our business. For example, we consummated two acquisitions each in 2018 and 2020 and one more in January 2021, and we intend to continue to make investments that meet management's criteria to expand or add key technologies that we believe will facilitate the commercialization of new products in the future. In addition, we intend to launch additional new products and new versions of existing products in the near future. Further development and commercialization of our current and future products are key elements of our growth strategy. Developing and launching new products and innovating and improving our existing products have required us to hire and retain additional scientific, sales and marketing, software, manufacturing, distribution and quality assurance personnel. As a result, we have experienced rapid headcount growth from 110 employees as of December 31, 2015 to 852 employees as of December 31, 2020. As we have grown, our employees have become more geographically dispersed. We currently serve thousands of researchers in many countries and plan to continue to expand to new international jurisdictions as part of our growth strategy which will lead to increased dispersion of our employees. As a public company, our management and other personnel must devote a substantial amount of time towards maintaining compliance with these requirements. We may face challenges integrating, developing and motivating our rapidly growing and increasingly dispersed employee base, including as a result of many of our employees working from home due to the COVID-19 pandemic. In addition, certain members of our management have not previously worked together for an extended period of time, do not have experience managing a public company or do not have experience managing a global business, which may affect how they manage our growth. To effectively manage our growth, we must continue to improve our operational and manufacturing systems and processes, our financial systems and internal controls and other aspects of our business and continue to effectively expand, train and manage our personnel. As our organization continues to grow, and we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the benefits of our corporate culture, including our ability to quickly develop and launch new and innovative products. If we do not successfully manage our anticipated growth, our business, results of operations and growth prospects will be harmed.

Our business depends significantly on the success of our Next GEM microfluidic chip.

Since our inception through December 31, 2020, a substantial number of our Chromium instruments utilized our legacy GEM microfluidic chips and associated consumables. In November 2018, a jury concluded that our Chromium instruments operating these chips and associated consumables infringe certain of Bio-Rad Laboratories, Inc.'s ("Bio-Rad") patents. We dedicated significant resources to designing and manufacturing our new Next GEM microfluidic chip, which uses a microfluidic architecture with fundamentally different physics from our legacy GEM microfluidic chip. We introduced our Next GEM microfluidic chips for our Single Cell Gene Expression, Single Cell Immune Profiling and Single Cell ATAC solutions in the second quarter of 2019. We have been gradually phasing out our legacy GEM microfluidic chips and have substantially completed the transition of our customers to our Next GEM microfluidic chips and associated consumables.

Although our Next GEM microfluidic chips were designed to replace our legacy GEM microfluidic chips, we cannot assure you that we will be able to make our Next GEM microfluidic chip work with all of our solutions, that our Next GEM microfluidic chip will allow our customers to retain the level of performance or quality they have come to expect using our legacy GEM microfluidic chip, that our Next GEM microfluidic chip will replace the sales of our legacy GEM microfluidic chip or that we will be able to manufacture our Next GEM microfluidic chip in sufficient volumes and in sufficient quality in a timely fashion. While we believe that our Chromium solutions, when used with our Next GEM microfluidic chip, do not infringe the asserted Bio-Rad patents, we cannot assure you that our Next GEM microfluidic chip would not be found to infringe the asserted Bio-Rad patents or other patents, which could prevent us from making, selling and importing our Next GEM microfluidic chips or substantially all of our Chromium products. Since August 28, 2019, all Chromium instruments that we sell and have sold operate exclusively with our Next GEM solutions. We believe that these solutions are very important to our customers' research but the delay caused by the injunction may slow customer adoption of our products or cause customers to investigate the availability of competing products or technologies.

For additional information relating to this litigation, see the section titled *"—Risks related to litigation and our intellectual property—We are involved in significant litigation which has consumed significant resources and management time and adverse resolution of these lawsuits could require us to pay significant damages, and prevent us from selling our products, which would severely adversely impact our business, financial condition or results of operations."*

Our limited operating history and rapid revenue growth make it difficult to evaluate our future prospects and the risks and challenges we may encounter.

We launched our first product in mid-2015 and have experienced significant revenue growth in recent periods. In addition, we operate in highly competitive markets characterized by rapid technological advances and our business has, and we expect it to continue, to evolve over time to remain competitive. Our limited operating history, evolving business and rapid growth make it difficult to evaluate our future prospects and the risks and challenges we may encounter and may increase the risk that we will not continue to grow at or near historical rates.

If we fail to address the risks and difficulties that we face, including those described elsewhere in this "*Risk Factors*" section, our business, financial condition and results of operations could be adversely affected. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be materially and adversely affected.

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 solutions.

The market for genomics products is new and 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 particular, our estimates are based on our expectations that: (a) researchers in the market for certain life sciences research tools and technologies will view our solutions as competitive alternatives to, or better options than, such existing tools and technologies; (b) researchers who already own such existing tools and technologies will recognize the ability of our solutions to complement, enhance and enable new applications of their current tools and technologies and find the value proposition offered by our solutions convincing enough to purchase our solutions in addition to the tools and technologies they already own; and (c) the trends we have seen among our customers with respect to placements of our instruments are representative of the broader market. Underlying each of these expectations are a number of estimates and assumptions, including the assumption that government or other sources of funding will continue to be available to life sciences researchers at times and in amounts necessary to allow them to purchase our solutions.

In addition, our growth strategy involves launching new solutions and expanding sales of existing solutions into new areas in which we have limited or no experience, such as the sale of our solutions to biopharmaceutical customers. We also expect to pursue additional opportunities that will further expand our opportunity, including new potential applications of our single cell, spatial and *In Situ* technologies in the future. Sales of new or existing solutions into new opportunities may take several years to develop and mature and we cannot be certain that these opportunities will develop as we expect. For example, new life sciences technology is often not adopted until a sufficient amount of research conducted using such technology has been published in peer-reviewed publications. Because there can be a considerable delay between the launch of a new life sciences product and publication of research using such product, new life sciences products do not generally contribute a meaningful amount of revenue in the year they are introduced. In certain situations, new life sciences technology, even if sufficiently covered in peer-

reviewed publications, may not be adopted until the consistency and accuracy of such technology, method or device has been proven. As a result, the sizes of the annual total addressable market for new markets and new products are even more difficult to predict.

While we 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.

The future growth of the markets for our current and future solutions depends on many factors beyond our control, including recognition and acceptance of our solutions by the scientific community as best practice and the growth, prevalence and costs of competing products and solutions. Such recognition and acceptance may not occur in the near term, or at all. If the markets for our current and future solutions are smaller than estimated or do not develop as we expect, our growth may be limited and our business, financial condition and operational results may be adversely affected. Additionally, impacts stemming from the COVID-19 pandemic have and may continue to limit demand for our solutions for the foreseeable future.

Our management uses certain key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions and such metrics may not accurately reflect all of the aspects of our business needed to make such evaluations and decisions, in particular as our business continues to grow.

In addition to our consolidated financial results, our management regularly reviews a number of operating and financial metrics, including our instrument installed base and consumable pull-through per instrument, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. We define the instrument installed base as the cumulative number of instruments sold since inception and define consumable pull-through per instrument as the total consumables revenue in the relevant period divided by the average instrument installed base during that period. We believe that these metrics are representative of our current business; however, these metrics may not accurately reflect all aspects of our business and we anticipate that these metrics may change or may be substituted for additional or different metrics as our business grows and as we introduce new products. For example, we expect that our expansion into new markets and adoption by new customers who may not have the same financial resources to devote to consumable purchases as our existing customer base could adversely impact our pull-through figures. These metrics also do not accurately reflect information relating to customers who purchase consumables but do not own an instrument, whom we refer to as “halo users.” Halo users and the introduction of consumables that may not use instruments, such as our Visium solution, or instruments that are expected to use a greater amount of consumables, such as our Chromium Connect instrument, could reduce the utility of our consumable pull-through per instrument metric and make it difficult to compare such figures over time. Moreover, we expect some of our halo users to purchase instruments of their own which would decrease the consumables sold per instrument and therefore decrease our annual consumable pull-through per instrument. Though we expect the introduction of enhanced features and additional solutions on our Chromium instrument to increase consumable pull-through per instrument and to offset this decline, there are no assurances we will be successful in doing so. If our management fails to review other relevant information or change or substitute the key business metrics they review as our business grows and we introduce new products, their ability to accurately formulate financial projections and make strategic decisions may be compromised and our business, financial results and future growth prospects may be adversely impacted.

The COVID-19 pandemic may impact historical trends and the comparability of certain of the key business metrics over time. For example, the COVID-19 pandemic may (i) cause halo users to delay purchases of their own instruments, which could positively impact or prevent a decline in our consumables pull-through per instrument metrics, (ii) lead to a general reduction in consumables spending, which could negatively impact our consumables pull-through per instrument metrics or (iii) cause a general decrease in the rate of growth of our instrument installed base.

If our facilities or our third-party manufacturers’ facilities become unavailable or inoperable, our research and development programs could be adversely impacted and manufacturing of our instruments and consumables could be interrupted.

The manufacturing process for our Chromium Controller takes place at our third-party manufacturer’s facilities in Singapore and the manufacturing process for our Chromium Connect takes place at our third-party manufacturer’s facilities in Nevada. The majority of our consumables are manufactured at our facilities in Pleasanton, California and Singapore using proprietary equipment. Certain raw materials, such as oligonucleotides and enzymes, are custom manufactured by outside partners. We periodically review the manufacturing capacity of our consumables and we expect to manufacture an increasing amount of consumables in-house. Our Pleasanton facilities also house the majority of our research and development and quality assurance

teams. Our Chromium Connect is manufactured by our partner at their facility. The facilities and the equipment we and our third-party manufacturers use to manufacture our instruments and consumables and that we use in our research and development programs would be costly to replace and could require substantial lead times to repair or replace.

Our facilities in Pleasanton and Singapore are vulnerable to natural disasters and catastrophic events. For example, our Pleasanton facilities are located near earthquake fault zones and are vulnerable to damage from earthquakes. Our facilities are vulnerable to other types of disasters, including fires, floods, infectious disease, epidemics or pandemics including COVID-19, outbreaks, power loss, conflict, civil unrest, communications failures and similar events. If any disaster or catastrophic event were to occur, our ability to operate our business would be seriously, or potentially completely, impaired. If our facilities or any of our third-party manufacturers' facilities become unavailable for any reason, including due to the impacts of the COVID-19 pandemic, we cannot provide assurances that we will be able to secure alternative manufacturing facilities with the necessary capabilities and equipment on acceptable terms, if at all. Further, while we are an essential business that can continue operations under current governmental shelter-in-place measures meant to combat the COVID-19 pandemic, there is no guarantee that we will be able to continue operations at our Pleasanton facilities or other facilities while shelter-in-place or other COVID-19-related measures remain in place. Additionally, potential impacts of the COVID-19 pandemic on the health and safety of our manufacturing staff could decrease the effectiveness of our manufacturing operations and adversely affect our business and operating results. We may encounter particular difficulties in replacing or counterbalancing any unavailability of our Pleasanton staff or facilities given the specialized skills of our team and the specialized equipment housed within our facilities. The inability to manufacture our instruments and/or consumables, combined with our limited inventory of manufactured instruments and consumables, may result in the loss of customers or harm our reputation, and we may be unable to reestablish relationships with those customers in the future. Because certain of our consumables and the raw materials we use to manufacture consumables at our Pleasanton facilities are perishable and must be kept in temperature controlled storage, the loss of power to our facilities, mechanical or other issues with our storage facilities or other events that impact our temperature controlled storage could result in the loss of some or all of such consumables and raw materials and we may not be able to replace them without disruption to our customers or at all.

A substantial percentage of our direct sales revenue comes from sales to academic institutions, whose research often requires long uninterrupted studies performed on a consistent basis over time; thus interruptions in our ability to supply consumables could be particularly damaging to these studies and our reputation. In addition, the budgetary planning and approval process for academic research programs can be lengthy and begin well in advance of the planned purchase of our instrument and/or consumables. If our products become unavailable during the planning process, researchers may use alternative products.

If our research and development programs were disrupted by a disaster or catastrophe, including the COVID-19 pandemic, the launch of new products and the timing of improvements to existing products could be significantly delayed and could adversely impact our ability to compete with other available products and solutions. If our or our third-party manufacturers' capabilities are impaired, we may not be able to manufacture and ship our products in a timely manner, which would adversely impact our business. Although we possess insurance for damage to our property and the disruption of our business, this insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all.

Undetected errors or defects in our solutions could harm our reputation and decrease market acceptance of our solutions.

Our instruments 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. If that occurs, 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 warranty claims or breach of contract for damages related to errors or defects in our solutions.

Certain disruptions in supply of, and changes in the competitive environment for, raw materials integral to the manufacturing of our products may adversely affect our profitability.

We use a broad range of materials and supplies, including metals, chemicals and other electronic components, in our products. A significant disruption in the supply of these materials, including disruptions stemming from the COVID-19 pandemic, could decrease production and shipping levels, materially increase our operating costs and materially adversely affect our profit margins. Shortages of materials or interruptions in transportation systems, labor strikes, work stoppages, infectious disease, epidemics or pandemics including COVID-19, outbreaks, conflict, civil unrest, acts of terrorism or other interruptions to or difficulties in the employment of labor or transportation in the markets in which we purchase materials, components and supplies for the production of our products, in each case may adversely affect our ability to maintain production of our products and sustain profitability. Unforeseen end-of-life or unavailability for certain components, such as enzymes, could cause backorders as

we modify our product specifications to accommodate replacement components. If we were to experience a significant disruption in the supply of, or prolonged shortage of, critical components from any of our suppliers and could not procure the components from other sources, we would be unable to manufacture our products and to ship such products to our customers in a timely fashion, which would adversely affect our sales, margins and customer relations.

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. Additionally, we believe our customer service team has a positive influence on recurring consumables revenue. Providing an exceptional customer experience requires significant time and resources from our customer service team. Potential impacts of the COVID-19 pandemic on the health and safety of our customer service organization could reduce or eliminate the organization's ability to provide an exceptional customer experience. Additionally, the organization's ability to provide on-site, in-person customer service (including on-site installation of our instruments) has and may continue to be restricted or eliminated due to the impacts of the COVID-19 pandemic. Therefore, failure to scale our customer service organization adequately or impacts on our organization's ability to provide an exceptional customer experience 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, how to determine which of our other products may be needed for a given experiment and how to resolve technical, analysis and operational issues if and when they arise. As we introduce new products such as our Chromium Connect, Visium solutions, Single Cell Multiome ATAC+Gene Expression solution and Targeted Gene Expression solution and enhance existing products, we expect utilization of our customer service teams to increase. In particular, the introduction of new or improved products that utilize different workflows or variations on existing workflows may require additional customer service efforts to ensure customers use such products correctly and efficiently. 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, particularly due to the impacts of the COVID-19 pandemic. 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.

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.

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 distributors, we rely on those distributors to provide customer service. If these third-party distributors do not provide a high-quality customer experience, our business operations and reputation may suffer.

We depend on our key personnel and other highly qualified personnel, and if we are unable to recruit, train, retain and ensure the health and safety of 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. Saxonov, our Chief Executive Officer and one of our co-founders, and Dr. Hindson, our Chief Scientific Officer, President and one of our co-founders, are critical to our vision, strategic direction, culture and products. Competition for qualified personnel is intense, particularly in the San Francisco Bay Area. As we grow, we may continue to make changes to our management team, which could make it difficult to execute on our business plans and strategies. New hires also require significant training and, in most cases, take significant time before they achieve full productivity. Our failure to successfully integrate these key personnel into our business could adversely affect our business. Additionally, many of our employees are temporarily working from home due to the COVID-19 pandemic and, because of the challenges of working from home during the COVID-19 pandemic, including collaborating with and managing employees, it may take significant time before our teams can achieve full productivity again, if at all, and it may take significantly longer for new hires to achieve full productivity, if at all.

Our continued growth depends, in part, on attracting, retaining and motivating highly trained sales personnel with the necessary scientific background and ability to understand our systems at a technical level to effectively identify and sell to potential new customers. 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 San Francisco Bay Area and for highly trained customer service personnel globally. We also compete for computational biologists and qualified scientific personnel with other life sciences companies, academic institutions and research institutions. Many of our scientific personnel are qualified foreign nationals whose ability to live and work in the United States is contingent upon the continued availability of appropriate visas. Due to the competition for qualified personnel in the San Francisco Bay Area, we expect to continue to rely on foreign nationals to fill part of our recruiting needs. As a result, changes to United States immigration policies could restrain the flow of technical and professional talent into the United States and may inhibit our ability to hire qualified personnel. The typical immigration and visa procedures of the United States have been impacted by COVID-19 and our current or future employees may be negatively affected by delays, disruptions or changes in United States immigration policies. Past United States administrations have made restricting immigration and reforming the work visa process a priority and these efforts may adversely affect our ability to find qualified personnel.

We do not maintain key person life insurance or 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. 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. Additionally, while we are committed to maintaining a safe workplace and to support our personnel through the COVID-19 pandemic, the health and safety of our personnel may be impacted by COVID-19 and our operating results and growth prospects could be materially harmed as a result. Further, while our Pleasanton facilities have been designated an essential business that can continue operations under current governmental shelter-in-place measures meant to combat the COVID-19 pandemic, we may face civil liability if any of our employees contracts COVID-19 while performing his or her job on site or is otherwise negatively impacted by the COVID-19 pandemic.

Investments and acquisitions could disrupt our business, cause dilution to our stockholders and otherwise harm our business.

In 2018, we acquired Epinomics, Inc., an epigenetics company based in California, and Spatial Transcriptomics Holdings AB, a spatial analysis company based in Sweden. In 2020, we acquired CartaNA, an *In Situ* company based in Sweden and ReadCoor, an *In Situ* company based in Massachusetts. In January 2021, we acquired Tetramer Shop ApS, a reagent company based in Denmark. We believe we are successfully integrating the technologies acquired from those companies into our business, but the long-term success of these acquisitions is not guaranteed. We regularly review investment, acquisition and technology licensing opportunities, and we may invest in or acquire real estate or additional businesses and legal entities to add specialized employees, products or technologies as well as pursue technology licenses or investments in complementary businesses. Our previous acquisitions and any future transactions could be material to our financial condition and operating results and expose us to many risks, including:

- difficulties integrating acquired personnel, technologies and operations into our existing business;
- diversion of management time and focus from operating our business;
- increases in our expenses and reductions in our cash available for operations and other uses;
- failure to realize anticipated benefits or synergies from such a transaction;
- unanticipated costs of or legal exposure related to complying with existing and future laws and regulations, including land use, environmental or antitrust-related laws and regulations;
- disruption in our relationships with customers, distributors, manufacturers or suppliers as a result of such a transaction;
- unanticipated liabilities related to acquired real estate or companies, including liabilities related to acquired intellectual property or litigation relating thereto;
- possible write-offs or impairment charges relating to acquired businesses; and
- potential higher taxes if our tax positions relating to certain acquisitions were challenged.

Foreign acquisitions, such as our acquisitions of Spatial Transcriptomics Holdings AB, CartaNA AB and Tetramer Shop ApS involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. Even if we identify a strategic transaction that we wish to pursue, we may be prohibited from consummating such transaction due to the terms of future indebtedness we may incur.

Future investments, acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing or size of future investments, acquisitions or dispositions or the effect that any such transactions might have on our operating results.

Seasonality may cause fluctuations in our revenue and results of operations.

We operate on a December 31st year end and believe that there are significant seasonal factors which may cause sales of our products, and particularly our Chromium Controller, to vary on a quarterly or yearly basis and increase the magnitude of quarterly or annual fluctuations in our operating results. We believe that this seasonality results from a number of factors, including the procurement and budgeting cycles of many of our customers, especially government- or grant-funded customers, whose cycles often coincide with government fiscal year ends. For example, the United States government's fiscal year end occurs in our third quarter and may result in increased sales of our products during such quarter if government-funded customers have unused funds that may be forfeited, or future budgets that may be reduced, if such funds remain unspent at such fiscal year end. Furthermore, the academic budgetary cycle similarly requires grantees to 'use or lose' their grant funding, which seems to be tied disproportionately to the end of the calendar year, driving sales higher during the fourth quarter. Similarly, our biopharmaceutical customers typically have calendar year fiscal years which also result in a disproportionate amount of their purchasing activity occurring during our fourth quarter. These factors have contributed, and may contribute in the future, to substantial fluctuations in our quarterly operating results. Because of these fluctuations, it is possible that in some quarters our operating results will fall below the expectations of securities analysts or investors. If that happens, the market price of our Class A common stock would likely decrease. These fluctuations, among other factors, also mean that our operating results in any particular period may not be relied upon as an indication of future performance. Seasonal or cyclical variations in our sales have in the past, and may in the future, become more or less pronounced over time, and have in the past materially affected, and may in the future materially affect, our business, financial condition, results of operations and prospects. Additionally, impacts of the COVID-19 pandemic could cause unpredictable temporary or permanent fluctuations in seasonal or cyclical variations as in the second quarter of 2020 in which widespread shutdowns caused a significant decrease in our revenue.

Our reliance on distributors for sales of our products in certain geographies outside of the United States could limit or prevent us from selling our products and impact our revenue.

We sell our products through third-party distributors in Asia, certain regions of Europe, Oceania, South America, the Middle East and Africa. We intend to continue to grow our business internationally and to do so we must attract additional distributors and retain existing distributors to maximize the commercial opportunity for our products. There is no guarantee that we will be successful in attracting or retaining desirable sales and distribution partners or that we will be able to enter into such arrangements on favorable terms. Most of our distribution relationships are non-exclusive and permit such distributors to distribute competing products. As such, our distributors may not commit the necessary resources to market our products to the level of our expectations or may choose to favor marketing the products of our competitors. Additionally, the ability of our distributors to sell and distribute our products has been and may continue to be impacted by the COVID-19 pandemic. If current or future distributors do not or are unable to perform adequately or if we are unable to enter into effective arrangements with distributors in particular geographic areas, we may not realize long-term international revenue growth.

We rely exclusively on commercial carriers to transport our products, including perishable consumables, to our customers in a timely and cost-efficient manner and if these delivery services are disrupted, our business will be harmed.

Our business depends on our ability to quickly and reliably deliver our products and in particular, our consumables, to our customers. Certain of our consumables are perishable and must be kept below certain temperatures. As such, we ship certain of our refrigerated consumables on dry ice and only ship such consumables on certain days of the week to reach customers on a timely basis. Disruptions in the delivery of our products, whether due to labor disruptions, bad weather, natural disasters, infectious disease, conflict, civil unrest, epidemics or pandemics including COVID-19, outbreaks, terrorist acts or threats or for other reasons could result in delivery delays or our customers receiving consumables that are not fit for usage, and if used, could result in inaccurate results or ruined experiments. While we work with customers to replace any consumables that are impacted by delivery disruptions, our reputation and our business may be adversely impacted even if we replace perished consumables free of charge. In addition, if we are unable to continue to obtain expedited delivery services on commercially reasonable terms, our operating results may be adversely affected.

In addition, should our commercial carriers encounter difficulties in delivering our instruments or consumables to customers, including due to impacts stemming from the COVID-19 pandemic, particularly at the end of any financial quarter, it could

adversely impact our ability to recognize revenue for those products in that period and accordingly adversely affect our financial results for that period.

We are subject to certain manufacturing restrictions related to licensed technologies that were developed with the financial assistance of United States government grants.

We are subject to certain United States government regulations because we have licensed technologies that were developed with United States government grants. Such licensed technologies are used, for example, in a substantial majority of our consumables. In accordance with these regulations, these licenses provide that products embodying the technologies are subject to domestic manufacturing requirements. If this domestic manufacturing requirement is not met, the government agency that funded the relevant grant is entitled to exercise specified rights ("march-in rights") which if exercised would allow the government agency to require the licensors or us to grant a non-exclusive, partially exclusive or exclusive license in any field of use to a third-party designated by such agency. The exercise of march-in rights or the termination of our license of the relevant technologies could materially adversely affect our business, operations and financial condition. As of December 31, 2020, all of our products embodying licensed technology subject to march-in rights were manufactured in the United States. While we do not expect to move manufacturing of these products to facilities located outside of the United States, we cannot assure investors that such products will always be manufactured in the United States or that the applicable government agency would grant a waiver of such requirement. These restrictions may limit our ability to manufacture our products in geographies where it may be more economically favorable to do so which could limit our ability to respond to competitive developments or otherwise adversely affect our results of operations.

Doing business internationally creates operational and financial risks for our business.

We currently serve thousands of researchers in many countries and plan to continue to expand to new international jurisdictions as part of our growth strategy. For the years ended December 31, 2020 and 2019, approximately 47% and 43%, respectively, of our revenue was generated from sales to customers located outside of North America. We believe that a significant portion of our future revenue will come from international sources. We sell directly in North America and certain regions of Europe and have a significant portion of our sales and customer service personnel in the United States. We sell our products through third-party distributors in Asia, certain regions of Europe, Oceania, South America, the Middle East and Africa. As a result, we or our distribution partners may be subject to additional regulations. Conducting operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones. If we fail to coordinate and manage these activities effectively, our business, financial condition or results of operations could be materially and adversely affected and failure to comply with laws and regulations applicable to business operations in foreign jurisdictions may also subject us to significant liabilities and other penalties. International operations entail a variety of other risks, including, without limitation:

- challenges in staffing and managing foreign operations;
- potentially longer sales cycles and more time required to engage and educate customers on the benefits of our products outside of the United States;
- the potential need for localized software, documentation and post-sales support;
- reduced protection for intellectual property rights in some countries and practical difficulties of enforcing intellectual property and contract rights abroad;
- complexities associated with managing a third-party contract manufacturer located outside of the United States;
- United States and foreign government trade restrictions, including those which may impose restrictions on the importation, exportation, re-exportation, sale, shipment or other transfer of programming, technology, components and/or services to foreign persons;
- changes in diplomatic and trade relationships, including new tariffs, trade protection measures, import or export licensing requirements, trade embargoes and other trade barriers;
- tariffs imposed by the United States on goods from other countries and tariffs imposed by other countries on United States goods, or increases in existing tariffs;
- deterioration of political relations between the United States and Canada, China, the United Kingdom and the European Union, which could have a material adverse effect on our sales and operations in these countries;
- changes in social, political and economic conditions or in laws, regulations and policies governing foreign trade, manufacturing, development and investment both domestically as well as in the other countries and jurisdictions into which we sell our products, including as a result of the United Kingdom's exit from the European Union;

- difficulties in obtaining export licenses or in overcoming other trade barriers and restrictions resulting in delivery delays or our inability to sell our products in certain countries;
- natural disasters, infectious diseases, epidemics or pandemics including COVID-19, outbreaks or major catastrophic events;
- increased financial accounting and reporting burdens and complexities; and
- significant taxes or other burdens of complying with a variety of foreign laws, including laws relating to privacy and data protection such as the General Data Protection Regulation (the "GDPR").

In conducting our international operations, we are subject to United States laws relating to our international activities, such as the Foreign Corrupt Practices Act of 1977, as well as foreign laws relating to our activities in other countries, such as the United Kingdom Bribery Act of 2010. Additionally, we are subject to laws that prohibit the conduct of business with persons that are subject to "sanctions," including but not limited to persons listed on the United States Department of Commerce's List of Denied Persons and the United States Department of Treasury's Specially Designated Nationals and Blocked Persons List. Failure to comply with these laws and other applicable laws may subject us to claims or financial and/or other penalties in the United States and/or foreign countries that could materially and adversely impact our operations or financial condition. These risks have become increasingly prevalent as we have expanded our sales into countries that are generally recognized as having a higher risk of corruption.

Historically, most of our revenue has been denominated in U.S. dollars, although we have sold our products and services in local currency outside of the United States, principally the euro. For the years ended December 31, 2020 and 2019, approximately 16% and 15%, respectively, of our sales were denominated in currencies other than U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States. As our operations in countries outside of the United States grow, our results of operations and cash flows will become increasingly subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. For example, if the value of the U.S. dollar increases relative to foreign currencies, in the absence of a corresponding change in local currency prices, our revenue could be adversely affected as we convert revenue from local currencies to U.S. dollars. During periods of economic crises, such as fallout from the COVID-19 pandemic, foreign currencies may be devalued significantly against the U.S. dollar, reducing our margins. In addition, because we conduct business in currencies other than U.S. dollars, but report our results of operations in U.S. dollars, we also face remeasurement exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and could materially impact our results of operations. We do not currently maintain a program to hedge foreign currency exposures.

Violations of complex foreign and United States laws and regulations could result in fines and penalties, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, and could also materially affect our brand, our international growth efforts, our ability to attract and retain employees, our business and our operating results. Even if we implement policies or procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our distribution partners, our employees, contractors or agents will not violate our policies and subject us to potential claims or penalties.

Significant U.K. or European developments stemming from the U.K.'s withdrawal from the European Union could have a material adverse effect on us.

In January 2020, the United Kingdom exited from the European Union ("Brexit") under the terms of a withdrawal agreement, entering into a "transition period" ending December 31, 2020 during which the existing regulatory regime was essentially the same. The United Kingdom's withdrawal from the European Union occurred on January 31, 2020. On December 24, 2020, the United Kingdom and the European Union entered into a trade and cooperation agreement (the "Trade and Cooperation Agreement"), which was applied on a provisional basis from January 1, 2021. While the economic integration does not reach the level that existed during the time the United Kingdom was a member state of the European Union, the Trade and Cooperation Agreement sets out preferential arrangements in areas such as trade in goods and in services, digital trade and intellectual property. Negotiations between the United Kingdom and the European Union are expected to continue in relation to the relationship between the United Kingdom and the European Union in certain other areas which are not covered by the Trade and Cooperation Agreement. The long term effects of Brexit on our business in the United Kingdom, the European Union and worldwide will depend on the effects of the implementation and application of the Trade and Cooperation Agreement and any other relevant agreements between the United Kingdom and the European Union.

The events that could occur in the future as a consequence of the United Kingdom's withdrawal may cause significant volatility in global financial markets, including in global currency and debt markets. This volatility could cause a slowdown in economic

activity in the United Kingdom, Europe or globally, which could adversely affect our operating results and growth prospects. In addition, our business could be negatively affected by new trade agreements or data transfer agreements between the United Kingdom and other countries, including the United States, and by the possible imposition of trade or other regulatory and immigration barriers in the United Kingdom. In addition, access to European Union research funding by research scientists based in the United Kingdom may be reduced or cut off altogether. It also is unclear whether Brexit may limit the ability or willingness of the United Kingdom's Medical Research Council or other funding sources to continue funding genomic or single cell research by local research centers and labs. The impact of the United Kingdom's withdrawal from the European Union could negatively impact our revenue as a result of currency fluctuations, a slowdown in research funding or restricted budgets. In addition, the growth of sales in the United Kingdom may be slowed or those sales may even decline as a result of this withdrawal. Additionally, distribution costs for products sold in the United Kingdom may be increased due to trade agreements and incremental importation expenses and it may become more difficult or time-consuming to ship our products into the United Kingdom. These possible negative impacts, and others resulting from the United Kingdom's withdrawal from the European Union, the implementation of the Trade and Cooperation Agreement, the outcome of further negotiations and the policies, rules and regulations that are adopted as a result, may increase our cost of doing business in Europe, disrupt our European operations and adversely affect our operating results and growth prospects.

The illegal distribution and sale by third parties of counterfeit or unfit versions of our products or stolen products could have a negative impact on our reputation and business.

Third parties might illegally distribute and sell counterfeit or unfit versions of our products, which do not meet our rigorous manufacturing, distribution and quality standards. As we expand our business internationally, we expect to encounter counterfeit versions of our products, particularly our consumables. A researcher who receives and uses counterfeit consumables could obtain erroneous results, experience failed experiments or potentially damage his or her instrument. Our reputation and business could suffer harm as a result of counterfeit products sold under our brand name. In addition, inventory that is stolen from warehouses, plants or while in-transit, and that is subsequently improperly stored and sold through unauthorized channels, could adversely impact our customers' experiments, our reputation and our business.

Effective as of July 1, 2020, we implemented a new company-wide enterprise resource planning system. Such implementation could adversely affect our business and results of operations or the effectiveness of internal control over financial reporting.

We implemented a new company-wide enterprise resource planning ("ERP") system in 2020 to handle the business and financial processes within our operations, manufacturing and corporate functions. While we successfully implemented the new ERP system effective July 1, 2020, we may experience operating problems with the ERP system or the ERP system and the associated process changes may not give rise to the benefits that we expect. If the system does not operate as intended or if the benefits we expect to receive from our new ERP system do not materialize, our business, results of operations and internal controls over financial reporting could be adversely affected.

Indebtedness may impair our financial and operating flexibility.

We may incur indebtedness in the future. The debt instruments governing such indebtedness could contain restrictive provisions. If we incur debt, a portion of our cash flows will be needed to satisfy our debt service obligations. While we do not anticipate that we will need to raise additional financing in the future to fund our operations, in the event that additional financing is required, we may not be able to raise it on terms acceptable to us or at all. As a result, we would be more vulnerable to general adverse economic, industry and capital markets conditions in addition to the risks associated with indebtedness described in this risk factor.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, as amended ("SOX"), and the rules and regulations of the applicable listing standards of the Nasdaq Global Select Market ("Nasdaq"). We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources.

SOX requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is accurately recorded, processed,

summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq.

We cannot provide any assurance that significant deficiencies or material weaknesses in our internal controls over financial reporting will not be identified in the future. If we fail to remediate any significant deficiencies or material weaknesses that may be identified in the future or encounter problems or delays in the implementation of internal controls over financial reporting, we may be unable to conclude that our internal controls over financial reporting are effective. Any failure to develop or maintain effective controls or any difficulties encountered in our implementation of our internal controls over financial reporting could result in material misstatements that are not prevented or detected on a timely basis, which could potentially subject us to sanctions or investigations by the SEC or other regulatory authorities.

Our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting. Even if our management concludes that our internal control over financial reporting is effective, 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 internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could materially and adversely affect our business, results of operations and financial condition and could cause a decline in the trading price of our Class A common stock.

Risks related to our regulatory environment and taxation

Ethical, legal, privacy and social concerns or governmental restrictions surrounding the use of the genomic and multi-omic information and gene editing could reduce demand for our products.

While we do not make gene sequencing or gene editing products, our products are used to better understand genomic information that could further gene editing endeavors. For example, our single cell gene expression solutions allow users to examine cells that have been genetically perturbed using clustered regularly interspaced short palindromic repeats (“CRISPR”) gene editing technology. Advances in genome editing or gene therapy, such as CRISPR Cas9 technology have been subject to negative publicity and increased regulatory scrutiny, in part due to the underlying ethical, legal, privacy and social concerns regarding the use or potential misuse of such technology. Governmental authorities could, for safety, social or other purposes, call for limits on or regulation of technologies and products used in the genome editing or gene therapy fields. Such concerns or governmental restrictions could limit the use of our products. Because the science and technology of genome editing or gene therapy is incredibly complex, any regulations or restrictions placed on such technology or aimed at curtailing its usage could, intentionally or inadvertently, limit or restrict the usage of our products. Any such restrictions or any reduction in usage of our products as a result of concerns regarding the usage of genome editing technology could have a material adverse effect on our business, financial condition and results of operations.

Our products could become subject to government regulation and the regulatory approval and maintenance process for such products may be expensive, time-consuming and uncertain both in timing and in outcome.

Our products are not subject to the clearance or approval of the U.S. Food and Drug Administration (the “FDA”), as they are not intended to be used for the diagnosis, treatment or prevention of disease. However, as we continue to expand our product line and the applications and uses of our existing products into new fields, certain of our current or future products could become subject to regulation by the FDA, or comparable international agencies, including requirements for regulatory clearance or approval of

such products before they can be marketed. Such regulatory approval processes or clearances may be expensive, time-consuming and uncertain, and our failure to obtain or comply with such approvals and clearances could have an adverse effect on our business, financial condition and operating results. In addition, changes to the current regulatory framework, including the imposition of additional or new regulations, including regulation of our products, could arise at any time during the development or marketing of our products, which may negatively affect our ability to obtain or maintain FDA or comparable regulatory approval of our products, if required. Further, sales of devices for diagnostic purposes may subject us to additional healthcare regulation and enforcement by the applicable government agencies. Such laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy and security and physician sunshine laws and regulations.

Diagnostic products are regulated as medical devices by the FDA and comparable international agencies and may require either clearance from the FDA following the 510(k) pre-market notification process or pre-market approval from the FDA, in each case prior to marketing. Obtaining the requisite regulatory approvals can be expensive and may involve considerable delay. None of our products are currently regulated as medical devices, however, if our products labeled as “For Research Use Only. Not for use in diagnostic procedures” are used, or could be used, for the diagnosis of disease, the regulatory requirements related to marketing, selling and supporting such products could change or be uncertain, even if such use by our customers is without our consent.

If the FDA or other regulatory authorities assert that any of our products are subject to regulatory clearance or approval, our business, financial condition or results of operations could be adversely affected.

Enhanced trade tariffs, import restrictions, export restrictions, Chinese regulations or other trade barriers may materially harm our business.

We are continuing to expand our international operations as part of our growth strategy and have experienced an increasing concentration of sales in certain regions outside the United States, especially in the Asia-Pacific region. For the years ended December 31, 2020 and 2019, sales outside of North America constituted approximately 47% and 43%, respectively, of our sales revenue and our largest markets outside of North America were China and Germany. There is currently significant uncertainty about the future relationship between the United States and various other countries, most significantly China, with respect to trade policies, treaties, government regulations and tariffs.

Additionally, our business may be adversely impacted by retaliatory trade measures taken by China or other countries. Such measures could include restrictions on our ability to sell or import our instruments and/or consumables into certain countries or have the effect of increasing the prices of our instruments and/or consumables. Although the United States and China signed an interim trade agreement in January 2020 (the “Phase One deal”), the parties are continuing to negotiate a trade agreement. At this time, it is unknown whether the Phase One deal will last, whether there will be sufficient progress on Phases Two and Three to lead to a further reduction in U.S.-China trade tensions and what effect the ultimate trade agreement will have on our business. There are also pressures on the U.S. Administration to retaliate against China over China’s inability to prevent COVID-19 from spreading outside of the country’s borders and China’s actions in Hong Kong, which could lead to additional U.S., Chinese and other tariffs, or a resumption of trade hostilities, exposing us to increased tariffs in the U.S. and Chinese markets. Therefore, it is possible further tariffs may be imposed that could cover imports of the export or sale our instruments and/or consumables, or our business may be adversely impacted by retaliatory trade measures taken by China or other countries, which could materially harm our business, financial condition and results of operations. The nature of the dispute between the United States and China is evolving and additional products such as ours could become subject to tariffs, which could adversely affect the marketability of our products and our results of operations. Further, the continued threats of tariffs, trade restrictions and trade barriers could have a generally disruptive impact on the global economy and, therefore, negatively impact our sales. Given the relatively fluid regulatory environment in China and the United States and uncertainty how the United States or foreign governments will act with respect to tariffs, international trade agreements and policies, there could be additional tax or other regulatory changes in the future. Any such changes could directly and adversely impact our financial results and results of operations.

Additionally, in November 2018, the United States Commerce Department’s Bureau of Industry and Security released an advance notice of proposed rulemaking to control the export of emerging technologies. This notice included “[b]iotechnology, including nanobiology; synthetic biology; genomic and genetic engineering; or neurotech” as possible areas of increased export controls. Therefore, it is possible that our ability to export our products may be restricted in the future.

The imposition of new, or changes in existing, tariffs, trade restrictions, trade barriers, export controls or retaliatory trade measures taken by other countries could adversely impact our business, financial condition and results of operations.

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

As of December 31, 2020, we had federal net operating loss carryforwards (“NOLs”) of $373.7 million and federal tax credit carryforwards of $27.6 million. Our federal NOLs generated after January 1, 2018, which total $258.8 million are carried forward

indefinitely, while all of our other federal NOLs and tax credit carryforwards expire beginning in 2032. As of December 31, 2020, we had state NOLs of $188.5 million, which expire beginning in 2030. In addition, we had state tax credit carryforwards of $20.9 million, which carry forward indefinitely. Our ability to utilize such carryforwards for income tax savings is subject to certain conditions and may be subject to certain limitations in the future due to ownership changes as described below. As such, there can be no assurance that we will be able to utilize such carryforwards. We have experienced a history of losses and a lack of future taxable income would adversely affect our ability to utilize these NOLs and research and development credit carryforwards.

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5% shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We completed a study through December 31, 2020 to determine whether an ownership change had occurred under Section 382 or 383 of the Code, and we determined that an ownership change occurred in 2013. As a result, our net operating losses generated through November 1, 2013 may be subject to limitation under Section 382 of the Code. The amount of pre-change loss carryforwards which may be subject to this limitation is $4.8 million. In addition, certain attributes are subject to annual limitations as a result of our acquisition of ReadCoor, which constitutes an ownership change. Such limitations may result in expiration of a portion of the carryforwards before utilization. Our ability to use net operating loss carryforwards, research and development credit carryforwards and other tax attributes to reduce future taxable income and liabilities may be further limited as a result of future changes in stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards or other pre-change tax attributes to offset United States federal and state taxable income may still be subject to limitations, which could potentially result in increased future tax liability to us.

We are subject to risks related to taxation in multiple jurisdictions.

We are subject to income taxes in both the United States and foreign jurisdictions. 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 Internal Revenue Service or other taxing authority disagrees with the positions taken on our tax returns, we could have additional tax liability, including interest and penalties. If material, payment of such additional amounts upon final adjudication of any disputes could have a material impact on our results of operations and financial position.

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 of 2017 (the "TCJA") significantly revised the Code. This federal income tax law contains significant changes to corporate taxation. In April 2020, recent interpretations of a German law relating to withholding taxes on intellectual property rights emerged. We have completed our evaluation of the overall impact of this recent interpretation of German law and our evaluation of the overall impact of TCJA on our effective tax rate and balance sheet through December 31, 2020 and have reflected the amounts in our financial statements for the quarter ended December 31, 2020.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law. The CARES Act includes provisions relating to net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. These provisions are not expected to have a material impact on the Company's consolidated financial statements.

Risks related to our intellectual property, information technology, and data security

We depend on certain technologies that are licensed to us. We do not control these technologies and any loss of our rights to them could prevent us from selling our products.

We rely on licenses in order to be able to use various proprietary technologies that are used in a substantial majority of our consumables. We do not own the patents that are the subject matter of these licenses. Our rights to use these patented technologies in our business are subject to the continuation of and compliance with the terms of those licenses.

We may need to license other technologies to commercialize future products. We may also need to negotiate licenses to patents after launching new products. Our business may suffer if the technologies or patents are unavailable for license or if we are unable to enter into necessary licenses on acceptable terms.

Our solutions contain third-party open source software components and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products.

Our solutions contain software tools licensed by third parties under open source software licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source software licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source software licenses contain requirements that the licensee make its source code publicly available if the licensee creates modifications or derivative works using the open source software, depending on the type of open source software the licensee uses and how the licensee uses it. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source software licenses, be required to release the source code of our proprietary software to the public for free. This would allow our competitors to create similar products with less development effort and time and ultimately could result in a loss of product sales and revenue. In addition, some companies that use third-party open source software have faced claims challenging their use of such open source software and their compliance with the terms of the applicable open source license. We may be subject to suits by third parties claiming ownership of what we believe to be open source software, or claiming non-compliance with the applicable open source licensing terms. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to compromise or attempt to compromise our technology platform and systems.

Although we review our use of open source software to avoid subjecting our solutions to conditions we do not intend, the terms of many open source software licenses have not been interpreted by United States courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions. Moreover, we cannot assure investors that our processes for monitoring and controlling our use of open source software in our solutions will be effective. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue offering our solutions on terms that are not economically feasible, to re-engineer our solutions, to discontinue the sale of our solutions if re-engineering could not be accomplished on a timely basis, or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, operating results and financial condition.

We collect, process, store, share, disclose and use personal information and other data, which subjects us to governmental regulations and other legal obligations related to privacy and security, and our actual or perceived failure to comply with such obligations could harm our business.

We collect, process, store, transmit, disclose and use information from our employees, customers and others, including personal information and other data, some of which may be sensitive in nature. There are numerous federal, state and foreign laws and regulations regarding data protection, privacy and security. We strive to comply with applicable laws, our posted policies and legal contractual obligations relating to privacy and data protection. However, the scope of these laws is changing, is subject to differing interpretations, may be costly to comply with and may be inconsistent among countries and jurisdictions or conflict with other rules. Our business, including our ability to operate and expand internationally, could be adversely affected if legislation or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices.

The global data protection landscape is rapidly evolving and new laws and regulations are likely to be enacted and violations of existing and new laws and regulations may subject companies to significant penalties and fines, government investigations and/or enforcement actions, private litigation and other claims. For example, the European Union’s adoption of the GDPR introduced stringent requirements for processing personal data. The GDPR is likely to increase compliance burdens on us, including by mandating potentially burdensome documentation requirements and granting certain rights to individuals to control how we

collect, use, disclose, retain and leverage information about them or how we obtain consent from them. The processing of sensitive personal data, such as physical health condition, may impose heightened compliance burdens under the GDPR and is a topic of active interest among foreign regulators. In addition, the GDPR provides for breach reporting requirements, more robust regulatory enforcement and greater penalties for noncompliance than previous data protection laws, including fines of up to €20 million or 4% of a noncompliant company's global annual revenue for the preceding financial year, whichever is greater. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business.

In the United States, California enacted the California Consumer Privacy Act (the "CCPA"), which came into effect on January 1, 2020 and limits and imposes requirements on how we may collect and use personal information and provides for civil penalties for violations and a private right of action for data breaches. In addition, in November 2020, Californians approved Proposition 24, that was also known as the California Privacy Rights Act (the "CPRA"). The CPRA modifies and expands the CCPA and established a new California Privacy Protection Agency. While the CPRA extended the current CCPA exemption of employment and business-to-business data until January 1, 2023, it also established January 1, 2023 as the new compliance date for most of the other substantive provisions that companies doing business in California must be prepared to meet. In addition to applying to businesses that buy and sell personal information the CPRA applies to businesses that buy, sell or share personal information and sets forth a new category of "sensitive personal information" that includes, genetic data; biometric or health information; and sex life or sexual orientation information. In addition to the modifications that enhance individuals' rights under the CCPA, the CPRA added five more rights, including the authority for the State to regulate the requirement for businesses to conduct risk assessments and cybersecurity audits. There is still a significant amount of uncertainty with respect to the CPRA's three-year compliance roll-out and the impact it will have on us and others in our industry, however, we expect to incur increased compliance costs and may be subject to increased potential liability in the event we fail to comply. Similar privacy and data protection laws have also been proposed in other states and at the federal level.

Any failure or perceived failure by us or our vendors or partners to comply with these laws and regulations, our privacy and notice policies, our privacy-related obligations to employees, customers or other third parties or privacy or security-related legal obligations, or any actual or perceived compromise of security that results in the unauthorized access to or disclosure, alteration, theft, loss, transfer or use of personal or other information, including personally identifiable information or other sensitive data, may result in governmental enforcement actions, fines and penalties, litigation or public statements critical of us by consumer advocacy groups or others and could cause our customers, partners or others to lose trust in us, which could have an adverse effect on our business.

If we experience a significant disruption in our information technology systems or breaches 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 are potentially vulnerable to disruption due to breakdown, malicious intrusion, computer viruses, worms, ransomware or other disruptive events including but not limited to natural disasters and catastrophes. 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. In addition to traditional computer "hackers," malicious code (such as viruses, worms and ransomware), 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). Despite significant efforts to create security barriers to such threats, it is virtually impossible for us to entirely mitigate these risks. If our security measures are compromised as a result of third-party action, employee or customer error, malfeasance, stolen or fraudulently obtained log-in credentials or otherwise, our reputation could be damaged, our business may be harmed and we could incur significant liability. If we were to experience a prolonged system disruption in our information technology systems 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 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. Such data security breaches 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.

We have not always been able in the past and may be unable in the future to anticipate or prevent techniques used to obtain unauthorized access or to compromise our systems because the techniques used change frequently and are generally not detected until after an incident has occurred. Concerns regarding data privacy and security may cause some of our customers to stop using our solutions. This discontinuance in use could substantially harm our business, operating results and growth prospects.

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, security breaches and other incidents of unauthorized access to our information technology systems and data can be difficult to detect and any delay in identifying such breaches or incidents may lead to increased harm and legal exposure of the type described above.

In March 2020, we experienced an attempted ransomware attack in which cybercriminals were able to access our information technology systems. While we isolated the source of the attack and restored normal operations with no material day-to-day impact to us or our ability to access our data, we have reason to believe confidential information was stolen. We believe the attempted ransomware attack could lead to the disclosure of our trade secrets or other intellectual property, or could lead to the exposure of personal information of our employees. The release of any of this information could have a material adverse effect on our business, reputation, financial condition and results of operations.

In addition, the March 2020 attempted ransomware attack 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 judgements against us, penalties and fines.

The cost of investigating, mitigating and responding to potential data security breaches and complying with applicable breach notification obligations to individuals, regulators, partners and others, including the March 2020 attempted ransomware attack, could be significant. Our insurance policies may not be adequate to compensate us for the potential costs and other losses arising from such disruptions, failures, attempted attacks 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 rely on on-premise, co-located and third-party data centers and platforms to host our website and other online services, as well as for research and development purposes and any interruptions of service or failures may impair and harm our business.

Our proprietary software is a crucial component of our solutions, as our software allows our end users to visualize genomic and multi-omic information provided by our instruments and reagents. Our software is generally downloadable free of charge from our website for installation and use by end users on their computer systems. Our website is hosted with various third-party service providers located in the United States. We rely on on-premises, co-located and third-party infrastructure in the San Francisco Bay Area and other regions in the United States to perform computationally demanding analysis tasks for our research and development programs and for other business purposes.

In the event of any technical problems that may arise in connection with our on-premise, co-located or third-party data centers, we could experience interruptions in our ability to provide products and services to our customers or in our internal functions, including research and development, which rely on such services. Interruptions or failures may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, worms, ransomware, security attacks, fraud, spikes in customer usage and denial of service issues. Interruptions or failures in our operations or services may reduce our revenue, result in the loss of customers, adversely affect our ability to attract new customers or harm our reputation. Significant interruptions to our research and development programs could cause us to delay the introduction of new products or improvements to existing products, which could adversely impact our business, our results of operations and the competitiveness of our products.

Our current solutions are capable of generating large datasets, the analysis of which can be time consuming without access to a high-performance computing system. The visualization of such data can also be computationally intensive. As we iterate and improve our products and as the related technologies advance, our continued growth may require an ability to provide our customers with direct access to a high-performance computing system and/or alternative means of obtaining our software. As a result, we expect our reliance on internal and third-party data centers to increase in the future.

Further, as we rely on third-party and public-cloud infrastructure, we will depend in part on third-party security measures to protect against unauthorized access, cyberattacks and the mishandling of customer data. In addition, failures to meet customers’

expectations with respect to security and confidentiality of their data and information could damage our reputation and affect our ability to retain customers, attract new customers and grow our business. In addition, a cybersecurity event could result in significant increases in costs, including costs for remediating the effects of such an event, lost revenue due to a decrease in customer trust and network downtime; increases in insurance coverage due to cybersecurity incidents; and damages to our reputation because of any such incident.

Risks related to litigation and our intellectual property

We are involved in significant litigation which has consumed significant resources and management time and adverse resolution of these lawsuits could require us to pay significant damages, and prevent us from selling our products, which would severely adversely impact our business, financial condition or results of operations.

Our success depends in part on our non-infringement of the patents or proprietary rights of third parties. Third parties have asserted, are currently asserting, and may in the future assert that our products infringe patents that they have obtained and may in the future obtain. We have incurred and could incur substantial costs and divert the attention of our management and technical personnel in defending ourselves against any of these claims. Any adverse ruling or perception of an adverse ruling in defending ourselves against these claims could have an adverse impact on our business, financial condition or results of operations. Furthermore, parties making claims against us have obtained, are currently seeking, and may in the future be able to obtain injunctive or other relief, which effectively could block our ability to further develop, commercialize, market or sell products or services and have resulted and could in the future result in the award of substantial damages against us. In the event of a successful infringement claim against us, we may be required to pay damages and obtain one or more licenses from third parties or be prohibited from selling certain products or services. In addition, we may be unable to obtain these licenses at a reasonable cost, if at all. We could therefore incur substantial costs related to royalty payments for licenses obtained from third parties, which could negatively affect our gross margins and earnings per share. In addition, we could encounter delays in product introductions while we attempt to develop alternative methods or products. Defense of any lawsuit or failure to obtain any of these licenses on favorable terms could prevent us from commercializing products and the prohibition of sale of any of our products or services could adversely affect our ability to grow or achieve or maintain profitability. Regardless of merit or eventual outcome, lawsuits brought against us may result in decreased demand for our products, injury to our reputation and increased insurance costs.

We have been involved in multiple patent litigation matters in the past several years and we expect that given the litigious history of our industry and the high profile of operating as a public company, other third parties, in addition to the parties identified herein, may claim that our products infringe their intellectual property rights. Our success depends in part on our ability to defend ourselves against such claims and maintain the validity of our patents and other proprietary rights.

In particular, we are currently involved in the following litigation matters related to substantially all of our Chromium products, the loss of any of which could have a material adverse effect on our business, operations, financial results and reputation. Beginning in 2015, Bio-Rad has filed six separate patent infringement cases against substantially all of our Chromium products, including instruments and consumables. These litigations are generally distinct and involve different Bio-Rad patents, however, the patents asserted by Bio-Rad in the U.S. International Trade Commission (“ITC”) are also asserted in the district court case filed in the Northern District of California.

The details of these litigation matters are described below:

The 2015 Delaware Action

In February 2015, Raindance Technologies, Inc. (“Raindance”) and the University of Chicago filed suit against us in the U.S. District Court for the District of Delaware (the “Delaware Court”), accusing the Company's legacy GEM products of infringing certain U.S. patents owned by or exclusively licensed to Raindance (the “2015 Delaware Action”). In May 2017, Bio-Rad was substituted as the plaintiff following its acquisition of Raindance. A jury trial was held in November 2018. The jury found that the accused legacy GEM products infringed U.S. Patent Nos. 8,304,193, 8,329,407 and 8,889,083. The jury also concluded that our infringement was willful and awarded Bio-Rad approximately $24 million in damages through June 30, 2018. We appealed the jury verdict. Post-trial, Bio-Rad moved for a permanent injunction, treble damages for willful infringement, attorneys’ fees, supplemental damages for the period from the second quarter of 2018 through the end of the trial as well as pre- and post-judgment interest.

The Court denied Bio-Rad’s request for attorneys’ fees and enhanced damages for willful infringement. The Court awarded supplemental damages for the period from the second quarter of 2018 through the end of trial as well as pre- and post-judgment interest. The Court entered final judgment against us in the amount of approximately $35 million in August 2019.

In the fourth quarter of 2018, we began recording an accrual for estimated royalties as a cost of revenue. This accrual is based on an estimated royalty rate of 15% of worldwide sales of our Chromium instruments operating our legacy GEM microfluidic chips and associated consumables. As of December 31, 2020, we had accrued a total of $44.2 million relating to this matter which includes our estimated 15% royalty for subsequent sales through that date.

In July 2019, the Court also granted Bio-Rad a permanent injunction against our legacy GEM microfluidic chips and associated consumables that were found to infringe the Bio-Rad patents, which historically constituted a significant amount of our product sales. However, under the injunction, we are permitted to continue to sell our legacy GEM microfluidic chips and associated consumables for use with our historical installed base of instruments provided that we pay into escrow a royalty of 15% of our net revenue related to such sales occurring after August 28, 2019. We appealed the Court's judgment including the injunction to the Federal Circuit.

In August 2020, the Federal Circuit issued its opinion in our appeal of the 2015 Delaware Action. The Federal Circuit (1) affirmed the judgment of the lower Court with respect to infringement of the '083 patent by our legacy GEM products and (2) vacated the judgment with respect to infringement of the '193 and '407 patents, which are remanded to the lower Court for a new trial on infringement. The Federal Circuit affirmed the damages award including the 15% royalty with respect to our legacy GEM products. The Federal Circuit vacated the injunction with respect to our Single Cell CNV and Linked-Read products but affirmed the injunction with respect to our other legacy GEM products. In October 2020, we filed a petition for *en banc* rehearing with the Federal Circuit. The Federal Circuit denied our petition for *en banc* rehearing on November 4, 2020. We paid the $34.5 million judgment, plus approximately $0.8 million in post-judgment interest, to Bio-Rad on December 17, 2020. The case was remanded to the Delaware Court for a determination of post-judgment royalties or other amounts, which we expect to be made around the second half of 2021.

Neither the lower Court judgment nor the Federal Circuit opinion in the 2015 Delaware Action implicate our Next GEM products. We have dedicated significant resources to designing and manufacturing our Next GEM microfluidic chips which use fundamentally different physics from our legacy GEM microfluidic chips. Neither the jury verdict nor the injunction relate to our Next GEM microfluidic chips based on our new proprietary design and associated consumables which we launched in May 2019 for three of our single cell solutions – Single Cell Gene Expression, Single Cell Immune Profiling and Single Cell ATAC. Since August 28, 2019, all Chromium instruments that we sell and have sold operate exclusively with our Next GEM solutions and we have substantially completed the transition of our customers to our Next GEM microfluidic chips and associated consumables.

Although our Next GEM microfluidic chips were designed to replace our legacy GEM microfluidic chips, we cannot assure you that we will be able to make our Next GEM microfluidic chip work with all of our solutions, that our Next GEM microfluidic chip will allow our customers to maintain the level of performance or quality of our legacy GEM microfluidic chip, that our Next GEM microfluidic chip will replace the sales of the legacy GEM microfluidic chip or that we will be able to manufacture the Next GEM microfluidic chips in sufficient volumes in a timely fashion. Our Next GEM microfluidic chips may be subject to future claims of infringement by Bio-Rad or others and are currently the subject of the litigation described in this risk factor. While we believe that our Chromium solutions, when used with our Next GEM microfluidic chip, would not infringe the asserted Bio-Rad patents, we cannot assure you that our Next GEM microfluidic chip would not become subject to additional patent infringement litigation, which could prevent us from making, selling and importing our Next GEM microfluidic chips. In addition, it is possible that Bio-Rad could, in the future, claim that our continued sale of products violates orders issued by the court and request that the court impose sanctions or other penalties on us for such violations.

In addition, we have not developed Next GEM microfluidic chips for our Single Cell CNV and Linked-Read solutions. Although the Federal Circuit recently vacated the injunction with respect to our Single Cell CNV and Linked-Read solutions, we have not yet released a new version of our instrument that would allow our customers to use these solutions using our legacy GEM microfluidic chip.

Also in 2015, we filed multiple petitions for *inter partes* review (“IPR”) at the Patent Trial and Appeal Board (“PTAB”) of the U.S. Patent and Trademark Office (“USPTO”) against Raindance and the University of Chicago relating to the patents asserted in the 2015 Delaware Action, including U.S. Patent Nos. 7,129,091, 8,658,430, 8,304,193, 8,273,573, 8,329,407, 8,889,083 and 8,822,148. Among these proceedings, all the claims in the ‘430 patent were determined by the PTAB to be invalid, all the claims in the ‘573 patent were canceled, and our invalidity challenges to the remaining Bio-Rad patents were unsuccessful. Accordingly, we may be precluded from challenging the ‘091, ‘193, ‘407 and ‘148 patents at the PTAB in the future as a result of these decisions. Further, because all the claims in the ‘083 patent survived the IPR challenge, we will be precluded from making certain invalidity challenges to this patent at the PTAB, or in a district court or ITC litigation in the future.

The ITC 1068 Action

On July 31, 2017, Bio-Rad and Lawrence Livermore National Security, LLC filed a complaint against us in the ITC pursuant to Section 337 of the Tariff Act of 1930, alleging that substantially all of our Chromium products infringe U.S. Patents Nos. 9,089,844, 9,126,160, 9,500,664, 9,636,682 and 9,649,635 (the "ITC 1068 Action"). Bio-Rad is seeking an exclusion order preventing us from importing the accused microfluidic chips, including (1) our legacy GEM microfluidic chip, (2) our gel bead manufacturing microfluidic chip and (3) our Next GEM microfluidic chip, into the United States and a cease and desist order preventing us from selling such imported chips. An evidentiary hearing for the ITC 1068 Action was held in May 2018 and the presiding judge issued an Initial Determination in September 2018, finding that our legacy GEM microfluidic chips infringe the '664, '682 and '635 patents but not the '160 patent. The judge further found that our gel bead manufacturing microfluidic chip and Next GEM microfluidic chip do not infringe any claim asserted against them (the "Initial Determination"). The judge recommended entry of an exclusion order preventing us from importing our legacy GEM microfluidic chips and a cease and desist order that would prevent us from selling such imported chips.

On December 18, 2019, the ITC issued its final determination in the ITC 1068 Action (the "Final Determination"). The Final Determination affirmed the Initial Determination that our Next GEM microfluidic chips and gel bead manufacturing microfluidic chips do not infringe any of the claims asserted against them. The Final Determination also affirmed the ruling that our legacy GEM microfluidic chips infringe the '664, '682 and '635 patents but not the '160 patent. The ITC issued (1) a limited exclusion order prohibiting the unlicensed importation of the legacy GEM microfluidic chips into the United States and (2) a cease and desist order preventing us from selling such imported legacy GEM microfluidic chips in the United States. The ITC expressly allowed the importation and sale of the legacy GEM microfluidic chips for use by researchers who were using such chips as of December 18, 2019, and who have a documented need to continue receiving such chips for a specific current ongoing research project for which that need cannot be met by any alternative product. The Final Determination was subject to a 60-day presidential review period. During the presidential review period, we were permitted to continue importation and sales of the legacy GEM microfluidic chips subject to payment of a bond of three (3) percent of the entered value of the accused microfluidic chips.

We and Bio-Rad have appealed the Final Determination to the Court of Appeals for the Federal Circuit. Bio-Rad has appealed the Final Determination with respect to non-infringement of our gel bead manufacturing chips, but not with respect to non-infringement of our Next GEM microfluidic chips. We have appealed the Final Determination with respect to infringement of our legacy GEM microfluidic chips. Oral argument is scheduled on April 7, 2021. We expect a decision around the fourth quarter of 2021.

In order to allow our customers to continue their important research, we have dedicated significant resources to developing the capabilities to manufacture our microfluidic chips in the United States prior to the entry of the exclusion order or cease and desist order which took effect in February 2020. Prior to the second quarter of 2019, all of our microfluidic chips were manufactured outside of the United States. Our United States manufacturing facilities achieved volume production of certain of our legacy GEM microfluidic chips beginning in the third quarter of 2019. We cannot assure investors that our U.S. manufacturing facilities can produce our microfluidic chips to the same level of functionality, quality or quantity as our current foreign manufacturer. Moreover, Bio-Rad has also filed other suits against us, including in the U.S. District Court for the Northern District of California, which is discussed separately below. If Bio-Rad succeeds in obtaining an injunction in the district court case or any of the other cases, we could be prohibited from selling our legacy GEM microfluidic chips, regardless of where they are manufactured. If we are prohibited from selling our legacy GEM microfluidic chips, our business, operations, financial results and reputation would be significantly adversely impacted.

In addition, it is possible that Bio-Rad could, in the future, file enforcement proceedings claiming that we have violated the exclusion order and/or cease and desist order entered in the ITC 1068 Action and requesting that the ITC impose sanctions or other penalties on us for such violations. Our Next GEM microfluidic chips could also become subject to other patent infringement litigations. If we are prohibited from selling our Next GEM microfluidic chips, our business, operations, financial results and reputation would be significantly adversely impacted.

The Northern District of California Action

On July 31, 2017, Bio-Rad and Lawrence Livermore National Security, LLC also filed suit against us in the U.S. District Court for the Northern District of California, alleging that the Company's legacy GEM products infringe U.S. Patents Nos. 9,216,392, 9,347,059 and the five patents asserted in the ITC 1068 Action. The complaint seeks injunctive relief, unspecified monetary damages, costs and attorneys' fees. This litigation has been stayed pending resolution of the Federal Circuit appeal of the ITC 1068 Action. In July 2020, Bio-Rad moved to lift the stay with respect to the '059 patent and consolidate the '059 patent with the '115 patent transferred from the District of Massachusetts which is being asserted against our Next GEM products. In August

2020, the Court denied Bio-Rad's motion to lift the stay with respect to both the '059 and '115 patents. In October 2020, the Company filed two petitions for IPR challenging the validity of the ‘115 patent. The Company expects the PTAB to issue a decision on institution of these IPR petitions in the second quarter of 2021.

The Germany Action

On February 13, 2018, Bio-Rad filed suit against us in Germany in the Munich Region Court alleging that our Chromium instruments, legacy GEM microfluidic chips and certain accessories infringe German Utility Model No. DE 20 2011 110 979. Bio-Rad seeks unspecified damages and an injunction prohibiting sales of these products in Germany and requiring us to recall these products sold in Germany subsequent to February 11, 2018. An initial hearing was held on November 27, 2018, and a subsequent hearing was held on May 15, 2019. The Court issued a ruling on November 20, 2019. The Court ruled that our legacy GEM microfluidic chips, as well as certain Chromium instruments and accessories used with legacy GEM microfluidic chips, infringed the German Utility Model. The Court issued an injunction with respect to such legacy GEM microfluidic chips, Chromium instruments and accessories used with such systems, prohibiting among other things the sale of these products in Germany and the importation of such products into Germany. The Court found that we are obligated to compensate Bio-Rad for unspecified damages and required that these products be recalled from distribution channels in Germany. The Court further found that we have to bear the statutory costs of the legal dispute in a minimum amount of at least 61,000 Euros. The Court’s ruling did not address our Next GEM products, which were not accused in this action and which constitute substantially all of our Chromium sales in Germany. The Company appealed the Court's ruling.

On April 6, 2020, the Munich Higher Regional Court (the “Higher Court”) issued a ruling staying enforcement of the ruling of the lower Court, including the injunction, subject to the payment of a bond by the Company. The Higher Court found that the lower Court’s claim construction was not justifiable and that the facts did not provide a basis for a finding of infringement. On April 16, 2020, we paid a 2.8 million Euro bond to the Higher Court to completely stay enforcement of the ruling. The bond is refundable upon a favorable ruling on the merits by the Higher Court. We expect the Higher Court to rule on the merits in 2021. In August 2020, Bio-Rad filed its appeal response arguing for the first time that our Next GEM microfluidic chips and certain accessories infringe the utility model. In its appeal response, Bio-Rad also attempted to add infringement allegations with respect to a new patent, European Patent No. 3 132 844, against our Chromium instruments and Next GEM microfluidic chips. We believe it is procedurally improper to attempt to add these new claims at this stage, that our Next GEM products are not covered by the lower court's judgment and are not admissible in the appeal, and that the newly asserted '844 patent is not admissible in the appeal. The Higher Court is not expected to rule on whether Next GEM products or the '844 patent are admissible in the appeal until 2021.

The 2018 Delaware Action

On October 25, 2018, Bio-Rad filed suit against us in the U.S. District Court for the District of Delaware, alleging that substantially all of our Chromium products, including our legacy GEM products and Next GEM products, infringe U.S. Patent Nos. 9,562,837 and 9,896,722. Bio-Rad seeks injunctive relief, unspecified monetary damages, costs and attorneys’ fees.

In October 2019, we filed four petitions for IPR challenging the validity of both asserted patents. On April 27, 2020, the PTAB instituted review on all four of these petitions. A final written decision is expected from the PTAB in April 2021.

In June 2020, the Court completely stayed the District of Delaware litigation pending resolution of the IPRs before the PTAB.

If we are found to infringe these patents or if we are prohibited from selling our products, our business, operations, financial results and reputation could be significantly adversely impacted.

The Massachusetts Action

On September 11, 2019, Bio-Rad filed suit against us in the U.S. District Court for the District of Delaware, alleging that our Next GEM products infringe certain claims of U.S. Patent No. 8,871,444. On November 5, 2019, Bio-Rad amended the complaint to additionally allege that our Next GEM products infringe certain claims of U.S. Patent Nos. 9,919,277 and 10,190,115. The ‘444 and ‘277 patents are exclusively licensed by Bio-Rad from Harvard University, which subsequently joined the suit as a party plaintiff. Bio-Rad is seeking damages and an injunction against our Next GEM products amongst other remedies. The ‘444 and ‘277 patents are projected to expire in October 2024.

On December 18, 2019, Bio-Rad dismissed this action in the District of Delaware and refiled it in the U.S. District Court for the District of Massachusetts. The case was assigned to Judge William G. Young. On January 14, 2020, the Court consolidated this case with a separate action, *Bio-Rad Laboratories Inc. et al. v. Stilla Technologies, Inc.* (“Stilla”), in which Bio-Rad is asserting

the ‘444 patent (among other patents) against Stilla’s droplet digital PCR product. On January 23, 2020, we filed a motion to dismiss the case and to transfer the ‘115 patent to the Northern District of California, where the related ‘059 patent is stayed.

On January 24, 2020, we filed antitrust counterclaims against Bio-Rad alleging violations of (a) Section 7 of the Clayton Act, (b) Section 2 of the Sherman Act and (c) California unfair competition laws, for illegally acquiring Raindance and illegally monopolizing or attempting to monopolize markets relating to droplet digital PCR products, droplet single cell products and droplet genetic analysis technology. On February 19, 2020, Bio-Rad moved to dismiss, or alternatively to stay and sever, our antitrust claims.

On February 5, 2020, we filed additional counterclaims against Bio-Rad alleging that Bio-Rad’s single cell ATAC-seq products infringe U.S. Patent No. 9,029,085 and 9,850,526 that are exclusively licensed to us from Harvard University. On February 26, 2020, Bio-Rad moved to sever and stay the patent counterclaims. On March 6, 2020, the Court denied the motion to stay and deferred the motion to sever until prior to trial.

On March 25, 2020, the Court held a hearing with respect to (a) our motion to dismiss Bio-Rad’s patent claims, (b) our motion to transfer the ‘115 patent and (c) Bio-Rad’s motion to dismiss our antitrust counterclaims. On April 30, 2020, the Court denied our motion to dismiss with respect to Bio-Rad’s patent claims and granted our motion to transfer the ‘115 patent to the Northern District of California. In August 2020, the Court granted Bio-Rad’s motion to dismiss (i) our Sherman Act and Clayton Act counterclaims with respect to droplet single cell products and (ii) our Sherman Act counterclaims with respect to droplet genetic analysis technology. The Court denied Bio-Rad’s motion to dismiss (i) our Clayton Act counterclaims with respect to droplet genetic analysis technology; (ii) our Sherman Act and Clayton Act counterclaims with respect to droplet digital PCR products; and (iii) our California unfair competition counterclaims.

Discovery is ongoing. A Markman hearing was conducted in September 2020. In December 2020, the Court ordered the parties to be ready for trial for Bio-Rad’s patent claims and our patent counterclaims in July 2021 and for our antitrust counterclaims in September 2021.

In June 2020, we filed two petitions for IPR challenging the validity of the '444 patent. In August 2020, we filed two petitions for IPR challenging the validity of the '277 patent. On January 13, 2021, the PTAB denied institution of IPRs for the '444 patent. On February 22, 2021, the PTAB denied institution of IPRs for the '277 patent.

If we are found to infringe the asserted patents or if we are prohibited from selling our products, our business, operations, financial results and reputation could be significantly adversely impacted.

We are involved in lawsuits to protect, enforce or defend our patents and other intellectual property rights, which are expensive, time consuming and could ultimately be unsuccessful.

On January 11, 2018, we filed a complaint against Bio-Rad at the ITC pursuant to Section 337 of the Tariff Act of 1930 alleging that Bio-Rad infringes our U.S. Patent Nos. 9,644,204, 9,689,024, 9,695,468 and 9,856,530 (the “ITC 1100 Action”). The judge issued an Initial Determination on July 12, 2019 finding that Bio-Rad’s ddSEQ products infringe the ‘024, ‘468 and ‘530 patents. The judge also found all of our asserted patents to be valid and rejected Bio-Rad’s claim of ownership in all of the asserted patents.

On February 12, 2020, the ITC issued its Final Determination affirming the judge’s findings with respect to Bio-Rad’s violation of the ‘024, ‘468 and ‘530 patents, including the judge’s findings for those patents with respect to infringement, validity and ownership. The ITC issued an exclusion order prohibiting Bio-Rad from importing into the United States infringing microfluidic devices, components thereof and products containing same, including the ddSEQ products. The ITC also issued a cease and desist order preventing Bio-Rad from selling such imported products in the United States. The ITC’s remedial orders do not identify any ddSEQ assay as exempted from their potential scope. The ITC orders do not prohibit the importation or sale of microfluidic consumables imported into the U.S. for use by researchers who are using such consumables as of February 12, 2020, and who have a documented need to continue receiving such consumables for a specific current ongoing research project for which that need cannot be met by any alternative product. The Final Determination is subject to a 60-day presidential review period. On April 29, 2020, Bio-Rad appealed the Final Determination to the Court of Appeals for the Federal Circuit. We expect appeals to be completed in late-2021, and we cannot guarantee investors that the Final Determination will not be reversed on appeal.

Also in January 2018, we filed a related but separate suit against Bio-Rad in the U.S. District Court for the Northern District of California, alleging that Bio-Rad infringes the ‘204, ‘024, ‘468 and ‘530 patents. The ‘204, ‘024, ‘468 and ‘530 patents generally

relate to gel bead reagents that are used in our Chromium products, which historically have constituted a significant amount of our current sales. This litigation has been stayed pending resolution of the ITC 1100 Action.

In January 2019, Bio-Rad also filed petitions for IPR of the ‘024, ‘468 and ‘530 patents at the PTAB seeking to invalidate these patents. In July and August of 2019, the PTAB denied institution of all of these Bio-Rad IPR petitions.

In addition to the litigation and legal proceedings discussed above, we are currently and may in the future be a party to other litigation or legal proceedings to determine the scope and validity of our intellectual property, which, if resolved adversely to us, could invalidate or render unenforceable our intellectual property or generally preclude us from restraining, enjoining or otherwise seeking to exclude competitors from commercializing products using technology developed or used by us. For example, our patents and any patents which we in-license may be challenged, narrowed, invalidated or circumvented. If patents we own or license are invalidated or otherwise limited, other companies may be better able to develop products that compete with ours, which would adversely affect our competitive position, business prospects, results of operations and financial condition.

The following are examples of litigation and other adversarial proceedings or disputes that we could become a party to involving our patents or patents licensed to us:

- we have initiated, and in the future may initiate, litigation or other proceedings against third parties to enforce our patent rights;
- third parties have initiated, and in the future may initiate, litigation or other proceedings seeking to invalidate patents owned by or licensed to us or to obtain a declaratory judgment that their product or technology does not infringe our patents or patents licensed to us or that such patents are invalid or unenforceable;
- third parties have initiated, and in the future may initiate, oppositions, IPRs, post grant reviews or reexamination proceedings challenging the validity or scope of our patent rights, requiring us and/or licensors to participate in such proceedings to defend the validity and scope of our patents;
- there are, and in the future may be, more challenges or disputes regarding inventorship or ownership of patents currently identified as being owned by or licensed to us; or
- at our initiation or at the initiation of a third-party, the USPTO may initiate an interference between patents or patent applications owned by or licensed to us and those of our competitors, requiring us and/or licensors to participate in an interference proceeding to determine the priority of invention, which could jeopardize our patent rights.

Furthermore, many of our employees were previously employed at universities or other life sciences companies, including our competitors or potential competitors. We or our employees may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Although no such claims are currently pending, litigation may be necessary to defend against such claims if they arise in the future. If we fail to successfully defend such claims, in addition to paying monetary damages, we may be subject to injunctive relief and lose valuable intellectual property rights. A loss of key research personnel work product could hamper or prevent our ability to commercialize certain potential products, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

If we are unable to protect our intellectual property effectively, our business would be harmed.

We rely on patent protection as well as trademark, copyright, trade secret and other intellectual property rights protection and contractual restrictions to protect our proprietary technologies, all of which provide limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. Worldwide we own or exclusively license over 330 issued or allowed patents and over 660 pending patent applications as of December 31, 2020. We also license additional patents on a non-exclusive and/or territory restricted basis. We continue to file new patent applications to attempt to obtain further legal protection of the full range of our technologies. If we fail to protect our intellectual property, third parties may be able to compete more effectively against us and we may incur substantial litigation costs in our attempts to recover or restrict the use of our intellectual property.

Our success depends in part on obtaining patent protection for our products and processes, preserving trade secrets, patents, copyrights and trademarks, operating without infringing the proprietary rights of third parties and acquiring licenses for technology or products. We may exercise our business judgment and choose to relinquish rights in trade secrets by filing applications that disclose and describe our inventions and certain trade secrets when we seek patent protection for certain of our products and technology. We cannot assure investors that any of our currently pending or future patent applications will result in issued patents and we cannot predict how long it will take for such patents to be issued. Further, in some cases, we have only filed

provisional patent applications on certain aspects of our products and technologies and each of these provisional patent applications is not eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of the applicable provisional patent application. Such provisional patents may not become issued patents for a variety of reasons, including our failure to file a non-provisional patent application within the permitted timeframe or a decision that doing so no longer makes business or financial sense. Publications of discoveries in scientific literature often lag behind the actual discoveries and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing or in some cases not at all. Therefore, we cannot know with certainty whether we were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain, despite the importance of seeking patent protection in our industry.

Further, we cannot assure investors that other parties will not challenge any patents issued to us or that courts or regulatory agencies will hold our patents to be valid or enforceable. We cannot guarantee investors that we will be successful in defending challenges made against our patents and patent applications, even if we spend significant resources defending such challenges. Any successful third-party challenge to our patents could result in the unenforceability or invalidity of such patents and could deprive us of the ability to prevent others from using the technologies claimed in such issued patents.

Changes in either the patent laws or in interpretations of patent laws in the United States or other countries 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.

In addition to pursuing patents on our technology, we take steps to protect our intellectual property and proprietary technology by entering into confidentiality agreements and intellectual property assignment agreements with our employees, consultants, corporate partners and, when needed, our advisors. Such agreements may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements and we may not be able to prevent such unauthorized disclosure. Monitoring unauthorized disclosure is difficult and we do not know whether the steps we have taken to prevent such disclosure are, or will be, adequate. If we were to enforce a claim that a third-party had illegally obtained and was using our trade secrets, it would be expensive and time consuming and the outcome would be unpredictable.

We also seek trademark registration to protect key trademarks such as our 10X, CHROMIUM and VISIUM marks, however, we have not yet registered all of our trademarks in all of our current and potential markets. If we apply to register these trademarks, our applications may not be allowed for registration and our registered trademarks may not be maintained or enforced. In addition, opposition or cancellation proceedings may be filed against our trademark applications and registrations and our trademarks may not survive such proceedings. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would.

With respect to all categories of intellectual property protection, our competitors could purchase our products and attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe our intellectual property rights, design around our protected technology or develop their own competitive technologies that fall outside of our intellectual property rights. In addition, competitors may develop their own versions of our products in countries where we did not apply for patents, where our patents have not issued or where our intellectual property rights are not recognized and compete with us in those countries and markets.

The laws of some countries do not protect intellectual property rights to the same extent as the laws of the United States and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our patents. The legal systems in certain countries may also favor state-sponsored or companies headquartered in particular jurisdictions over our first-in-time patents and other intellectual property protection. We are aware of incidents where such entities have stolen the intellectual property of domestic companies in order to create competing products and we believe we may face such circumstances ourselves in the future. In the Office of the United States Trade Representative (“USTR”) annual “Special 301” Report released in 2019, the adequacy and effectiveness of intellectual property protection in a number of foreign countries were analyzed. A number of countries in which both we and our distributors operate are identified in the report as being on the Priority Watch List. In China, for instance, the USTR noted a range of IP-related concerns, including a need to “strengthen IP protection and enforcement, including as to trade secret theft, online piracy and counterfeiting, the high-volume manufacture and export of counterfeit goods, and impediments to pharmaceutical innovation.” The absence of harmonized intellectual property protection laws and effective enforcement makes it difficult to ensure consistent respect for patent, trade secret, and other

intellectual property rights on a worldwide basis. As a result, it is possible that we will not be able to enforce our rights against third parties that misappropriate our proprietary technology in those countries.

The U.S. law relating to the patentability of certain inventions in the life sciences is uncertain and rapidly changing, which may adversely impact our existing patents or our ability to obtain patents in the future.

Various courts, including the U.S. Supreme Court, have rendered decisions that impact the scope of patentability of certain inventions or discoveries relating to the life sciences. Specifically, these decisions stand for the proposition that patent claims that recite laws of nature (for example, the relationships between gene expression levels and the likelihood of risk of recurrence of cancer) are not themselves patentable unless those patent claims have sufficient additional features that provide practical assurance that the processes are genuine inventive applications of those laws rather than patent drafting efforts designed to monopolize the law of nature itself. What constitutes a "sufficient" additional feature is uncertain. Furthermore, in view of these decisions, in December 2014 the USPTO, published revised guidelines for patent examiners to apply when examining process claims for patent eligibility. This guidance was updated by the USPTO in July 2015 and additional illustrative examples provided in May 2016. The USPTO provided additional guidance on examination procedures pertaining to subject matter eligibility in April 2018 and June 2018. The guidance indicates that claims directed to a law of nature, a natural phenomenon or an abstract idea that do not meet the eligibility requirements should be rejected as non-statutory, patent ineligible subject matter; however, method of treatment claims that practically apply natural relationships should be considered patent eligible. We cannot assure you that our patent portfolio will not be negatively impacted by the current uncertain state of the law, new court rulings or changes in guidance or procedures issued by the USPTO. From time to time, the U.S. Supreme Court, other federal courts, the U.S. Congress or the USPTO may change the standards of patentability and validity of patents within the life sciences and any such changes could have a negative impact on our business.

Risks related to ownership of our Class A common stock

Sales of a substantial number of shares of our Class A common stock by our existing stockholders could cause the price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market could occur at any time. Moreover, certain holders of our common stock have rights, subject to conditions, to require us to file registration statements with the SEC covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We have also registered all shares of Class A common stock that we may issue under our equity compensation and employee stock purchase plans. These shares can be freely sold in the public market upon issuance and, if applicable, vesting, subject to our insider trading policy, where applicable, and applicable securities laws including volume limitations applicable to affiliates under Rule 144 and Rule 701. Sales of Class A common stock in the public market or pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

The multi-class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of our IPO, including our co-founders, and may depress the trading price of our Class A common stock.

Our Class A common stock has one vote per share and our Class B common stock has ten votes per share, except as otherwise required by law. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively control a majority of the combined voting power of our common stock and therefore are able to control all matters submitted to our stockholders for approval. This concentrated control is expected to limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes where sole dispositive power and exclusive voting control with respect to the shares of Class B common stock is retained by the transferring holder and transfers between our co-founders. In addition, each outstanding share of Class B common stock held by a stockholder who is a natural person, or held by the permitted entities of such stockholder (as described in our amended and restated certificate of incorporation), will convert automatically into one share of Class A common stock upon the death of such natural person. In the

event of the death or permanent and total disability of a co-founder, shares of Class B common stock held by such co-founder or his permitted entities will convert to Class A common stock, provided that the conversion will be deferred for nine months, or up to 18 months if approved by a majority of our independent directors, following his death or permanent and total disability. Transfers between our co-founders are permitted transfers and will not result in conversion of the shares of Class B common stock that are transferred. The conversion of Class B common stock to Class A common stock has had, and will continue to have, the effect, over time, of increasing the relative voting power of those individual holders of Class B common stock who retain their shares in the long term. To date, such conversions have had the effect of increasing the relative voting power of our co-founders and certain of our directors and will continue to have such an effect if our co-founders and such directors retain their shares in the long term.

We have incurred and will continue to incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices, including maintaining an effective system of internal controls over financial reporting. We ceased to be an "emerging growth company" as of January 1, 2021 and are now required to comply with certain provisions of SOX and are no longer permitted to take advantage of reduced disclosure requirements applicable to emerging growth companies.

We have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company and we expect these expenses to increase because we are no longer eligible to take advantage of the reduced disclosure requirements and other benefits available to emerging growth companies. The Dodd-Frank Wall Street Reform and Consumer Protection Act, SOX, the listing requirements of Nasdaq and other applicable federal and Delaware rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. These requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

The rules and regulations applicable to us as a public company and recent trends in the insurance market have made it more expensive for us to obtain director and officer liability insurance. We have currently obtained only director and officer liability coverage (commonly referred to as “Side A” coverage). This means that while our directors and officers have direct insurance coverage for acts which the company is not legally required or permitted to indemnify them, the company itself does not have coverage for amounts incurred in defending, among other things, stockholder derivative or securities class action lawsuits or in the event of certain investigative actions, for amounts it must pay as a result of such suits or amounts it must pay to indemnify our directors or officers. We are in essence self-insuring for these costs. Any costs incurred in connection with such litigation could have a material adverse effect on our business, financial condition and results of operations.

In September 2018, California enacted a law that requires publicly held companies headquartered in California to have at least one female director by the end of 2019 and at least three by the end of 2021, depending on the size of the board. In September 2020, California enacted a law that requires publicly held companies headquartered in California to have at least one director from an underrepresented community, as defined in the law, by the end of 2021 and at least three by the end of 2022, depending on the size of the board. The laws impose financial penalties for failure to comply. We are currently in compliance with the requirements of both laws but we may incur costs associated with complying with the law in future years, including costs associated with expanding our board of directors or identifying qualified candidates for appointment to our board of directors, or financial penalties or harm to our brand and reputation if we fail to comply. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws 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 Class A common stock.

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our restated certificate of incorporation and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- any transaction that would result in a change in control of our company requires the approval of a majority of our outstanding Class B common stock voting as a separate class;
- our multi-class common stock structure provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock and Class B common stock;

- our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause by the affirmative vote of holders of at least two-thirds of the voting power of our then outstanding capital stock;
- certain amendments to our amended and restated certificate of incorporation require the approval of stockholders holding two-thirds of the voting power of our then outstanding capital stock;
- any stockholder-proposed amendment to our amended and restated bylaws requires the approval of stockholders holding two-thirds of the voting power of our then outstanding capital stock;
- our stockholders are only able to take action at a meeting of stockholders and are not able to take action by written consent for any matter;
- our stockholders are able to act by written consent only if the action is first recommended or approved by the board of directors;
- vacancies on our board of directors are able to be filled only by our board of directors and not by stockholders;
- only our chairman of the board of directors, chief executive officer or a majority of the board of directors are authorized to call a special meeting of stockholders;
- certain litigation against us can only be brought in Delaware;
- our restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued, without the approval of the holders of our capital stock; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, stockholders or employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our amended and restated bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware. Our amended and restated bylaws further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States are the exclusive forum for the resolution of any claims under the Securities Act or any successor thereto. Nothing in our amended and restated bylaws precludes stockholders that assert claims under the Exchange Act, or any successor thereto, from bringing such claims in state or federal court, subject to applicable law. Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to the foregoing forum selection provisions. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of such stockholder's choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find the exclusive-forum provisions in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations.

General risks

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our operating results could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. If our assumptions underlying our estimates and judgements relating to our critical accounting policies change or if actual circumstances differ from our assumptions, estimates or judgements, our operating results may be adversely affected and could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

The market price of our Class A common stock may be volatile, which could result in substantial losses for investors.

The trading price of our Class A common stock has been and may continue to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this report, these factors include:

- the timing of our launch of future products and degree to which the launch and commercialization thereof meets the expectations of securities analysts and investors;
- the outcomes of and related rulings in the litigation and administrative proceedings in which we are currently or may in the future become involved;
- the timing and rate of market acceptance of our Next GEM microfluidic chips, the successful transition of our customers to our Next GEM microfluidic chips and our ability to make our Next GEM microfluidic chip work with all of our solutions;
- the failure or discontinuation of any of our product development and research programs;
- changes in the structure or funding of research at academic and research laboratories and institutions, including changes that would affect their ability to purchase our instruments or consumables;
- the success of existing or new competitive businesses or technologies;
- announcements about new research programs or products of our competitors;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- litigation and governmental investigations involving us, our industry or both;
- regulatory or legal developments in the United States and other countries;
- volatility and variations in market conditions in the life sciences sector generally, or the genomics sector specifically;
- investor perceptions of us or our industry;
- the level of expenses related to any of our research and development programs or products;
- actual or anticipated changes in our estimates as to our financial results or development timelines, variations in our financial results or those of companies that are perceived to be similar to us or changes in estimates or recommendations by securities analysts, if any, that cover our Class A common stock or companies that are perceived to be similar to us;
- whether our financial results meet the expectations of securities analysts or investors;
- the announcement or expectation of additional financing efforts;
- stock-based compensation expense under applicable accounting standards;
- sales of our Class A common stock or Class B common stock by us, our insiders or other stockholders;
- general economic, industry and market conditions;
- natural disasters, infectious diseases, conflict, civil unrest, epidemics or pandemics including COVID-19, outbreaks or major catastrophic events; and
- the other factors described in this "*Risk Factors*" section.

In recent years, stock markets in general, and the market for life sciences technology companies in particular (including companies in the genomics, biotechnology, diagnostics and related sectors), have experienced significant price and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of the companies whose

stock is experiencing those price and volume fluctuations. Broad market and industry factors may seriously affect the market price of our Class A common stock, regardless of our actual operating performance. In the past, when the market price of a stock has been volatile, securities class action litigation has often been brought against that company. Because of the potential volatility of our stock price, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters, research and development facilities and manufacturing and distribution centers are located in Pleasanton, California, where we lease approximately 235,000 square feet of space under leases expiring between June 2023 and June 2033, as well as a manufacturing center in Singapore. Including the Pleasanton leases, we lease approximately 320,000 square feet globally. In January 2021, we completed the acquisition of certain real property located in Pleasanton, California for an aggregate cash purchase price of $29.4 million. We intend to utilize this site to accommodate our future growth requirements. We believe that our current and planned facilities are sufficient to meet our ongoing needs and that, if we require additional space, we will be able to obtain additional facilities on commercially reasonable terms.

Item 3. Legal Proceedings.

We are regularly subject to claims, lawsuits, arbitration proceedings, administrative actions and other legal and regulatory proceedings involving commercial disputes, competition, intellectual property disputes and other matters, and we may become subject to additional types of claims, lawsuits, arbitration proceedings, administrative actions, government investigations and legal and regulatory proceedings in the future and as our business grows, including proceedings related to product liability or our acquisitions, securities issuances or our business practices, including public disclosures about our business. Our success depends in part on our non-infringement of the patents or proprietary rights of third parties. Third parties have asserted and may in the future assert that we are employing their proprietary technology without authorization. We have been involved in multiple patent litigation matters in the past several years and we expect that given the litigious history of our industry and the high profile of operating as a public company, other third parties, in addition to the parties identified herein, may claim that our products infringe their intellectual property rights. There are inherent uncertainties in these legal matters, some of which are beyond management's control, making the ultimate outcomes difficult to predict. Amongst other matters, we are currently involved in the following litigation matters:

The 2015 Delaware Action

In February 2015, Raindance Technologies, Inc. ("Raindance") and the University of Chicago filed suit against us in the U.S. District Court for the District of Delaware (the "Delaware Court"), accusing the Company's legacy GEM products of infringing certain U.S. patents owned by or exclusively licensed to Raindance (the "2015 Delaware Action"). In May 2017, Bio-Rad was substituted as the plaintiff following its acquisition of Raindance. A jury trial was held in November 2018. The jury found that the accused legacy GEM products infringed U.S. Patent Nos. 8,304,193, 8,329,407 and 8,889,083. The jury also concluded that our infringement was willful and awarded Bio-Rad approximately $24 million in damages through June 30, 2018. We appealed the jury verdict. Post-trial, Bio-Rad moved for a permanent injunction, treble damages for willful infringement, attorneys' fees, supplemental damages for the period from the second quarter of 2018 through the end of the trial as well as pre- and post-judgment interest.

The Court denied Bio-Rad's request for attorneys' fees and enhanced damages for willful infringement. The Court awarded supplemental damages for the period from the second quarter of 2018 through the end of trial as well as pre- and post-judgment interest. The Court entered final judgment against us in the amount of approximately $35 million in August 2019.

In the fourth quarter of 2018, we began recording an accrual for estimated royalties as a cost of revenue. This accrual is based on an estimated royalty rate of 15% of worldwide sales of our Chromium instruments operating our legacy GEM microfluidic chips and associated consumables. As of December 31, 2020, we had accrued a total of $44.2 million relating to this matter which includes our estimated 15% royalty for subsequent sales through that date.

In July 2019, the Court also granted Bio-Rad a permanent injunction against our legacy GEM microfluidic chips and associated consumables that were found to infringe the Bio-Rad patents, which historically constituted a significant amount of our product

sales. However, under the injunction, we are permitted to continue to sell our legacy GEM microfluidic chips and associated consumables for use with our historical installed base of instruments provided that we pay into escrow a royalty of 15% of our net revenue related to such sales occurring after August 28, 2019. We appealed the Court's judgment including the injunction to the Federal Circuit.

In August 2020, the Federal Circuit issued its opinion in our appeal of the 2015 Delaware Action. The Federal Circuit (1) affirmed the judgment of the lower Court with respect to infringement of the '083 patent by our legacy GEM products and (2) vacated the judgment with respect to infringement of the '193 and '407 patents, which are remanded to the lower Court for a new trial on infringement. The Federal Circuit affirmed the damages award including the 15% royalty with respect to our legacy GEM products. The Federal Circuit vacated the injunction with respect to our Single Cell CNV and Linked-Read products but affirmed the injunction with respect to our other legacy GEM products. In October 2020, we filed a petition for *en banc* rehearing with the Federal Circuit. The Federal Circuit denied our petition for *en banc* rehearing on November 4, 2020. We paid the $34.5 million judgment, plus approximately $0.8 million in post-judgment interest, to Bio-Rad on December 17, 2020. The case was remanded to the Delaware Court for a determination of post-judgment royalties or other amounts, which we expect to be made around the second half of 2021.

Neither the lower Court judgment nor the Federal Circuit opinion in the 2015 Delaware Action implicate our Next GEM products. We have dedicated significant resources to designing and manufacturing our Next GEM microfluidic chips which use fundamentally different physics from our legacy GEM microfluidic chips. Neither the jury verdict nor the injunction relate to our Next GEM microfluidic chips based on our new proprietary design and associated consumables which we launched in May 2019 for three of our single cell solutions – Single Cell Gene Expression, Single Cell Immune Profiling and Single Cell ATAC. Since August 28, 2019, all Chromium instruments that we sell and have sold operate exclusively with our Next GEM solutions and we currently expect that our Chromium products utilizing our Next GEM microfluidic chips will constitute substantially all of our Chromium consumables sales by the end of 2020.

The ITC 1068 Action

On July 31, 2017, Bio-Rad and Lawrence Livermore National Security, LLC filed a complaint against us in the U.S. International Trade Commission (“ITC”) pursuant to Section 337 of the Tariff Act of 1930, alleging that substantially all of our Chromium products infringe U.S. Patents Nos. 9,089,844, 9,126,160, 9,500,664, 9,636,682 and 9,649,635 (the “ITC 1068 Action”). Bio-Rad is seeking an exclusion order preventing us from importing the accused microfluidic chips, including (1) our legacy GEM microfluidic chip, (2) our gel bead manufacturing microfluidic chip and (3) our Next GEM microfluidic chip, into the United States and a cease and desist order preventing us from selling such imported chips. An evidentiary hearing for the ITC 1068 Action was held in May 2018 and the presiding judge issued an Initial Determination in September 2018, finding that our legacy GEM microfluidic chips infringe the ‘664, ‘682 and ‘635 patents but not the ‘160 patent. The judge further found that our gel bead manufacturing microfluidic chip and Next GEM microfluidic chip do not infringe any claim asserted against them (the “Initial Determination”). The judge recommended entry of an exclusion order preventing us from importing our legacy GEM microfluidic chips and a cease and desist order that would prevent us from selling such imported chips.

On December 18, 2019, the ITC issued its final determination in the ITC 1068 Action (the “Final Determination”). The Final Determination affirmed the Initial Determination that our Next GEM microfluidic chips and gel bead manufacturing microfluidic chips do not infringe any of the claims asserted against them. The Final Determination also affirmed the ruling that our legacy GEM microfluidic chips infringe the ‘664, ‘682 and ‘635 patents but not the ‘160 patent. The ITC issued (1) a limited exclusion order prohibiting the unlicensed importation of the legacy GEM microfluidic chips into the United States and (2) a cease and desist order preventing us from selling such imported legacy GEM microfluidic chips in the United States. The ITC expressly allowed the importation and sale of the legacy GEM microfluidic chips for use by researchers who were using such chips as of December 18, 2019, and who have a documented need to continue receiving such chips for a specific current ongoing research project for which that need cannot be met by any alternative product. The Final Determination was subject to a 60-day presidential review period. During the presidential review period, we were permitted to continue importation and sales of the legacy GEM microfluidic chips subject to payment of a bond of three (3) percent of the entered value of the accused microfluidic chips.

We and Bio-Rad have appealed the Final Determination to the Court of Appeals for the Federal Circuit. Bio-Rad has appealed the Final Determination with respect to non-infringement of our gel bead manufacturing chips, but not with respect to non-infringement of our Next GEM microfluidic chips. We have appealed the Final Determination with respect to infringement of our legacy GEM microfluidic chips. Oral argument is scheduled on April 7, 2021. We expect a decision around the fourth quarter of 2021.

In order to allow our customers to continue their important research, we have dedicated significant resources to developing the capabilities to manufacture our microfluidic chips in the United States prior to the entry of the exclusion order or cease and desist order which took effect in February 2020. Prior to the second quarter of 2019, all of our microfluidic chips were manufactured outside of the United States. Our United States manufacturing facilities achieved volume production of certain of our legacy GEM microfluidic chips beginning in the third quarter of 2019.

The Northern District of California Action

On July 31, 2017, Bio-Rad and Lawrence Livermore National Security, LLC also filed suit against us in the U.S. District Court for the Northern District of California, alleging that the Company's legacy GEM products infringe U.S. Patents Nos. 9,216,392, 9,347,059 and the five patents asserted in the ITC 1068 Action. The complaint seeks injunctive relief, unspecified monetary damages, costs and attorneys' fees. This litigation has been stayed pending resolution of the Federal Circuit appeal of the ITC 1068 Action. In July 2020, Bio-Rad moved to lift the stay with respect to the '059 patent and consolidate the '059 patent with the '115 patent transferred from the District of Massachusetts which is being asserted against our Next GEM products. In August 2020, the Court denied Bio-Rad's motion to lift the stay with respect to both the '059 and '115 patents. In October 2020, the Company filed two petitions for *inter partes* review ("IPR") challenging the validity of the '115 patent. The Company expects the Patent Trials and Appeals Board ("PTAB") to issue a decision on institution of these IPR petitions in the second quarter of 2021.

The Germany Action

On February 13, 2018, Bio-Rad filed suit against us in Germany in the Munich Region Court alleging that our Chromium instruments, legacy GEM microfluidic chips and certain accessories infringe German Utility Model No. DE 20 2011 110 979. Bio-Rad seeks unspecified damages and an injunction prohibiting sales of these products in Germany and requiring us to recall these products sold in Germany subsequent to February 11, 2018. An initial hearing was held on November 27, 2018, and a subsequent hearing was held on May 15, 2019. The Court issued a ruling on November 20, 2019. The Court ruled that our legacy GEM microfluidic chips, as well as certain Chromium instruments and accessories used with legacy GEM microfluidic chips, infringed the German Utility Model. The Court issued an injunction with respect to such legacy GEM microfluidic chips, Chromium instruments and accessories used with such systems, prohibiting among other things the sale of these products in Germany and the importation of such products into Germany. The Court found that we are obligated to compensate Bio-Rad for unspecified damages and required that these products be recalled from distribution channels in Germany. The Court further found that we have to bear the statutory costs of the legal dispute in a minimum amount of at least 61,000 Euros. The Court's ruling did not address our Next GEM products, which were not accused in this action and which constitute substantially all of our Chromium sales in Germany. The Company appealed the Court's ruling.

On April 6, 2020, the Munich Higher Regional Court (the "Higher Court") issued a ruling staying enforcement of the ruling of the lower Court, including the injunction, subject to the payment of a bond by the Company. The Higher Court found that the lower Court's claim construction was not justifiable and that the facts did not provide a basis for a finding of infringement. On April 16, 2020, we paid a 2.8 million Euro bond to the Higher Court to completely stay enforcement of the ruling. The bond is refundable upon a favorable ruling on the merits by the Higher Court. We expect the Higher Court to rule on the merits in 2021. In August 2020, Bio-Rad filed its appeal response arguing for the first time that our Next GEM microfluidic chips and certain accessories infringe the utility model. In its appeal response, Bio-Rad also attempted to add infringement allegations with respect to a new patent, European Patent No. 3 132 844, against our Chromium instruments and Next GEM microfluidic chips. We believe it is procedurally improper to attempt to add these new claims at this stage, that our Next GEM products are not covered by the lower court's judgment and are not admissible in the appeal, and that the newly asserted '844 patent is not admissible in the appeal. The Higher Court is not expected to rule on whether Next GEM products or the '844 patent are admissible in the appeal until 2021.

The 2018 Delaware Action

On October 25, 2018, Bio-Rad filed suit against us in the U.S. District Court for the District of Delaware, alleging that substantially all of our Chromium products, including our legacy GEM products and Next GEM products, infringe U.S. Patent Nos. 9,562,837 and 9,896,722. Bio-Rad seeks injunctive relief, unspecified monetary damages, costs and attorneys' fees.

In October 2019, we filed four petitions for IPR challenging the validity of both asserted patents. On April 27, 2020, the PTAB instituted review on all four of these petitions. A final written decision is expected from the PTAB in April 2021.

In June 2020, the Court completely stayed the District of Delaware litigation pending resolution of the IPRs before the PTAB.

The Massachusetts Action

On September 11, 2019, Bio-Rad filed suit against us in the U.S. District Court for the District of Delaware, alleging that our Next GEM products infringe certain claims of U.S. Patent No. 8,871,444. On November 5, 2019, Bio-Rad amended the complaint to additionally allege that our Next GEM products infringe certain claims of U.S. Patent Nos. 9,919,277 and 10,190,115. The ‘444 and ‘277 patents are exclusively licensed by Bio-Rad from Harvard University, which subsequently joined the suit as a party plaintiff. Bio-Rad is seeking damages and an injunction against our Next GEM products amongst other remedies. The ‘444 and ‘277 patents are projected to expire in October 2024.

On December 18, 2019, Bio-Rad dismissed this action in the District of Delaware and refiled it in the U.S. District Court for the District of Massachusetts. The case was assigned to Judge William G. Young. On January 14, 2020, the Court consolidated this case with a separate action, *Bio-Rad Laboratories Inc. et al. v. Stilla Technologies, Inc.* (“Stilla”), in which Bio-Rad is asserting the ‘444 patent (among other patents) against Stilla’s droplet digital PCR product. On January 23, 2020, we filed a motion to dismiss the case and to transfer the ‘115 patent to the Northern District of California, where the related ‘059 patent is stayed.

On January 24, 2020, we filed antitrust counterclaims against Bio-Rad alleging violations of (a) Section 7 of the Clayton Act, (b) Section 2 of the Sherman Act and (c) California unfair competition laws, for illegally acquiring Raindance and illegally monopolizing or attempting to monopolize markets relating to droplet digital PCR products, droplet single cell products and droplet genetic analysis technology. On February 19, 2020, Bio-Rad moved to dismiss, or alternatively to stay and sever, our antitrust claims.

On February 5, 2020, we filed additional counterclaims against Bio-Rad alleging that Bio-Rad’s single cell ATAC-seq products infringe U.S. Patent No. 9,029,085 and 9,850,526 that are exclusively licensed to us from Harvard University. On February 26, 2020, Bio-Rad moved to sever and stay the patent counterclaims. On March 6, 2020, the Court denied the motion to stay and deferred the motion to sever until prior to trial.

On March 25, 2020, the Court held a hearing with respect to (a) our motion to dismiss Bio-Rad’s patent claims, (b) our motion to transfer the ‘115 patent and (c) Bio-Rad’s motion to dismiss our antitrust counterclaims. On April 30, 2020, the Court denied our motion to dismiss with respect to Bio-Rad’s patent claims and granted our motion to transfer the ‘115 patent to the Northern District of California. In August 2020, the Court granted Bio-Rad’s motion to dismiss (i) our Sherman Act and Clayton Act counterclaims with respect to droplet single cell products and (ii) our Sherman Act counterclaims with respect to droplet genetic analysis technology. The Court denied Bio-Rad’s motion to dismiss (i) our Clayton Act counterclaims with respect to droplet genetic analysis technology; (ii) our Sherman Act and Clayton Act counterclaims with respect to droplet digital PCR products; and (iii) our California unfair competition counterclaims.

Discovery is ongoing. A Markman hearing was conducted in September 2020. In December 2020, the Court ordered the parties to be ready for trial for Bio-Rad’s patent claims and our patent counterclaims in July 2021 and for our antitrust counterclaims in September 2021.

In June 2020, we filed two petitions for IPR challenging the validity of the '444 patent. In August 2020, we filed two petitions for IPR challenging the validity of the '277 patent. On January 13, 2021, the PTAB denied institution of IPRs for the '444 patent. On February 22, 2021, the PTAB denied institution of IPRs for the '277 patent.

The ITC 1100 Action

On January 11, 2018, we filed a complaint against Bio-Rad at the ITC pursuant to Section 337 of the Tariff Act of 1930 alleging that Bio-Rad infringes our U.S. Patent Nos. 9,644,204, 9,689,024, 9,695,468 and 9,856,530 (the “ITC 1100 Action”). The judge issued an Initial Determination on July 12, 2019 finding that Bio-Rad’s ddSEQ products infringe the ‘024, ‘468 and ‘530 patents. The judge also found all of our asserted patents to be valid and rejected Bio-Rad’s claim of ownership in all of the asserted patents.

On February 12, 2020, the ITC issued its Final Determination affirming the judge’s findings with respect to Bio-Rad’s violation of the ‘024, ‘468 and ‘530 patents, including the judge’s findings for those patents with respect to infringement, validity and ownership. The ITC issued an exclusion order prohibiting Bio-Rad from importing into the United States infringing microfluidic devices, components thereof and products containing same, including the ddSEQ products. The ITC also issued a cease and desist order preventing Bio-Rad from selling such imported products in the United States. The ITC’s remedial orders do not identify any ddSEQ assay as exempted from their potential scope. The ITC orders do not prohibit the importation or sale of microfluidic consumables imported into the U.S. for use by researchers who are using such consumables as of February 12, 2020, and who have a documented need to continue receiving such consumables for a specific current ongoing research project for which that

need cannot be met by any alternative product. On April 29, 2020, Bio-Rad appealed the Final Determination to the Court of Appeals for the Federal Circuit. We expect appeals to be completed in mid-2021.

For further discussion of the risks relating to intellectual property and our pending litigation, see the section titled "*Risk Factors—Risks related to litigation and our intellectual property*" under Item 1A below.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our Class A common stock is listed on the Nasdaq Global Select Market under the symbol "TXG".

Holders of Common Stock

As of January 31, 2021, there were 40 holders of record of our Class A common stock and 20 holders of record of our Class B common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

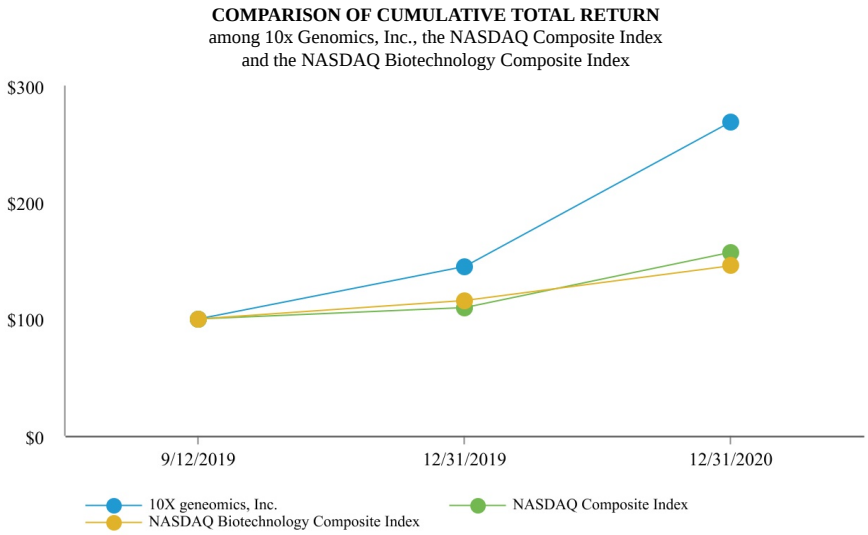
Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant. In addition, the terms of our Loan and Security Agreement place certain limitations on the amount of cash dividends we can pay, even if no amounts are currently outstanding.

Stock Performance Graph

This graph below is not "soliciting material" or deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to liabilities under that section, and shall not be deemed incorporated by reference into this Annual Report or into any other filing of 10x Genomics, Inc. under the Securities Act except to the extent that we specifically incorporate this information by reference therein, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

The following graph compares the cumulative total return to stockholder return on our Class A common stock relative to the cumulative total returns of the NASDAQ Composite Index and the NASDAQ Biotechnology Composite Index. An investment of $100 is assumed to have been made in our Class A common stock and each index at market close on September 12, 2019 (the first day of trading of our common stock) and its relative performance is tracked through December 31, 2020. Pursuant to applicable Securities and Exchange Commission rules, all values assume reinvestment of the full amount of all dividends, however no dividends have been declared on our Class A common stock to date. The offering price of our Class A common stock in our initial public offering ("IPO"), which had a closing stock price of $52.75 on September 12, 2019, was $39.00 per share. The stockholder returns shown on the graph below are based on historical results and are not indicative of future performance, and we do not make or endorse any predictions as to future stockholder returns.



	Cumulative Total Return		
	September 12, 2019	December 31, 2019	December 31, 2020
10x Genomics, Inc.	$ 100	$ 144.55	$ 268.44
NASDAQ Composite Index	100	109.50	157.28
NASDAQ Biotechnology Composite Index	$ 100	$ 115.79	$ 145.53

Sales of Unregistered Securities

None.

Use of Proceeds

There has been no material change in the expected use of the net proceeds from our IPO, as described in our Annual Report on Form 10-K filed with the SEC on February 27, 2020.

Issuer Purchases of Equity Securities

None.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion of our financial condition and results of operations in conjunction with our audited consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report and our audited consolidated financial statements and notes thereto.

As discussed in the section titled "Special Note Regarding Forward Looking Statements," the following discussion and analysis, in addition to historical financial information, contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled "Risk Factors" under Part I, Item 1A above.

We operate on a fiscal year that ends on December 31.

Overview

We are a life sciences technology company focused on building innovative products and solutions to interrogate, understand and master biological systems at resolution and scale that matches the complexity of biology. Our expanding suite of offerings leverages our cross-functional expertise across biology, chemistry, software and hardware to provide a comprehensive, dynamic and high-resolution view of complex biological systems. We have launched multiple products that enable researchers to understand and interrogate biological analytes in their full biological context. Our commercial product portfolio leverages our Chromium and Chromium Connect instruments, which we refer to as "Chromium instruments" or "instruments," and our proprietary microfluidic chips, slides, reagents and other consumables for our Visium and Chromium solutions, which we refer to as "consumables." We bundle our software with these products to guide customers through the workflow, from sample preparation through analysis and visualization. Since launching our first product in mid-2015, and as of December 31, 2020, we have sold 2,412 instruments to customers around the world, including all of the top 100 global research institutions as ranked by *Nature* in 2019 based on publications and all of the top 20 global biopharmaceutical companies by 2019 research and development spend.

Our products cover a wide variety of applications and allow researchers to analyze biological systems at fundamental resolutions and on massive scales, such as at the single cell level for millions of cells. Our Chromium instruments and Chromium consumables are designed to work together exclusively. After buying a Chromium instrument, customers purchase consumables from us for use in their experiments. In addition to instrument and consumable sales, we derive revenue from post-warranty service contracts for our Chromium instruments. For the years ended December 31, 2020 and 2019, sales of our Chromium instruments accounted for 13% and 14% of our revenue, respectively, sales of our consumables accounted for 85% and 84% of our revenue, respectively, and sales of services accounted for 2% of our revenue in each year.

We currently serve thousands of researchers in more than 45 countries. Our customers include a range of academic, government, biopharmaceutical, biotechnology and other leading institutions around the globe. In both the years ended December 31, 2020 and 2019, approximately 65% and 70%, respectively, of our direct sales revenue came from sales to academic institutions.

As of December 31, 2020, we employed a commercial team of over 290 employees, including more than 100 commissioned sales representatives, many with Ph.D. degrees and many with significant industry experience. We follow a direct sales model in North America and certain regions of Europe, representing the majority of our revenue. We sell our products through third-party distributors in Asia, certain regions of Europe, Oceania, South America, the Middle East and Africa. We currently sell our products for research use only. For the years ended December 31, 2020 and 2019, sales within North America accounted for approximately 53% and 57% of our revenue, respectively.

Revenue increased 22% to $298.8 million in the year ended December 31, 2020 as compared to $245.9 million in the year ended December 31, 2019, primarily due to the increase in adoption of our instruments by customers and the use of associated consumables on those instruments.

We focus a substantial portion of our resources on developing new products and solutions. Our research and development efforts are centered around improving the performance of our existing assays and software, developing new Chromium solutions such as multi-omics solutions, developing our Visium platform, improving and developing new capabilities for our Chromium platform, developing combined software and workflows across multiple solutions and investigating new technologies including the development of our *In Situ* technology. We incurred research and development expenses of $123.4 million and $83.1 million for the years ended December 31, 2020 and 2019, respectively. We intend to make significant investments in this area for the foreseeable future. In addition, in 2020, we invested in asset acquisitions resulting in in-process research and development charges of approximately $447.5 million. There were no similar acquisitions in the year ended December 31, 2019.

Our instrument manufacturing is contracted out to a third-party contract manufacturer in Asia and the United States and we manufacture the majority of our consumable products in-house, with a small amount of our components outsourced to key suppliers. We have designed our operating model to be capital efficient and to scale efficiently as our product volumes grow.

Historically, we have financed our operations primarily from the sale of our instruments and consumable products, the issuance and sale of our convertible preferred stock and common stock and the issuances of debt. On September 16, 2019, we completed an initial public offering ("IPO"), in which we sold 11,500,000 shares of Class A common stock (which included 1,500,000 shares that were offered and sold pursuant to the full exercise of the IPO underwriters' option to purchase additional

shares) at a price to the public of $39.00 per share. We received aggregate net proceeds of $410.8 million after deducting offering costs, underwriting discounts and commissions of $37.7 million.

On September 15, 2020, we completed an underwritten follow-on public offering, in which we issued and sold 4,600,000 shares of Class A common stock (which included 600,000 shares that were offered and sold pursuant to the full exercise of the underwriters' option to purchase additional shares) at a public offering price of $110.00 per share. We received aggregate net proceeds of $482.3 million, after deducting offering costs, underwriting discounts and commissions of $23.8 million.

Since our inception in 2012, we have incurred net losses in each year. Our net losses were $542.7 million and $31.3 million for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, we had an accumulated deficit of $805.1 million and cash and cash equivalents totaling $663.6 million. We expect to continue to incur significant expenses for the foreseeable future and to incur operating losses in the near term. We expect our expenses will increase substantially in connection with our ongoing activities, as we:

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

Operational Effectiveness in the COVID-19 Pandemic Environment

In March 2020, the World Health Organization declared the global outbreak of COVID-19 to be a pandemic. Since then, COVID-19 has continued to spread throughout much of the United States and the world causing uncertainty and disruption to business activities. We continue to closely monitor the recent developments surrounding the continued spread and potential resurgence of COVID-19. Despite the impacts of the global COVID-19 pandemic, we have endeavored to successfully maintain operational effectiveness and continue providing researchers with our solutions as described below:

- During this pandemic, we moved quickly to place instruments and to provide reagents to clinicians and researchers around the world working to understand COVID-19 and develop cures for the disease. We were designated an essential business because our products are a critical tool for infectious disease research as they allow for a detailed understanding of how the virus causing COVID-19 impacts infected people, how the immune system is mobilized, which immune cells react to pathogens and many other aspects of the disease and potential therapies. Many of our customers have moved our Chromium Controller instruments into Biosafety Level 2 Plus (BSL2+) and 3 (BSL3) facilities, where they can be as close as possible to the front lines of this battle against COVID-19;
- Beginning in March 2020, we required the majority of our personnel to work remotely while we designed and implemented measures to maintain a safe workplace. Given the importance of maintaining continuity of our business and continued access to instruments and consumables by our customers, including researchers engaged in the fight against COVID-19, we implemented protocols and safety measures at our facilities including social distancing, symptom screening, regular deep cleaning and 10x-provided personal protective equipment to support and safeguard the health and safety of the team which remained onsite in March 2020 to support essential operations. Among other efforts, as we looked to regain our pre-COVID-19 levels of manufacturing and research and development activities by bringing additional personnel back onsite, in April 2020 we created a testing site for SARS-CoV-2 (the virus which causes COVID-19) at our Pleasanton headquarters. On a weekly basis, we test all employees who access our facilities, and no employee is allowed to access our facilities without a negative test. After having completed thousands of tests to date, our testing program has uncovered only a few, isolated test results indicating the presence of SARS-CoV-2. We believe we have been able to successfully isolate these individuals and prevent the spread of the virus within our workforce, but we will continue to monitor and track these developments. As an additional safeguard against SARS-CoV-2 transmission among our onsite employee base, in the second quarter of 2020 we introduced the use of Controlled Air Purifying Respiratory Systems ("CAPRS") by certain of our onsite employees who need to work in close proximity to each other. CAPRS work to protect 10x personnel by filtering out potentially harmful or infectious materials including SARS-CoV-2 particles. These and other safety measures have facilitated the safe return to work of most of our research and development, manufacturing and other operations personnel;
- Our sales and marketing teams have leveraged increased digital marketing and sales activities since the broad emergence of social distancing measures globally, including virtual sales seminars, virtual market development

activities, online product training utilizing our library of on-demand tools and literature and an increase in one-on-one communications via emails, phone and video conferencing;

- With the implementation of our protocols and safety measures, our production, shipping and customer service functions have been operational and we have been able to maintain a continuous supply of products to our customers. We are communicating regularly with our suppliers, our supply chain remains intact and we have not yet experienced significant supply issues. With respect to equipment and raw material supply, we continue to work to secure sufficient critical equipment and raw materials to meet anticipated future demand and we are carrying higher levels of inventory and monitoring closely whether there will be a material negative impact due to potential future shortages or price increases from suppliers. Our customer service teams around the world are operating remotely and remain available to assist our customers and partners as needed;
- Due to the measures taken to ensure the safety of 10x personnel described above, we were able to materially increase our research and development capacity in the second, third and fourth quarters of 2020 relative to the height of the COVID-19 shutdown. In 2020, we launched four new products for our customers: (1) Our Targeted Gene Expression solution will allow researchers to target the genes most relevant for their research, validate their hypotheses faster and reduce sequencing costs; (2) Our Single Cell Multiome ATAC+Gene Expression solution is designed to allow researchers to read both gene expression and epigenetic programming in the same cells across thousands to tens of thousands of cells in a single experiment; (3) Our Visium Spatial Gene Expression solution with Immunofluorescence allows whole transcriptome spatial analysis and protein detection in the same tissue section; and (4) A new version of our Single Cell Immune Profiling solution offers increased sensitivity, reduced sequencing costs and access to rare gene signatures;
- Despite the impacts of the COVID-19 pandemic, including that the majority of 10x personnel worldwide continue to work remotely, these arrangements have not materially affected our ability to maintain our business operations, including the operation of financial reporting systems, internal control over financial reporting and disclosure controls and procedures. We implemented a cloud-based enterprise resource planning (“ERP”) system, Oracle Cloud, to automate our business processes including our forecasting, accounts receivable, inventory and vendor management processes which went live during the third quarter of 2020. We were also able to complete the underwritten public follow-on offering and the acquisition of CartaNA during the third quarter of 2020, the acquisition of ReadCoor during the fourth quarter of 2020 and the acquisition of Tetramer Shop ApS in January 2021; and
- We continue to actively review and manage costs to navigate the current environment and to allow 10x to remain in a strong financial and operating position until the pandemic is brought under control.

While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. We expect these disruptions to continue to impact our operating results, however, the extent of the financial impact and duration cannot be reasonably estimated at this time. For further discussion of the risks relating to the impacts of the COVID-19 pandemic, see the section titled “*Risk Factors*,” generally, and “*Risk Factors—The impacts and potential impacts of the COVID-19 pandemic continues to create significant uncertainty for our business, financial condition and results of operations*,” specifically, under Part I, Item 1A.

Acquisitions

On August 21, 2020, we purchased all of the outstanding shares of CartaNA, a privately held company based in Stockholm, Sweden, for $41.8 million, inclusive of $0.6 million of transaction costs and net of cash acquired of $1.5 million. CartaNA is developing *In Situ* technology, consisting of a suite of proprietary reagents, which aims to enable researchers to visualize spatially resolved RNA expression profiles with sub-cellular resolution throughout fresh frozen or formalin-fixed, paraffin-embedded tissue sections.

On October 13, 2020, we purchased all of the outstanding shares of ReadCoor, a privately held company based in Cambridge, Massachusetts, for $407.4 million, inclusive of $1.6 million of transaction costs and net of cash acquired of $9.2 million. The total purchase consideration comprised of $101.4 million in cash and $306.0 million in shares of the Company's common stock, The purchase agreement provided for the Company to issue 1,901,382 shares of the Company’s class A common stock which was based on a contractual value of $250.0 million divided by the ten-day weighted average price of the Company's common stock shortly prior to the acquisition. In determining the total purchase consideration paid for ReadCoor, these shares

were valued at $306.0 million based on the fair value of the Company's class A common stock on the acquisition date. ReadCoor is also developing *In Situ* technology.

Both these acquisitions were accounted for as asset acquisitions. See Note 3 to the consolidated financial statements for further details.

On January 8, 2021, we acquired 100% of the outstanding shares of Tetramer Shop ApS, a privately held company based in Copenhagen, Denmark, for $10 million in cash. Tetramer Shop ApS develops and provides reagents for precise monitoring of antigen-specific T cells in research and development.

Key business metrics

We regularly review a number of operating and financial metrics, including the instrument installed base and consumable pull-through, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. We believe that these metrics are representative of our current business; however, we anticipate these may change or may be substituted for additional or different metrics as our business grows and as we introduce new products.

Instrument installed base

	As of December 31,	
	2020	2019
Instrument installed base	2,412	1,666

Our products are sold to academic, government, biopharmaceutical, biotechnology and other leading institutions around the globe. Our Chromium Controller instrument is user installable and does not require in-person training. Our Chromium Connect instrument requires installation and we offer in-person training for its use. We believe the instrument installed base is one of the indicators of our ability to drive customer adoption of our products. We define the instrument installed base as the cumulative number of Chromium instruments sold since inception.

Our quarterly instrument unit volumes can fluctuate due to a number of factors, including the procurement and budgeting cycles of many of our customers, especially government and academic institutions where unused funds may be forfeited or future budgets reduced if purchases are not made by their fiscal year end. Similarly, our biopharmaceutical customers typically have calendar year fiscal years which may result in a disproportionate amount of their purchasing activity occurring during our fourth quarter. We also believe the timing of unit sales has been impacted and will continue to be impacted by the timing of product introductions and transitions which can either accelerate or delay demand of existing and new products depending on the needs of individual researchers to conclude existing studies or to use new and improved product capabilities. Further, the growth of our market in certain geographic regions and our continued efforts to service these regions impact unit volumes quarter to quarter. Finally, our Chromium Connect instrument could create variability in our installed base since Chromium Connect instruments require installation and in-person training prior to being added to our instrument installed base. We therefore believe that an annual representation of our instrument installed base is most appropriate for assessing trends in our business.

Chromium consumable pull-through per instrument

(in thousands)	Year ended December 31,	
	2020	2019
Chromium consumable pull-through per instrument	$ 124	$ 158

Our consumables portfolio includes proprietary microfluidic chips, slides, reagents and other consumables for both our Visium and Chromium solutions. Our Chromium instruments and Chromium consumables are designed to work together exclusively. This Chromium closed-system model generates recurring revenue from each instrument we sell. Our growth in the instrument installed base has been the largest contributor to our growth in consumable sales. In addition, we believe that annual consumable pull-through per instrument is an indicator of our ability to generate future consumable revenue and the rate of customer adoption of our applications. We define consumable pull-through per instrument as the total consumables revenue in the given quarter divided by the average instrument installed base during that quarter. We calculate the average instrument installed base for a given quarter using the instrument installed base as of the last day of the prior quarter and the instrument installed base as of the last day of the given quarter. We calculate the annual consumable pull-through per instrument figure by summing the

quarterly pull-through for the quarters in a given year. The figures in the table above represent the annual consumable pull-through per instrument for the years ended December 31, 2020 and 2019.

We do not believe the consumable pull-through per instrument in an individual quarter is an effective indicator of the current state of our business trends. Our quarterly consumable pull-through can fluctuate due to a number of factors. In addition to timing of product transitions such as the Next GEM consumable transition, other factors such as the budget and funding cycles of our customers and closures of some of our customers' facilities arising from the continued impact of the COVID-19 pandemic can cause our quarterly consumables pull-through fluctuate quarter to quarter. For example, a significant portion of our current customers are reliant on government funding and research grants. These funds and grants typically expire at year end, resulting in a higher consumable pull-through per instrument in the fourth quarter relative to the first three quarters of the year. Also, during the first half of 2020, as the impact of the global COVID-19 pandemic intensified, we saw a significant reduction in customer activity other than research related to the virus resulting in the vast majority of academic and government labs around the world suspending or severely reducing operations in compliance with stay-at-home, shelter-in-place and similar orders. These closures and reduced operations significantly impacted our business during this period. However, beginning in June 2020, we observed a modest re-opening of labs for general research which continued throughout the second half of 2020 resulting in an uptick in our sales activity during this period. Not all labs are able to operate at full capacity even if open and we may encounter delays before labs are able to fully resume their research and we cannot reliably estimate the extent to which the COVID-19 pandemic will impact our overall demand in the first quarter of 2021 and beyond. Once labs re-open and are able to resume normal levels of research activities, we expect to continue to see increased demand for our products. Finally, as we continue to expand into new markets globally as well as into new industries, our average pull-through could be adversely impacted in a particular period. We therefore believe that an annual, rather than quarterly, representation of our consumable pull-through is most appropriate for assessing trends in our business.

Our current customer base includes customers who purchase consumables for use on a shared or centralized instrument. We refer to customers who purchase consumables but do not own an instrument as “halo users.” Halo users, as well as the future introduction of consumables that may not use instruments, such as our Visium solution, or Chromium instruments that are expected to use a greater amount of consumables, such as our Chromium Connect instrument, could reduce the utility of this metric and make it difficult to compare consumable pull-through per instrument metrics over time.

Key factors affecting our performance

We believe that our financial performance has been and in the foreseeable future will continue to be primarily driven by the following factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations. Our ability to successfully address the factors below is subject to various risks and uncertainties, including those described under the heading “*Risk Factors*”.

Instrument sales

Our financial performance has largely been driven by, and in the future will continue to be impacted by, the rate of sales of our Chromium instruments. Management focuses on instrument sales as an indicator of current business success and a leading indicator of likely future sales of consumables. We expect our instrument sales to continue to grow as we increase penetration in our existing markets and expand into, or offer new features and solutions that appeal to new markets.

We plan to grow our instrument sales in the coming years through multiple strategies including expanding our sales efforts globally and continuing to enhance the underlying technology and applications for life sciences research. As part of this strategy and in an effort to increase the rate of sales of our instruments, we increased our sales force by 32% from December 31, 2019 through December 31, 2020, with more than 100 commissionable sales representatives as of December 31, 2020. We regularly solicit feedback from our customers and focus our research and development efforts on enhancing the Chromium Controller instrument and enabling its ability to use additional applications that address their needs, which we believe in turn helps to drive additional sales of our instruments and consumables. We have developed and introduced our Chromium Connect instrument, which is an automated version of our current Chromium Controller instrument. We believe the automated features of the Chromium Connect will increase our addressable market by increasing utilization by biopharmaceutical customers.

Our sales process varies considerably depending upon the type of customer to whom we are selling. Our sales process with small laboratories and individual researchers is often short, and in some cases, we receive purchase orders from these customers in under a month. Our sales process with other institutions can be longer with most customers submitting purchase orders within six

months. Given the variability of our sales cycle, we have in the past experienced, and likely will in the future experience, fluctuations in our instrument sales on a period-to-period basis.

Recurring consumable revenue

We regularly assess trends relating to recurring consumable revenue based on our product offerings, our customer base and our understanding of how our customers use our products. As our instrument installed base expands, consumables revenue on an absolute basis is expected to increase and over time should be an increasingly important contributor to our revenue.

Although our annual consumable pull-through per instrument declined in 2020 as a result of the impact of COVID-19, we expect it to return to pre-COVID-19 levels of approximately $150,000 per instrument as our customers recover from this pandemic. Our expansion into new markets with less experienced users could adversely impact average pull-through, but we expect the sales of our Visium Spatial Gene Expression solution as well as the release of new products and applications for our Chromium instruments and Visium platform to increase consumable pull-through per instrument and offset these declines. We have reported our Visium product revenue as part of consumable revenue and included it in the average pull-through per instrument calculation. Even though Visium is not processed through a Chromium instrument, we will sell the product primarily to Chromium instrument users and view it as pull-through from a business perspective.

Revenue mix and gross margin

Our revenue is derived from sales of our instruments, consumables and services. There have been fluctuations in the mix between instruments and consumables and amongst our consumables. Each of our consumables solutions is designed to allow researchers to study a different aspect of biology, such as DNA, RNA, protein or epigenetics, at a resolution and scale that may be impractical or impossible using existing tools. As each of our solutions has been introduced, they have been initially purchased by a small number of early adopters. As these early adopters successfully perform experiments and publish scientific articles using our solutions, the utility of these solutions is more broadly understood and the solutions are then subsequently adopted by the larger research community. The revenue contribution from these and other consumable products has varied and is expected to vary on a quarterly basis due to several factors, including the publication of scientific papers demonstrating the value of the consumables, the availability of grants to fund research, budgetary timing and our introduction of new product features and new consumables offerings.

For each of the years ended December 31, 2020 and 2019, our Single Cell Gene Expression consumables, which were introduced in 2016, accounted for the majority of our consumables revenue. For the year ended December 31, 2020, the remaining consumables revenue was substantially comprised of sales of our Single Cell Immune Profiling consumables, our Single Cell ATAC consumables, Visium and Single Cell Multiome ATAC+Gene Expression solution. The mix in variance between these periods was attributable to the introduction of Visium in the fourth quarter of 2019 and Single Cell Multiome ATAC+Gene Expression solution in the third quarter of 2020 which was met with significant initial demand. Revenue contribution from our Single Cell Gene Expression consumables decreased as a percentage of overall consumables revenue while revenue contribution from our Single Cell Immune Profiling, Visium and Single Cell Multiome ATAC+Gene Expression solution consumables increased as a percentage of overall consumables revenue for the year ended December 31, 2020. In 2020, we launched four new products for our customers: (1) Our Targeted Gene Expression solution will allow researchers to target the genes most relevant for their research, validate their hypotheses faster and reduce sequencing costs; (2) Our Single Cell Multiome ATAC+Gene Expression solution is designed to allow researchers to read both gene expression and epigenetic programming in the same cells across thousands to tens of thousands of cells in a single experiment; (3) Our Visium Spatial Gene Expression solution with Immunofluorescence allows whole transcriptome spatial analysis and protein detection in the same tissue section; and (4) A new version of our Single Cell Immune Profiling solution offers increased sensitivity, reduced sequencing costs and access to rare gene signatures.

In addition, our margins are higher for those instruments and consumables that we sell directly to customers as compared to those that we sell through distributors. While we expect the mix of direct sales as compared to sales through distributors to remain relatively constant in the near term, we are currently evaluating increasing our direct sales capabilities in certain geographies.

In the near term, we expect product mix changes between established products and lower margin new products, and investment in the expansion of manufacturing, warehousing and product distribution facilities to have the greatest impact on our margins. We expect accrued royalties related to the Bio-Rad litigation as described below under “Part I, Item 3–Legal Proceedings,” will be lower as compared to accrued royalties recognized in prior periods and which will have a modest favorable impact on our margins. We expect this favorable impact to be offset, by lower margin newly introduced products and expenses related to our planned increases in manufacturing and distribution capacity in our Pleasanton, California headquarters. In addition

to the impact of competing products entering the market, the future margin profiles of our instruments and consumables will depend upon the outcome of such litigation, any royalties we are required to pay and the royalty rates and products to which such royalties apply.

Continued investment in growth

Our significant revenue growth has been driven by rapid innovation towards novel solutions that command price premiums and quick adoption of our solutions by our customer base. In 2020, we introduced four new products and in 2019, we introduced four new products or updates to existing products. We intend to continue to make focused investments to increase revenue and scale operations to support the growth of our business and therefore expect expenses in this area to increase. We have invested, and will continue to invest, significantly in our manufacturing capabilities and commercial infrastructure. The expansion, in 2020, to our new Pleasanton global headquarters and research and development center, which we completed in 2019 will help us achieve these goals in the near term by providing additional manufacturing, research and development and general office space. We plan to further invest in research and development as we hire employees with the necessary scientific and technical backgrounds to enhance our existing products and help us bring new products to market, and we expect to incur additional research and development expenses and higher stock-based compensation expenses as a result. We also plan to invest in sales and marketing activities, and we expect to incur additional general and administrative expenses and to have higher stock-based compensation expenses as we support our growth. As cost of revenue, operating expenses and capital expenditures fluctuate over time, we may experience short-term, negative impacts to our results of operations and cash flows, but we are undertaking such investments in the belief that they will contribute to long-term growth.

Acquisitions of key technologies

We have made, and intend to continue to make, investments that meet management's criteria to expand or add key technologies that we believe will facilitate the commercialization of new products in the future. Such investments could take the form of an asset acquisition, the acquisition of a business or the exclusive or non-exclusive license of patented technology. Any such acquisitions we make may affect our future financial results. For example, our 2020 acquisitions of CartaNA and ReadCoor were largely comprised of purchases of intellectual property which were expensed as in-process research and development in the quarter during which such acquisitions occurred. While we have not previously entered into material joint-development, partnership or joint-venture agreements, we may in the future decide to do so and any such arrangements may limit our rights and the commercial opportunities of any jointly developed technology.

Components of Results of Operations

Revenue

We generate virtually all of our revenue through the sale of our instruments and consumables to customers. We also generate a small portion of our revenue from instrument service agreements which relate to extended warranties. Our revenue is subject to fluctuation based on the foreign currency in which our products are sold, principally for sales denominated in the euro.

Revenue from consumables is largely driven by the size of our instrument installed base and the volume of consumables sold per instrument. Beginning in the fourth quarter of 2019, revenue from consumables also includes sales of our Visium products, which do not require the use of an instrument. Our instruments and consumables are generally sold without the right of return. Revenue is recognized as instruments and consumables are shipped. Revenue is recognized net of any sales incentive, distributor rebates and commissions and any taxes collected from customers. Some of our recently announced products, such as our Chromium Connect instrument, may result in our recognizing revenue with respect to such products upon installation rather than upon shipment. Instrument service agreements are typically entered into for a one-year term, with the coverage period beginning after the expiration of the standard one-year warranty period. Revenue from the sale of instrument service agreements are recognized ratably over the coverage period.

Cost of revenue, gross profit and gross margin

Cost of revenue. Cost of revenue primarily consists of manufacturing costs incurred in the production process including personnel and related costs, costs of component materials, manufacturing overhead, packaging and delivery costs and allocated costs including facilities and information technology. We plan to hire additional employees as well as expand our manufacturing, warehousing and product distribution facilities, including increasing manufacturing automation to support our growth. In addition, cost of revenue includes royalty costs for licensed technologies included in our products, warranty costs, provisions for slow-moving and obsolete inventory and personnel and related costs and component costs incurred in connection with our obligations under our instrument service agreements. Beginning with the three months ended December 31, 2018, we began recording royalty

accruals relating to sales of our GEM microfluidic chips and associated consumables, which are the subject of the Bio-Rad litigation discussed in Item I, Part 3 above, as cost of revenue.

Gross profit/gross margin. Gross profit is calculated as revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross profit and gross margins in future periods are expected to fluctuate from quarter to quarter and will depend on a variety of factors, including: market conditions that may impact our pricing; sales mix changes among consumables, instruments and services; product mix changes between established products and new products; excess and obsolete inventories; royalties; our cost structure for manufacturing operations relative to volume; and product warranty obligations. We currently anticipate that we will experience an increase in absolute dollars of both revenue and cost of revenue as we grow our business. Additionally, we expect gross margins to be favorably impacted in 2021 as a result of lower accrued royalties related to the Bio-Rad litigation due to the completed transition of our customers to our Next GEM microfluidic chips and associated consumables. We expect this favorable impact to be offset, at least partially, by expenses related to our planned increases in manufacturing and distribution capacity in our Pleasanton, California headquarters as well as in certain locations outside the United States and higher expenses from newly introduced products.

As noted above, since Next GEM's introduction in May 2019, we experienced improved gross profit for the year ended December 31, 2020, as we sold more Next GEM microfluidic chips and associated consumables because these products are not subject to the royalty payments to Bio-Rad. Consumables subject to the 15% royalty accrual related to the Bio-Rad litigation comprised a lower percentage of our consumable sales for year ended December 31, 2020. We expect our gross margins for 2021 to be favorably impacted by the completed transition of our customers to our Next GEM microfluidic chips and associated consumables since these microfluidic chips and associated consumables are not subject to the 15% royalty accrual (See "Part I, Item 3 – Legal Proceedings") and have similar selling prices to the GEM products that they are replacing. We expect this favorable impact to be offset by lower margin newly introduced products and expenses related to our planned increases in manufacturing and distribution capacity in our Pleasanton, California headquarters. Further developments in our litigation with Bio-Rad could have a material impact on our gross margins, both in the near term and beyond.

Beginning on August 28, 2019, our cost of revenue no longer includes a 15% royalty accrual related to the Bio-Rad litigation on our instruments, since all Chromium instruments that have been sold since that date operate exclusively with our Next GEM solutions. Because the Next GEM product selling prices and product manufacturing costs are similar to the GEM products they are replacing, we do not anticipate that Next GEM selling prices and product manufacturing costs will have a significant effect on our gross margins.

Operating expenses

Research and development. Research and development expense primarily consists of personnel and related costs, independent contractor costs, laboratory supplies, equipment maintenance prototype and materials expenses, amortization of developed technology and intangibles and allocated costs including facilities and information technology.

We plan to continue to invest significantly in our research and development efforts, including hiring additional employees, to enhance existing products and develop new products. In addition to making investments in next generation products for single cell and spatial analysis, our ReadCoor and Cartana acquisitions will allow us to begin development of our *In Situ* platform. We also expect allocated facilities and information technology costs to increase in future periods as a result of higher costs associated with the expansion to our global headquarters and research and development center in Pleasanton, California. As a result of these and other initiatives, we expect research and development expense will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

In-process research and development. In-process research and development consists of costs incurred to acquire intellectual property for research and development. We expect these costs to be recognized only in periods during which we complete an acquisition of assets comprised in whole or part of intellectual property for research and development. While we periodically evaluate acquisitions of this nature from time to time, we have no definitive agreements currently in place to acquire additional intellectual property for research and development.

Selling, general and administrative. Selling, general and administrative expense primarily consists of costs related to the selling and marketing of our products, including sales incentives and advertising expenses and costs associated with our finance, accounting, legal (excluding accrued contingent liabilities), human resources and administrative personnel. Related costs associated with these functions, such as attorney and accounting fees, recruiting services, administrative services, insurance, public relations and communication activities, marketing programs and trade show appearances, travel, customer service costs,

costs associated with COVID-19 screening, safety equipment purchases and cleaning and allocated costs including facilities and information technology, are also included in selling, general and administrative expenses.

We expect to incur additional selling, general and administrative expenses due to continued investment in our sales, marketing and customer service efforts to support the anticipated growth of our business. We also expect increased infrastructure costs, as well as increased costs for accounting, human resources, legal including litigation-related fees and contingency payments, insurance and investor relations. We expect to continue our hiring, in the United States as well as internationally, in all these areas in line with the continued growth of our business. We also expect allocated facilities costs to increase in future periods as a result of higher costs associated with the expansion to our global headquarters and research and development center in Pleasanton, California. As a result of these and other initiatives, we expect selling, general and administrative expenses to vary from period to period as a percentage of revenue and increase in absolute dollars in future periods. We expect our stock-based compensation expense allocated to cost of revenue, research and development expenses and selling, general and administrative expenses to increase in absolute dollars.

Accrued contingent liabilities

Accrued contingent liabilities is comprised of changes in our litigation reserve, primarily relating to our litigation with Bio-Rad discussed above under “Part I, Item 3–Legal Proceedings.” The litigation reserve currently consists of accruals we make for our estimated losses in these pending legal proceedings. We record a liability when it is probable that a loss has been incurred and the amount is reasonably estimable, the determination of which requires significant judgment. Changes in the reserve are made as we change our estimates or make payments in damages or settlement.

In the year ended December 31, 2018, we recorded a $30.6 million charge to reflect our best estimate of loss in resolving our ongoing disputes. In the year ended December 31, 2019, we recorded an additional $1.5 million charge related to additional pre- and post- judgment interest. Beginning in the fourth quarter of 2018, we began recording an accrual for estimated royalties as cost of revenue. For the years ended December 31, 2019 and 2018, we accrued royalties of $29.2 million and $7.4 million, respectively. As of December 31, 2019 and 2018, the total amount accrued was $68.7 million and $38.0 million, respectively, comprising of the original charge, the estimated royalties and the interest charges. In the year ended December 31, 2020, we recorded an additional $1.3 million charge related to additional post- judgment interest and $9.5 million for accrued royalties.

Should we ultimately obtain a more favorable outcome in this litigation any reversal of the accrual related to the litigation would be reflected as a change to this item in the period in which it occurs. Any reversal for amounts recorded as estimated royalty accruals would be credited to our cost of revenue in such period.

Interest income

Interest income consists of interest earned on our cash and cash equivalents which are invested in bank deposit and in money market funds.

Interest expense

Interest expense consists primarily of interest on our accrued license fees and outstanding debt which was fully prepaid on February 20, 2020. See Note 5 to the consolidated financial statements for further details.

Other income (expense), net

Other income (expense), net primarily consists of realized and unrealized gains and losses related to foreign exchange rate remeasurements recorded from consolidating our foreign subsidiaries each period-end.

Provision for income taxes

Our provision for income taxes consists primarily of foreign taxes and state taxes in the United States. As we expand the scale and scope of our international business activities, any changes in the United States and foreign taxation of such activities may increase our overall provision for income taxes in the future.

As of December 31, 2020, we had federal net operating loss carryforwards (“NOLs”) of approximately $373.7 million and federal tax credit carryforwards of approximately $27.6 million. Our federal NOLs generated after January 1, 2018, which total $258.8 million, are carried forward indefinitely, while all of our other federal NOLs and tax credit carryforwards expire beginning in 2032. As of December 31, 2020, we had state NOLs of approximately $188.5 million, which expire beginning in 2030. In

addition, we had state tax credit carryforwards of approximately $20.9 million, which do not expire. Our ability to utilize such carryforwards for income tax savings is subject to certain conditions and may be subject to certain limitations in the future due to ownership changes. As such, there can be no assurance that we will be able to utilize such carryforwards. We have experienced a history of losses and a lack of future taxable income would adversely affect our ability to utilize these NOLs and research and development credit carryforwards. We currently maintain a full valuation allowance against these tax assets.

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5% shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We completed a study through December 31, 2020 to determine whether an ownership change had occurred under Section 382 or 383 of the Code, and we determined that an ownership change occurred in 2013. As a result, our net operating losses generated through November 1, 2013 may be subject to limitation under Section 382 of the Code. The amount of pre-change loss carryforwards which may be subject to this limitation is $4.8 million. In addition, certain attributes are subject to annual limitations as a result of our acquisition of ReadCoor, which constitutes an ownership change. Such limitations may result in expiration of a portion of the carryforwards before utilization. Our ability to use net operating loss carryforwards, research and development credit carryforwards and other tax attributes to reduce future taxable income and liabilities may be further limited as a result of future changes in stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards or other pre-change tax attributes to offset United States federal and state taxable income may still be subject to limitations, which could potentially result in increased future tax liability to us.

Results of Operations

In this section, we discuss the results of our operations for the year ended December 31, 2020 compared to the year ended December 31, 2019. For a discussion of the year ended December 31, 2019 compared to the year ended December 31, 2018, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2019.

	Year Ended December 31,		
(in thousands)	2020	2019	2018
Revenue	$ 298,845	$ 245,893	$ 146,313
Cost of revenue(1)	58,468	61,033	28,661
Gross profit	240,377	184,860	117,652
Operating expenses:			
Research and development(1)	123,375	83,097	47,537
In-process research and development	447,548	—	62,363
Selling, general and administrative(1)	202,326	130,834	87,936
Accrued contingent liabilities	1,270	1,502	30,580
Total operating expenses	774,519	215,433	228,416
Loss from operations	(534,142)	(30,573)	(110,764)
Other income (expense):			
Interest income	1,532	2,805	1,024
Interest expense	(1,682)	(3,079)	(2,409)
Other income (expense), net	1,337	(186)	(249)
Loss on extinguishment of debt	(1,521)	—	—
Total other expense	(334)	(460)	(1,634)
Loss before provision for income taxes	(534,476)	(31,033)	(112,398)
Provision for income taxes	8,255	218	87
Net loss	$ (542,731)	$ (31,251)	$ (112,485)

(1) Includes stock-based compensation expense as follows:

(in thousands)	Year Ended December 31, 2020	2019	2018
Cost of revenue	$ 1,551	$ 325	$ 85
Research and development	19,623	5,721	1,030
Selling, general and administrative	27,452	7,287	1,543
Total stock-based compensation expense	$ 48,626	$ 13,333	$ 2,658

The following table sets forth our consolidated results of operations data as a percentage of revenue for the periods presented.

	Year Ended December 31, 2020	2019	2018
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue(1)	19.6	24.8	19.6
Gross profit	80.4	75.2	80.4
Operating expenses:			
Research and development(1)	41.3	33.8	32.5
In-process research and development	149.7	—	42.6
Selling, general and administrative(1)	67.7	53.2	60.1
Accrued contingent liabilities	0.4	0.6	20.9
Total operating expenses	259.1	87.6	156.1
Loss from operations	(178.7)	(12.4)	(75.7)
Other income (expense):			
Interest income	0.6	1.2	0.7
Interest expense	(0.6)	(1.3)	(1.6)
Other income (expense), net	0.4	(0.1)	(0.2)
Loss on extinguishment of debt	(0.5)	—	—
Total other expense	(0.1)	(0.2)	(1.1)
Loss before provision for income taxes	(178.8)	(12.6)	(76.8)
Provision for income taxes	2.8	0.1	0.1
Net loss	(181.6)%	(12.7)%	(76.9)%

(1) Includes stock-based compensation expense as follows:

(in thousands)	Year Ended December 31, 2020	2019	2018
Cost of revenue	0.5 %	0.1 %	0.1 %
Research and development	6.6	2.3	0.7
Selling, general and administrative	9.2	3.0	1.0
Total stock-based compensation expense	16.3 %	5.4 %	1.8 %

Revenue

(dollars in thousands)	Year Ended December 31, 2020	2019	Change $	%
Revenue	$ 298,845	$ 245,893	$ 52,952	22 %

Revenue increased $53.0 million, or 22%, for the year ended December 31, 2020 as compared to year ended December 31, 2019. The increase was driven primarily by an increase in consumables and instruments revenue. Consumables revenue increased $45.8 million, or 22%, to $252.7 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase in consumables revenue was driven by the growth in the instrument installed base partially offset by decreased

demand due to closures of some of our customers' facilities arising from the continued impact of the COVID-19 pandemic. We experienced continued increases in revenue from our Single Cell Immune Profiling, Single Cell Multiome ATAC+Gene Expression, Single Cell ATAC, and Visium Spatial Gene Expression consumable products.

Instrument revenue increased $5.2 million, or 15%, to $40.1 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019 due to higher volume of instruments sold, partially offset by lower average selling prices. The number of instruments sold during the year ended December 31, 2020 was 746 units, an increase of 16% as compared to the prior year, resulting in an ending installed base of 2,412 instruments. Revenue for the year ended December 31, 2020 include sales of our newly introduced Chromium Connect which have substantially higher selling prices.

We largely rely on research activities in both academic institutions and government laboratories for our revenue. During the first half of 2020, as the impact of the global COVID-19 pandemic intensified, we saw a significant reduction in customer activity other than research related to the virus resulting in the vast majority of academic and government labs around the world suspending or severely reducing operations in compliance with stay-at-home, shelter-in-place and similar orders. These closures and reduced operations significantly impacted our business during this period. However, beginning in June 2020, we observed a modest re-opening of labs for general research which continued throughout the second half of 2020 resulting in an uptick in our sales activity during this period. As of December 31, 2020, we estimated that approximately 93% of our customer labs were open for general research in some capacity. Not all labs are able to operate at full capacity even if open and we may encounter delays before labs are able to fully resume their research and we cannot reliably estimate the extent to which the COVID-19 pandemic will impact our overall demand in the first quarter of 2021 and beyond. Once labs re-open and are able to resume normal levels of research activities, we expect to continue to see increased demand for our products.

Cost of revenue, Gross Profit and Gross Margin

	Year Ended December 31,		Change	
(dollars in thousands)	2020	2019	$	%
Cost of revenue	$ 58,468	$ 61,033	$ (2,565)	(4)%
Gross profit	$ 240,377	$ 184,860	$ 55,517	30 %
Gross margin	80 %	75 %		

Cost of revenue decreased $2.6 million, or 4%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The decrease was primarily due to lower accrued royalties of $19.6 million related to the 2015 Delaware Action, partially offset by an increase of $9.2 million from increased sales including newly introduced products, $3.5 million of costs related to our development of a second manufacturing facility, $1.3 million of freight and distribution costs, $1.3 million of license fee, inventory scrap and excess and obsolete inventory charges of $0.9 million and idle manufacturing capacity charges of $0.8 million.

Gross profit increased $55.5 million, or 30% primarily due to higher revenue and lower accrued royalties related to the 2015 Delaware Action. Gross margin percentage increased by 5 points for the year ended December 31, 2020 as compared to the year ended December 31, 2019 due to the reasons described above and below.

During the first half of 2020, the vast majority of academic and government labs around the world suspended or severely reduced operations in compliance with stay-at-home, shelter-in-place and similar orders resulting in a decrease in overall demand during this period and also resulting in our production facilities running at less than normal capacity which negatively impacted our gross margins. While we experienced higher demand for our products during the second half of 2020 due to partial reopening of our customer's businesses, until and unless demand for our solutions normalizes, our gross profits and gross margins will be negatively impacted. While we cannot reliably estimate the extent to which the COVID-19 pandemic will impact our overall gross profit and gross margins in the first quarter of 2021 and beyond, we plan to continue to invest in our manufacturing facilities and production efforts and manage our supply chain to ensure the delivery of products to our customers.

Operating Expenses

(dollars in thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019	Change $	Change %
Research and development	$ 123,375	$ 83,097	$ 40,278	48 %
In-process research and development	447,548	—	447,548	100 %
Selling, general and administrative	202,326	130,834	71,492	55 %
Accrued contingent liabilities	1,270	1,502	(232)	(15)%
Total operating expenses	$ 774,519	$ 215,433	$ 559,086	260 %

Research and development expense increased $40.3 million, or 48%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase was primarily driven by increased personnel expenses of $28.3 million including $13.9 million in stock-based compensation expense, laboratory materials, supplies and expensed equipment of $6.1 million used to support our research and development efforts, $4.6 million of higher allocated costs for facilities and information technology to support the general expansion of our operations and $0.9 million of consulting and professional services for product development.

In-process research and development expense for the year ended December 31, 2020 relates to intellectual property we purchased in connection with our acquisition of ReadCoor and CartaNA. In connection with these asset acquisitions, we recognized in-process research and development intangible assets of $406.9 million and $40.6 million, respectively, which did not have alternative future use and therefore was recognized as an expense during this period. See Note 3 to the consolidated financial statements for further details. There were no similar purchases in the year ended December 31, 2019.

During the first half of 2020, the COVID-19 pandemic resulted in a decrease in certain research laboratory activities, and as a result we incurred lower materials spending during this period. While our research and development activities have increased during the second half of 2020 relative to the height of the COVID-19 shutdown earlier in 2020, we cannot reliably estimate the extent to which the COVID-19 pandemic will impact our overall research activities or expenditures in the first quarter of 2021 and beyond.

Selling, general and administrative expenses increased $71.5 million, or 55%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase in expenses was primarily driven by increased personnel expenses of $39.3 million, including $20.2 million in stock-based compensation expense, outside legal expenses of $23.7 million, $2.7 million of higher allocated costs for facilities and information technology to support the general expansion of our operations, $2.6 million of costs related to COVID-19 screening, safety equipment purchases and cleaning, $2.0 million of professional services and $1.5 million of insurance costs.

Accrued contingent liabilities decreased by $0.2 million, or 15%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The decrease is due to the decrease in expenses relating to the litigation with Bio-Rad. See Note 7 to the consolidated financial statements for further details.

Other Income (Expense), Net

(dollars in thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019	Change $	Change %
Interest income	$ 1,532	$ 2,805	$ (1,273)	(45)%
Interest expense	(1,682)	(3,079)	1,397	(45)%
Other income (expense), net	1,337	(186)	1,523	N/M
Loss on extinguishment of debt	(1,521)	—	(1,521)	N/M
Total other expense	$ (334)	$ (460)	$ 126	(27)%

N/M: result not meaningful.

Interest income decreased by $1.3 million, or 45%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. While we earned interest on the net proceeds from the IPO completed in September 2019 as well as from the follow-on public offering completed in September 2020, interest income was lower primarily due to lower interest rates in 2020 as compared to the prior year.

Interest expense decreased by $1.4 million, or 45%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The decrease was driven primarily by the voluntary prepayment of our term loan on February 20, 2020 and lower interest rates partially offset by additional interest expense recognized on accrued license fees.

Other income (expense) is comprised of realized and unrealized losses from foreign currency rate measurement fluctuations for the year December 31, 2020 as compared to the year ended December 31, 2019.

Loss on extinguishment of debt was $1.5 million for the year ended December 31, 2020. In February 2020, we prepaid the remaining balance on our term loan, an end-of-term payment and prepayment fees.

Provision for Income Taxes

The Company's provision for income taxes was $8.3 million and $0.2 million, respectively, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The provision for income taxes consists primarily of foreign taxes and the increase in tax provision was attributable to the Company's acquisition of CartaNA. Deferred tax assets generated from the Company's domestic net operating losses have been fully reserved, as the Company believes it is not more likely than not that the benefit will be realized.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law. The CARES Act includes provisions relating to net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. These provisions are not expected to have a material impact on the Company's consolidated financial statements.

Liquidity and Capital Resources

As of December 31, 2020, we had approximately $663.6 million in cash and cash equivalents which were primarily held in U.S. bank deposit accounts and money market funds, $51.2 million in accounts receivable and an accumulated deficit of $805.1 million. Our cash and cash equivalents as of December 31, 2020 include net proceeds of $482.3 million after deducting offering costs, underwriting discounts and commissions arising from the sale of 4,600,000 shares of the Company's Class A common stock on September 10, 2020. Restricted cash of $16.0 million, classified within current assets in our consolidated balance sheets, serves as collateral for a bond and royalties in connection with the Bio-Rad litigation. Restricted cash of $8.5 million, classified within noncurrent assets in our consolidated balance sheets, serves as collateral for outstanding letters of credit for facilities. We have generated negative cumulative cash flows from operations since inception through the year ended December 31, 2020, and we have generated losses from operations since inception as reflected in our accumulated deficit of $805.1 million. We expect to continue to incur operating losses for the foreseeable future due to decreased revenue arising from closures of our customers' facilities as a result of the COVID-19 pandemic and investments we intend to make and as a result we may require additional capital resources to execute strategic initiatives to grow our business. On October 13, 2020, we completed our acquisition of ReadCoor Inc. for a total consideration of $407.4 million, inclusive of $1.6 million of transaction costs and net of cash acquired of $9.2 million. The total purchase consideration comprised of $101.4 million in cash and $306.0 million in shares of the Company's common stock. See Note 3 to the consolidated financial statements for further details.

In August 2020, the Federal Circuit issued its opinion in our appeal of the 2015 Delaware Action. The Federal Circuit (1) affirmed the judgment of the lower Court with respect to infringement of the '083 patent by our legacy GEM products and (2) vacated the judgment with respect to infringement of the '193 and '407 patents, which are remanded to the lower Court for a new trial on infringement. The Federal Circuit affirmed the damage award including the 15% royalty with respect to our legacy GEM products. The Federal Circuit vacated the injunction with respect to our Single Cell CNV and Linked-Read products but affirmed the injunction with respect to our other legacy GEM products. In October 2020, we filed a petition for *en banc* rehearing with the Federal Circuit. The Federal Circuit denied our petition for *en banc* rehearing on November 4, 2020. We paid the $34.5 million judgment, plus approximately $0.8 million in post-judgment interest, to Bio-Rad in December 2020. The case was remanded to the Delaware Court for a determination of post-judgment royalties or other amounts, which we expect to be made in the first half of 2021. We have accrued $44.2 million as of December 31, 2020 related to this matter which is classified within current liabilities in our consolidated balance sheets as of this date. The restricted cash of $16.0 million would be used to partially satisfy this payment.

We currently anticipate making aggregate capital expenditures of between approximately $90 million and $100 million during the next 12 months, which includes the $29.4 million real estate acquisition completed in January 2021 (see Note 7, "Purchase of Land" in our Notes to consolidated financial statements for further details), the construction costs of our global

expansion and equipment to be used for manufacturing and research and development. Our future capital requirements will depend on many factors including our revenue growth rate, research and development efforts, the impacts of the COVID-19 pandemic, the timing and extent of additional capital expenditures to invest in existing and new facilities, the expansion of sales and marketing and international activities, and the introduction of new products. We take a long term view in growing and scaling our business and we regularly review acquisition and investment opportunities, and we may in the future enter into arrangements to acquire or invest in businesses, real estate, services and technologies, including intellectual property rights, and any such acquisitions or investments could significantly increase our capital needs. We are continuing to review opportunities that meet our long-term growth objectives.

We believe that our existing cash and cash equivalents and cash generated from sales of our products will be sufficient to meet our anticipated cash needs for at least the next 12 months, and this assessment of our liquidity position is informed by our evaluation of a wide range of COVID-19 pandemic recovery scenarios. However, our liquidity assumptions may prove to be incorrect, and we could exhaust our available financial resources sooner than we currently expect. We intend to continue to evaluate market conditions and may in the future pursue various funding alternatives to further enhance our financial position and to help fund our strategic initiatives. In addition, should prevailing economic, financial, business or other factors adversely affect our ability to meet our operating cash requirements, we could be required to obtain funding though traditional or alternative sources of financing. We cannot be certain that additional funds would be available to us on favorable terms when required, or at all.

The COVID-19 pandemic has negatively impacted the global economy, resulted in the closure of many of our customers' facilities, disrupted global supply chains and created significant volatility and disruption of financial markets. While certain of our customers' labs began to re-open in June 2020 and continued to re-open during the second half of 2020, many of those labs are not yet fully operational and an extended period of economic disruption and closure, on-going limitations on operations at customer facilities or re-closure of our customers' labs could materially affect our business, results of operations, financial condition and access to sources of liquidity. We will continue to monitor the development and control of the COVID-19 pandemic and we believe there will be an increase in business activity upon the loosening of pandemic-related restrictions, including a resurgence in activity levels at laboratories which were temporarily closed, barring a renewed increase in COVID-19 cases which may lead to further business closures. Although we are currently uncertain as to when this resurgence will occur, we intend to invest in research and development activities and other initiatives while the COVID-19 pandemic is brought under control including accelerated investments in product development and intellectual property to launch new products and continue improving existing 10x solutions. Additionally, we plan to continue to build our commercial organization across key geographies around the world and invest in capabilities to address the interest we are seeing from the pharmaceutical and translational markets.

Sources of liquidity

Since our inception, we have financed our operations and capital expenditures primarily through sales of convertible preferred stock and common stock, revenue from sales and issuances of debt. In September 2019, we completed our IPO for aggregate proceeds of $410.8 million, net of offering costs, underwriter discounts and commissions of $37.7 million. In September 2020, we completed our follow-on public offering for aggregate proceeds of $482.3 million, after deducting offering costs, underwriting discounts and commissions of $23.8 million.

Silicon Valley Bank Loan and Security Agreement

We were a party to the Loan and Security Agreement, under which (i) borrowings under the term loan were prepaid on February 20, 2020 and (ii) the revolving line of credit was terminated, at our election, on June 18, 2020 and which, prior to its termination, provided us with a revolving line of credit of up to $25.0 million through December 2022. The amount available on the revolving line of credit was based on 80% of eligible receivables and was subject to a borrowing base calculation. Principal amounts outstanding under the revolving line of credit accrued interest at a floating per annum rate equal to the greater of The Wall Street Journal prime rate plus 0.25% or 4.5% and were repayable monthly. Additionally, the revolving line of credit had a nonrefundable annual commitment fee of $62.5 thousand payable on each anniversary date. Upon termination of the revolving line of credit and the Loan and Security Agreement on June 18, 2020, we incurred termination fees of $0.3 million. We terminated the Loan and Security Agreement, which we entered into while we were a private company with more limited access to financing alternatives, as it was not in line with our current business strategy. As of June 18, 2020 and December 31, 2019, there were no balances outstanding under the revolving line of credit and we were in compliance with all covenants under the Loan and Security Agreement through its termination on June 18, 2020.

Cash flow summary

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

	Year Ended December 31,		
	2020	2019	2018
	(in thousands)		
Net cash (used in) provided by:			
Operating activities	$ (217,898)	$ 34,627	$ (76,409)
Investing activities	(38,394)	(42,767)	(6,709)
Financing activities	468,906	414,590	105,367
Effect of exchange rates on changes in cash, cash equivalents, and restricted cash	(463)	(45)	(18)
Net increase in cash, cash equivalents, and restricted cash	$ 212,151	$ 406,405	$ 22,231

Operating activities

The net cash used in operating activities of $217.9 million for the year ended December 31, 2020 was due primarily to a net loss of $542.7 million, net cash outflow from changes in operating assets and liabilities of $50.4 million, partially offset by adjustments for Class A common stock issued for in-process research and development related to the ReadCoor asset acquisition of $306.0 million, stock-based compensation expense of $48.6 million, depreciation and amortization of $14.0 million, amortization of leased right-of-use assets of $5.0 million and loss on extinguishment of debt of $1.5 million. The net cash outflow from operating assets and liabilities was primarily due to a decrease in accrued contingent liabilities of $24.5 million as a result of a payment of $34.5 million in December 2020 relating to the Bio-Rad judgement (see Note 7 for details), an increase in accounts receivable of $17.8 million due to timing of collections, an increase in inventory of $14.6 million due to the timing of inventory purchases including advance purchases of inventory due to anticipated demand, a decrease in other noncurrent liabilities of $3.8 million, an increase in prepaid expenses and other current assets of $5.3 million, a decrease of $4.8 million in payment of operating lease expenses, an increase in other assets of $2.7 million and a decrease in accounts payable of $7.8 million due to timing of vendor payments. The net cash outflow from operating assets and liabilities was partially offset by an increase in accrued expenses and other current liabilities of $25.9 million consistent with the growth of our business and an increase in accrued compensation and other related benefits of $2.9 million.

The net cash provided by operating activities of $34.6 million in the year ended December 31, 2019 was due primarily to a net loss of $31.3 million, net cash inflow from changes in operating assets and liabilities of $44.8 million, and adjustments for stock-based compensation expense of $13.3 million and depreciation and amortization of $7.1 million. The net cash inflow from operating assets and liabilities was primarily due to an increase in accrued contingent liabilities of $30.7 million, an increase in noncurrent deferred rent of $12.7 million, an increase in accrued expenses and other current liabilities of $5.8 million, an increase in accrued compensation and other related benefits of $5.3 million, and an increase in accounts payable of $4.9 million, partially offset by an increase in inventory of $6.7 million, an increase in accounts receivable of $5.3 million and an increase in prepaid expenses and other current assets of $3.5 million.

The net cash used in operating activities of $76.4 million in the year ended December 31, 2018 was due primarily to a net loss of $112.5 million with adjustments for depreciation and amortization of $3.9 million and stock-based compensation expense of $2.7 million and an increase from the net change in operating assets and liabilities of $28.0 million. The inflow from operating assets and liabilities was primarily due to the establishment of an accrual for contingent liabilities of $38.0 million, an increase in noncurrent deferred rent of $3.3 million, an increase in accounts payable of $2.6 million, an increase in accrued compensation and other related benefits of $2.6 million, an increase in accrued expenses and other current liabilities of $1.7 million and an increase in deferred revenue of $1.7 million, partially offset by an increase in accounts receivable of $14.7 million, an increase in inventory of $3.7 million and an increase in prepaid expenses and other current assets of $2.4 million.

Investing activities

The net cash used in investing activities of $38.4 million in the year ended December 31, 2020 was due to purchases of property and equipment of $36.7 million and purchases of intangible assets of $1.7 million.

The net cash used in investing activities of $42.8 million in the year ended December 31, 2019 was due to purchases of property and equipment of $42.7 million.

The net cash used in investing activities of $6.7 million in the year ended December 31, 2018 was due to purchases of property and equipment of $6.3 million and the purchase of intangible assets of $0.4 million.

Financing activities

The net cash provided by financing activities of $468.9 million in the year ended December 31, 2020 was primarily from proceeds of $482.3 million from the issuance of Class A common stock after deducting offering costs, underwriting discounts and commissions, and proceeds of $23.7 million from the issuance of common stock from the exercise of stock options and employee stock purchase plan purchases, partially offset by the use of $31.3 million in connection with loan principal payments including the early repayment of the term loan under the Loan and Security Agreement (including fees in connection with the early repayment of the term loan) and payments on financing arrangements of $5.8 million.

The net cash provided by financing activities of $414.6 million in the year ended December 31, 2019 was primarily from proceeds of $410.8 million from issuance of Class A common stock in our IPO, net of issuance costs, and proceeds of $3.8 from the issuance of common stock from the exercise of stock options.

The net cash provided by financing activities of $105.4 million in the year ended December 31, 2018 was primarily from proceeds from the issuance of convertible preferred stock, net of issuance costs, of $84.8 million, net proceeds from additional borrowings of $19.5 million, and proceeds of $1.8 million from the issuance of common stock from the exercise of stock options, partially offset by payments on debt obligations of $0.7 million.

Concentrations of credit risk

As of December 31, 2020 and 2019, no single customer represented 10% or more of our accounts receivable balance. There was no single customer, including distributors, that individually exceeded 10% of our revenue during the years ended December 31, 2020, 2019 and 2018.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report are prepared in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations. For further information, see Note 2 of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report.

Revenue recognition

We generate revenue from sales of our products and services. Our products consist of instruments and consumables, including proprietary microfluidic chips, slides, reagents and other consumables. Our commercial product portfolio leverages our Chromium and Chromium Connect instruments, which we refer to as “Chromium instruments” or “instruments,” and our proprietary microfluidic chips, slides, reagents and other consumables for both our Visium and Chromium solutions, which we refer to as “consumables.” We began shipping our Chromium Connect instrument during the first quarter of 2020. We also generate a small portion of our revenue from instrument service agreements which relate to extended warranties.

Commencing on January 1, 2019, we recognized revenues in accordance with *Accounting Standards Codification (“ASC”) Topic 606 – Revenue from Contracts with Customers.*

We recognize revenue when control of the products and services is transferred to our customers in an amount that reflects the consideration we expect to receive from our customers in exchange for those products and services. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and

is separately identified in the contract. We consider a performance obligation satisfied once we have transferred control of a good or service to the customer, meaning the customer has the ability to use and obtain the benefit of the good or service.

Revenue from product sales is recognized when control of the product is transferred, which is generally upon shipment to the customer. In instances where right of payment or transfer of title is contingent upon the customer's acceptance of the product, revenue is deferred until all acceptance criteria have been met. Instrument service agreements, which relate to extended warranties, are typically entered into for one-year terms, following the expiration of the standard one-year warranty period. Revenue for extended warranties is recognized ratably over the term of the extended warranty period as a stand ready performance obligation. Revenue is recorded net of discounts, distributor commissions and sales taxes collected on behalf of governmental authorities. Customers are invoiced generally upon shipment, or upon order for services, and payment is typically due within 45 days. Cash received from customers in advance of product shipment or providing services is recorded as a contract liability. Our contracts with our customers generally do not include rights of return or a significant financing component.

We regularly enter into contracts that include various combinations of products and services which are generally distinct and accounted for as separate performance obligations. The transaction price is allocated to each performance obligation in proportion to its standalone selling price. We determine standalone selling price using average selling prices with consideration of current market conditions. If the product or service has no history of sales or if the sales volume is not sufficient, we rely upon prices set by management, adjusted for applicable discounts.

Inventory

Inventory is recorded at the lower of cost, determined on a first-in, first-out basis, or net realizable value. We use judgment to analyze and determine if the composition of our inventory is obsolete, slow-moving or unsalable and frequently review such determinations. We write down specifically identified unusable, obsolete, slow-moving or known unsalable inventory in the period that it is first recognized by using a number of factors including product expiration dates, open and unfulfilled orders and sales forecasts. Any write-down of inventory to net realizable value establishes a new cost basis and will be maintained even if certain circumstances suggest that the inventory is recoverable in subsequent periods. Costs associated with the write-down of inventory are recorded to cost of revenue on our consolidated statements of operations. We make assumptions about future demand, market conditions and the release of new products that may supersede old ones. However, if actual market conditions are less favorable than anticipated, additional inventory write-downs could be required.

Stock-based compensation

Our stock-based compensation relates to stock options, restricted stock units ("RSUs") and stock purchase rights under an Employee Stock Purchase Plan ("ESPP"). Stock-based compensation expense for stock-based awards are based on their grant date fair value. We determine the fair value of RSUs based on the closing price of our stock price, which is listed on Nasdaq, at the date of the grant. We estimate the fair value of stock option awards granted to employees and directors on the grant date using the Black-Scholes option-pricing model. The fair value of stock option awards is recognized as compensation expense on a straight-line basis over the requisite service period in which the awards are expected to vest and forfeitures are recognized as they occur. Stock option awards that include a service condition and a performance condition are considered expected to vest when the performance condition is probable of being met.

The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based awards. These variables include the per share fair value of the underlying common stock, exercise price, expected term, risk-free interest rate, expected annual dividend yield and the expected stock price volatility over the expected term. For all stock options granted, we calculate the expected term using the simplified method for "plain vanilla" stock option awards. We determine expected volatility using the historical volatility of the stock price of similar publicly traded peer companies. The risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues similar in duration to the expected term of the equity-settled award.

Stock-based compensation expense for nonemployee stock options is measured based on fair market value using the Black-Scholes option pricing model and is recorded as the options vest. Prior to January 1, 2019, nonemployee stock options subject to vesting were revalued periodically over the requisite service period, which was generally the same as the vesting term of the award. From January 1, 2019, the grant date fair market value of nonemployee stock options is recognized in the consolidated statements of operations on a straight-line basis over the requisite service period and forfeitures are recognized as they occur.

Accrued contingent liabilities

We have been and are currently involved in various legal proceedings which arise in the ordinary course of business. The outcomes of these legal proceedings are not within our complete control or may not be known for prolonged periods of time. Management is required to assess the probability of loss and amount of such loss, if any, in preparing our consolidated financial statements. We evaluate the likelihood of a potential loss from legal proceedings to which we are a party. We record a liability for such claims when a loss is deemed probable and the amount can be reasonably estimated. Significant judgment may be required in the determination of both probability and whether an exposure is reasonably estimable. Our judgments are subjective based on the status of the legal proceedings, the merits of our defenses and consultation with in-house and outside legal counsel. As additional information becomes available, we reassess the potential liability related to pending claims and may revise our estimates. Due to the inherent uncertainties of the legal processes in the multiple jurisdictions in which we operate, our judgments may be materially different than the actual outcomes, which could have material adverse effects on our business, financial conditions and results of operations.

Acquisitions of intellectual property

We evaluate acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not we have acquired inputs and processes that have the ability to create outputs, which would meet the requirements of a business.

We account for an asset acquisition under Accounting Standards Codification, *Business Combinations Topic 805*, *Subtopic 50*, which requires the acquiring entity in an asset acquisition to recognize net assets based on the cost to the acquiring entity on a relative fair value basis, which includes transaction costs in addition to consideration given. Goodwill is not recognized in an asset acquisition and any excess consideration transferred over the fair value of the net assets acquired is allocated to the non-monetary identifiable assets based on relative fair values. In-process research and development expenses are expensed as incurred provided there is no alternative future use.

Contingent consideration payments in asset acquisitions are recognized when the contingency is resolved and the consideration is paid or becomes payable (unless the contingent consideration meets the definition of a derivative, in which case the amount becomes part of the basis in the asset acquired). Upon recognition of the contingent consideration payment, the amount is included in the cost of the acquired asset or group of assets.

Leases

We determine if an arrangement is or contains a lease at inception by assessing whether the arrangement contains an identified asset and whether it has the right to control the identified asset. Right-of-use ("ROU") assets represents our right to use an underlying asset for the lease term and lease liabilities represents our obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. ROU assets are based on the measurement of the lease liability and also include any lease payments made prior to or on lease commencement and exclude lease incentives and initial direct costs incurred, as applicable.

As the implicit rate in our leases are generally unknown, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. We give consideration to our credit risk, term of the lease and total lease payments and adjust for the impacts of collateral, as necessary, when calculating our incremental borrowing rates. The lease terms may include options to extend or terminate the lease when we are reasonably certain that we will exercise such options. Lease costs for our operating leases are recognized on a straight-line basis within operating expenses and costs of goods sold over the reasonably assured lease term.

We have elected to not separate lease and non-lease components for any leases within our existing classes of assets and, as a result, we account for any lease and non-lease components as a single lease component. We have also elected to not apply the recognition requirement to any leases within our existing classes of assets with a term of 12 months or less.

Recent Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies" in our Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report for a discussion of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in foreign currency exchange rates.

Interest Rate Risk

We have exposure to interest rate risk that relates primarily to our cash and cash equivalents held in bank deposit and money market funds. All of our cash equivalents are carried at fair market value.

The primary objective of our investment activities is to preserve principal while at the same time improving yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents in asset types including bank deposits and money market funds. Declines in interest rates during the year ended December 31, 2020 have reduced our interest income and additional declines would further reduce our future interest income. While historical fluctuations in interest income have not been significant, in a financial environment with extremely low or negative interest rates, we have experienced and could continue to experience a reduction in the interest earned from such investment activities. A sustained 10% decline in interest rates during the periods presented would not have materially affected our operational results.

Foreign Currency Exchange Risk

Our reporting currency is the U.S. dollar and the functional currency of each of our subsidiaries is either its local currency or the U.S. dollar depending on the circumstances. Historically, most of our revenue has been denominated in U.S. dollars, although we have sold our products and services in local currency outside of the United States, principally the Euro. For the years ended December 31, 2020 and 2019, approximately 16% and 15%, respectively, of our sales were denominated in currencies other than U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States. As our operations in countries outside of the United States grow, our results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. For example, if the value of U.S. dollar increases relative to foreign currencies, in the absence of a corresponding change in local currency prices, our revenue could be adversely affected as we convert revenue from local currencies to U.S. dollars. In addition, because we conduct business in currencies other than U.S. dollars, but report our results of operations in U.S. dollars, we also face remeasurement exposure to fluctuations in currency exchanges rates, which could hinder our ability to predict our future results and earning and could materially impact our results of operations. We do not currently maintain a program to hedge exposures to non-U.S. dollar currencies. We have performed a sensitivity analysis as of December 31, 2020 and as of December 31, 2019, using a modeling technique that measures the change in the amount of non-U.S. dollar cash and cash equivalents arising from a hypothetical 10% movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The foreign currency exchange rates we used were based on market rates in effect on December 31, 2020 and December 31, 2019, respectively. The sensitivity analysis indicated that a hypothetical 10% movement in foreign currency exchange rates would change the amount of cash and cash equivalents, we would report in U.S. Dollars as of December 31, 2020 and December 31, 2019 by less than 0.13% and by less than 0.24%, respectively.

Item 8. Financial Statements and Supplementary Data.

10x Genomics, Inc.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of 10x Genomics, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of 10x Genomics, Inc. (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 26, 2021 expressed an unqualified opinion thereon.

Adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842)

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for leases as a result of the adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), and the amendments in ASU No. 2018-11, Leases (Topic 842): Targeted Improvements, on January 1, 2020, using a modified retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

	Revenue Recognition
Description of the Matter	For the year ended December 31, 2020, the Company recognized revenues of $298.8 million from the sale of products and services. As discussed in Note 2 to the consolidated financial statements, the Company recognizes revenue when control of the products and services is transferred to its customers in an amount that reflects the consideration it expects to receive from its customers in exchange for those products and services. Auditing the Company's revenue recognition can be challenging due to certain sales transactions including multiple products and services. Judgement is involved to determine the distinct performance obligations, the allocation of consideration using stand-alone selling price, and the timing of revenue recognition.
How We Addressed the Matter in Our Audit	Our audit procedures over the determination of the distinct performance obligations, the allocation of consideration using stand-alone selling price and the timing of revenue recognition included, among others, for a sample of individual sales transactions, we inspected the executed customer contract, identified the distinct performance obligation(s) in the contract, and calculated the transaction price. In addition, we compared the performance obligations identified and transaction price calculated to those identified and calculated by management. We evaluated the Company's allocation of the transaction price to the performance obligations using stand-alone selling price and determined the timing of revenue recognition based on third-party evidence of transfer of control of the goods to the customer.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Redwood City, California
February 26, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of 10x Genomics, Inc.

Opinion on Internal Control over Financial Reporting

We have audited 10x Genomics, Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, 10x Genomics, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and our report dated February 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Redwood City, California
February 26, 2021

10x Genomics, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 663,603	$ 424,166
Restricted cash	16,567	—
Accounts receivable, net	51,208	33,371
Inventory	29,959	15,270
Prepaid expenses and other current assets	13,029	8,033
Total current assets	774,366	480,840
Property and equipment, net	72,840	48,821
Restricted cash	8,474	52,327
Operating lease right-of-use assets	46,983	—
Other assets	26,678	23,935
Total assets	$ 929,341	$ 605,923
Liabilities and stockholders' equity		
Current liabilities:		
Accrued contingent liabilities	$ 44,173	$ —
Accounts payable	4,709	13,028
Accrued compensation and related benefits	15,383	12,394
Accrued expenses and other current liabilities	43,453	24,448
Term loans, current portion	—	9,882
Deferred revenue, current	4,472	3,297
Operating lease liabilities	5,936	—
Total current liabilities	118,126	63,049
Term loans, noncurrent portion	—	19,837
Accrued contingent liabilities	—	68,658
Accrued license fee, noncurrent	11,171	16,251
Deferred rent, noncurrent	—	16,120
Operating lease liabilities, noncurrent	57,042	—
Other noncurrent liabilities	3,930	1,925
Total liabilities	190,269	185,840
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.00001 par value; 100,000,000 shares authorized, no shares issued and outstanding as of December 31, 2020 and December 31, 2019	—	—
Common stock, $0.00001 par value; 1,100,000,000 shares authorized, 108,485,909 and 96,241,596 shares issued and outstanding as of December 31, 2020 and 2019	2	2
Additional paid-in capital	1,544,218	682,494
Accumulated deficit	(805,098)	(262,367)
Accumulated other comprehensive loss	(50)	(46)
Total stockholders' equity	739,072	420,083
Total liabilities and stockholders' equity	$ 929,341	$ 605,923

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

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

	Year Ended December 31,		
	2020	2019	2018
Revenue	$ 298,845	$ 245,893	$ 146,313
Cost of revenue	58,468	61,033	28,661
Gross profit	240,377	184,860	117,652
Operating expenses:			
Research and development	123,375	83,097	47,537
In-process research and development	447,548	—	62,363
Selling, general and administrative	202,326	130,834	87,936
Accrued contingent liabilities	1,270	1,502	30,580
Total operating expenses	774,519	215,433	228,416
Loss from operations	(534,142)	(30,573)	(110,764)
Other income (expense):			
Interest income	1,532	2,805	1,024
Interest expense	(1,682)	(3,079)	(2,409)
Other income (expense), net	1,337	(186)	(249)
Loss on extinguishment of debt	(1,521)	—	—
Total other expense	(334)	(460)	(1,634)
Loss before provision for income taxes	(534,476)	(31,033)	(112,398)
Provision for income taxes	8,255	218	87
Net loss	$ (542,731)	$ (31,251)	$ (112,485)
Other comprehensive loss:			
Foreign currency translation adjustment	(4)	(9)	(22)
Comprehensive loss	$ (542,735)	$ (31,260)	$ (112,507)
Net loss per share, basic and diluted	$ (5.37)	$ (0.80)	$ (8.40)
Weighted-average shares used to compute net loss per share, basic and diluted	101,151,675	39,091,366	13,392,273

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

10x Genomics, Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
(In thousands, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2017	59,730,213	$ 158,414	12,883,930	$ 1	$ 6,136	$ (118,631)	$ (15)	$ (112,509)
Issuance of Series D convertible preferred stock, net of issuance costs	5,224,658	49,878	—	—	—	—	—	—
Issuance of Series D-1 convertible preferred stock, net of issuance costs	2,749,407	34,952	—	—	—	—	—	—
Issuance of Class A common stock upon exercise of options	—	—	1,508,762	—	1,173	—	—	1,173
Issuance of Class A common stock for in-process research and development	—	—	157,109	—	792	—	—	792
Vesting of shares subject to repurchase, including early exercised options	—	—	—	—	256	—	—	256
Issuance of warrants to purchase Class A common stock	—	—	—	—	150	—	—	150
Stock-based compensation	—	—	—	—	2,658	—	—	2,658
Net loss	—	—	—	—	—	(112,485)	—	(112,485)
Other comprehensive loss	—	—	—	—	—	—	(22)	(22)
Balance as of December 31, 2018	67,704,278	243,244	14,549,801	1	11,165	(231,116)	(37)	(219,987)
Issuance of Class A common stock upon exercise of options	—	—	2,226,493	—	3,435	—	—	3,435
Conversion of convertible preferred stock into Class B common stock	(67,704,278)	(243,244)	67,704,278	1	243,243	—	—	243,244
Issuance of Class A common stock upon initial public offering, net of issuance costs	—	—	11,500,000	—	410,824	—	—	410,824
Cashless exercise of Class A common stock warrants	—	—	261,024	—	—	—	—	—
Vesting of shares subject to repurchase, including early exercised options	—	—	—	—	494	—	—	494
Stock-based compensation	—	—	—	—	13,333	—	—	13,333
Net loss	—	—	—	—	—	(31,251)	—	(31,251)
Other comprehensive loss	—	—	—	—	—	—	(9)	(9)
Balance as of December 31, 2019	—	—	96,241,596	2	682,494	(262,367)	(46)	420,083
Issuance of Class A common stock related to equity awards	—	—	5,742,931	—	23,743	—	—	23,743
Sale of Class A common stock	—	—	4,600,000	—	482,267	—	—	482,267
Issuance of Class A common stock for asset acquisition	—	—	1,901,382	—	306,000	—	—	306,000
Vesting of shares subject to repurchase, including early exercised options	—	—	—	—	247	—	—	247
Stock-based compensation	—	—	—	—	49,467	—	—	49,467
Net loss	—	—	—	—	—	(542,731)	—	(542,731)
Other comprehensive loss	—	—	—	—	—	—	(4)	(4)
Balance as of December 31, 2020	—	$ —	108,485,909	$ 2	$ 1,544,218	$ (805,098)	$ (50)	$ 739,072

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

10x Genomics, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2020	2019	2018
Operating activities:			
Net loss	$ (542,731)	$ (31,251)	$ (112,485)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	14,012	7,066	3,905
Stock-based compensation	48,626	13,333	2,658
Amortization of right-of-use assets	5,009	—	—
Loss on extinguishment of debt	1,521	—	—
Class A common stock issued for in-process research and development	306,000	—	792
Loss on disposal of property and equipment	29	614	251
Accretion of discount on term loan	17	101	455
Changes in operating assets and liabilities:			
Accounts receivable	(17,847)	(5,284)	(14,747)
Inventory	(14,601)	(6,699)	(3,732)
Prepaid expenses and other current assets	(5,265)	(3,535)	(2,429)
Other assets	(2,686)	(251)	(999)
Accounts payable	(7,770)	4,901	2,587
Accrued compensation and other related benefits	2,936	5,292	2,600
Deferred revenue	2,023	634	1,673
Accrued contingent liabilities	(24,485)	30,658	38,000
Accrued expenses and other current liabilities	25,917	5,771	1,701
Deferred rent, noncurrent	—	12,730	3,328
Operating lease liability	(4,832)	—	—
Other noncurrent liabilities	(3,771)	547	33
Net cash (used in) provided by operating activities	(217,898)	34,627	(76,409)
Investing activities:			
Purchases of property and equipment	(36,666)	(42,742)	(6,284)
Acquisition of intangible assets	(1,728)	(25)	(425)
Net cash used in investing activities	(38,394)	(42,767)	(6,709)
Financing activities:			
Proceeds from term loans	—	—	19,512
Payments on term loans	(31,256)	—	(704)
Proceeds from borrowings under revolver	—	11,000	—
Payments on borrowings under revolver	—	(11,000)	—
Payments on financing arrangement	(5,848)	—	—
Payments on capital lease obligations	—	—	(69)
Proceeds from issuance of common stock upon initial and follow-on public offerings, net of issuance costs	482,267	410,824	—
Proceeds from issuance of preferred stock, net of issuance costs	—	—	84,830
Issuance of common stock from exercise of stock options and employee stock purchase plan purchases	23,743	3,766	1,798
Net cash provided by financing activities	468,906	414,590	105,367
Effect of exchange rates on changes in cash, cash equivalents, and restricted cash	(463)	(45)	(18)
Net increase in cash, cash equivalents, and restricted cash	212,151	406,405	22,231
Cash, cash equivalents, and restricted cash at beginning of year	476,493	70,088	47,857
Cash, cash equivalents, and restricted cash at end of year	$ 688,644	$ 476,493	$ 70,088
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 1,670	$ 2,250	$ 1,824
Cash paid for taxes	$ 280	$ 22	$ 6

10x Genomics, Inc.
Consolidated Statements of Cash Flows (Continued)
(In thousands)

	Year Ended December 31,		
	2020	2019	2018
Noncash investing and financing activities			
Purchases of property and equipment included in accounts payable and accrued expenses and other current liabilities	$ 2,983	$ 4,492	$ 2,260
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 13,562	$ —	$ —
Conversion of convertible preferred stock into common stock upon initial public offering	$ —	$ 243,244	$ —
Purchase of technology licenses under financing arrangement	$ —	$ 22,099	$ —

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

10x Genomics, Inc.
Notes to Consolidated Financial Statements

1. Description of Business and Basis of Presentation

Organization and Description of Business

10x Genomics, Inc. (the "Company") was incorporated in the state of Delaware on July 2, 2012 and is a life sciences technology company focused on building innovative products and solutions to interrogate, understand and master biological systems at resolution and scale that matches the complexity of biology. The Company's integrated solutions include the Company's Chromium and Chromium Connect instruments, which the Company refers to as "instruments," and the Company's proprietary microfluidic chips, slides, reagents and other consumables for both the Company's Visium and Chromium solutions, which the Company refers to as "consumables." The Company bundles its software with these products to guide customers through the workflow, from sample preparation through analysis and visualization. The Company began commercial and manufacturing operations and selling its instruments and consumables in 2015. The Company is headquartered in Pleasanton, California and has wholly-owned subsidiaries in China, Germany, Netherlands, Singapore, Sweden and the United Kingdom.

Initial Public Offering

The Company's registration statement on Form S-1 related to its initial public offering ("IPO") was declared effective on September 11, 2019 by the Securities and Exchange Commission ("SEC"), and the Company's Class A common stock began trading on the Nasdaq Global Select Market on September 12, 2019. On September 16, 2019, the Company completed its IPO, in which the Company sold 11,500,000 shares of Class A common stock (which included 1,500,000 shares that were offered and sold pursuant to the full exercise of the IPO underwriters' option to purchase additional shares) at a price to the public of $39.00 per share. Including the option exercise, the Company received aggregate net proceeds of $410.8 million after deducting offering costs, underwriting discounts and commissions of $37.7 million.

Follow-on Public Offering

The Company's registration statement on Form S-1 related to its follow-on public offering was declared effective by the SEC on September 10, 2020. The Company sold 4,600,000 shares of Class A common stock (which included 600,000 shares that were offered and sold pursuant to the full exercise of the underwriters' option to purchase additional shares) at a price to the public of $110.00 per share. Including the option exercise, the Company received aggregate net proceeds of $482.3 million after deducting offering costs, underwriting discounts and commissions of $23.8 million.

Basis of Presentation

The consolidated financial statements, which include the Company's accounts and the accounts of its wholly-owned subsidiaries, are prepared in accordance with U.S. generally accepted accounting principles (or "GAAP"). All intercompany transactions and balances have been eliminated.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent liabilities, and the reported amounts of revenue and expense. These judgments, estimates and assumptions are used for, but not limited to, revenue recognition, inventory valuation and write-downs, loss contingencies, accounting for assets acquisitions and the valuation of stock-based compensation awards. The Company bases its estimates on various factors and information, which may include, but are not limited to, history and prior experience, the Company's forecasts and future plans, current economic conditions and information from third-party professionals that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities and recorded amounts of expenses that are not readily apparent from other sources. To the extent there are material differences between the Company's estimates and the actual results, the Company's future consolidated results of operation may be affected. The inputs into our judgments and estimates consider the economic implications of COVID-19 on our critical and significant accounting estimates.

Segment Information

The Company operates as a single operating segment. The Company's chief operating decision maker, its Chief Executive Officer, manages the Company's operations on a consolidated basis for the purposes of allocating resources, making operating decisions and evaluating financial performance.

Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents. Cash equivalents consist primarily of amounts invested in money market funds and are stated at fair value.

Short-term restricted cash of $16.6 million is primarily comprised of $16.0 million cash on deposit with a financial institution in connection with the issuance of a bond related to The 2015 Delaware Action (see "—Commitments and Contingencies" below) and $0.5 million related to the letter of credit classified as noncurrent restricted cash on the consolidated balance sheets based on the term of the underlying lease. Long-term restricted cash mainly represents $8.5 million of cash on deposit with a financial institution as security for letters of credit outstanding for the benefit of the landlord related to the Company's non-cancelable operating lease for its corporate headquarters (see "—Commitments and Contingencies" below).

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Cash and cash equivalents	$ 663,603	$ 424,166	$ 65,080
Restricted cash	25,041	52,327	5,008
Total cash, cash equivalents and restricted cash	$ 688,644	$ 476,493	$ 70,088

Fair Value of Financial Instruments

The Company determines the fair value of an asset or liability based on the assumptions that market participants would use in pricing the asset or liability in an orderly transaction between market participants at the measurement date. The identification of market participant assumptions provides a basis for determining what inputs are to be used for pricing each asset or liability.

A fair value hierarchy has been established which gives precedence to fair value measurements calculated using observable inputs over those using unobservable inputs. This hierarchy prioritized the inputs into three broad levels as follows:

Level 1: Quoted prices in active markets for identical instruments

Level 2: Other significant observable inputs (including quoted prices in active markets for similar instruments)

Level 3: Significant unobservable inputs (including assumptions in determining the fair value of certain investments)

Money market funds are highly liquid investments which are actively traded. The pricing information for the Company's money market funds are readily available and can be independently validated as of the measurement date. This approach results in the classification of these securities as Level 1 of the fair value hierarchy. There were no transfers between Levels 1, 2 or 3 for any of the periods presented. As of December 31, 2020 and December 31, 2019, the Company held $600.9 million and $398.5 million in money market funds, respectively, with no unrealized gains or losses.

Accounts Receivable, Net

Accounts receivable consist of amounts due from customers for the sales of products and services. The Company reviews its accounts receivable and provides allowances of specific amounts if collectability is no longer reasonably assured based on historical experience and specific customer collection issues. There was no allowance for doubtful accounts as of December 31, 2020 and December 31, 2019.

Business Concentrations

The Company's instruments are mostly assembled and tested by a single contract manufacturer in Asia and the United States. The Company's agreement with the contract manufacturers contains purchase commitments. In addition, the Company is reliant on several suppliers for key components for its reagent kits. A significant disruption in the operations of the contract manufacturers or suppliers may impact the production of the Company's products for a substantial period of time, which could have a material adverse effect on its business, financial condition and results of operations, which may be partially mitigated by the contract manufacturer's ability to relocate operations from Asia location to United States.

Concentrations

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable. The Company's cash and cash equivalents are primarily held with a large financial institution in the United States and deposits exceed the Federal Deposit Insurance Corporation's insurance limit. The Company performs periodic evaluations of the risks associated with its investments and the relative credit standing of this financial institution.

The Company performs ongoing credit evaluations of its customers' financial condition. The Company does not require collateral from its customers but may require upfront payments from certain customers. The Company has not experienced significant credit losses to date. For the years ended December 31, 2020, 2019, and 2018, no single customer represented more than 10% of revenue. As of December 31, 2020 and December 31, 2019, no single customer represented more than 10% of the Company's outstanding accounts receivable.

Substantially all the Company's long-lived assets are located in the United States.

Inventory

Inventory is recorded at the lower of cost, determined on a first-in, first-out basis, or net realizable value. The Company uses judgment to analyze and determine if the composition of its inventory is obsolete, slow-moving or unsalable and frequently reviews such determinations. The Company writes down specifically identified unusable, obsolete, slow-moving or known unsalable inventory in the period that it is first recognized by using a number of factors including product expiration dates, open and unfulfilled orders and sales forecasts. Any write-down of its inventory to net realizable value establishes a new cost basis and will be maintained even if certain circumstances suggest that the inventory is recoverable in subsequent periods. Costs associated with the write-down of inventory are recorded to cost of revenue on the Company's consolidated statements of operations.

Leases

The Company determines if an arrangement is or contains a lease at inception by assessing whether the arrangement contains an identified asset and whether it has the right to control the identified asset. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. ROU assets are based on the measurement of the lease liability and also include any lease payments made prior to or on lease commencement and exclude lease incentives and initial direct costs incurred, as applicable.

As the implicit rate in the Company's leases is generally unknown, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. The Company gives consideration to its credit risk, term of the lease and total lease payments and adjusts for the impacts of collateral, as necessary, when calculating its incremental borrowing rates. The lease terms may include options to extend or terminate the lease when the Company is reasonably certain it will exercise such options. Lease costs for the Company's operating leases are recognized on a straight-line basis within operating expenses and costs of goods sold over the reasonably assured lease term.

The Company has elected to not separate lease and non-lease components for any leases within its existing classes of assets and, as a result, accounts for any lease and non-lease components as a single lease component. The Company has also elected to not apply the recognition requirement to any leases within its existing classes of assets with a term of 12 months or less.

Internal-Use Software

The Company capitalizes costs incurred to develop internal-use software within fixed assets and commencing from the first quarter of 2020, began capitalizing costs to develop hosting arrangements within other assets in the consolidated balance sheets.

Costs incurred during the preliminary planning and evaluation and post implementation stages of the project are expensed as incurred. Costs incurred during the application development stage of the project are capitalized. These costs are amortized on a straight-line basis over the estimated useful life of the asset.

Property and Equipment, Net

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the following assets:

	Useful Life (Years)
Laboratory equipment and machinery	3 - 5
Computer equipment	2 - 3
Furniture and fixtures	3
Leasehold improvements	1 - 10

Impairment of Long-Lived Assets

The Company evaluates long-lived assets, such as property and equipment and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If indicators of impairment exist and the undiscounted future cash flows that the assets are expected to generate are less than the carrying value of the assets, the Company reduces the carrying amount of the assets to their estimated fair values based on a discounted cash flow approach or, when available and appropriate, to comparable market values. There were no impairment losses recorded for the years ended December 31, 2020, 2019 and 2018.

Product Warranties

The Company generally provides a one-year warranty on its instruments. The Company reviews its exposure to estimated warranty obligations associated with instrument sales and establishes an accrual based on historical product failure rates and actual warranty costs incurred. This expense is recorded as a component of cost of revenue in the consolidated statements of operations and comprehensive loss.

Deferred Revenue

Deferred revenue consists of payments received in advance of revenue recognition primarily related to instrument service agreements, also referred to as extended warranties. Revenue under these agreements is recognized over the related service period. Deferred revenue expected to be recognized during the 12 months following the balance sheet date is recorded as current portion of deferred revenue and the remaining portion is recorded as long-term.

Accrued Contingent Liabilities

Accrued contingent liabilities represents the Company's estimates of possible losses on pending litigation, including related accrued royalties that are both probable and reasonably estimable. See Note 7.

Revenue Recognition

The Company generates revenue from sales of products and services. The Company's products consist of instruments and consumables. The Company began shipping its Chromium Connect instrument during the first quarter of 2020.

Commencing on January 1, 2019, the Company recognized revenues in accordance with *Accounting Standards Codification ("ASC") Topic 606 – Revenue from Contracts with Customers.*

The Company recognizes revenue when control of the products and services is transferred to its customers in an amount that reflects the consideration it expects to receive from its customers in exchange for those products and services. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a

contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a good or service to the customer, meaning the customer has the ability to use and obtain the benefit of the good or service.

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

The Company regularly enters into contracts that include various combinations of products and services which are generally distinct and accounted for as separate performance obligations. The transaction price is allocated to each performance obligation in proportion to its standalone selling price. The Company determines standalone selling price using average selling prices with consideration of current market conditions. If the product or service has no history of sales or if the sales volume is not sufficient, the Company relies upon prices set by management, adjusted for applicable discounts.

Cost of Revenue

Costs of revenue primarily consist of manufacturing costs incurred in the production process, including personnel and related costs, component materials, labor and overhead, packaging and delivery costs and allocated costs including facilities and information technology. In addition, costs of product revenue includes royalty costs for licensed technologies included in the Company's products, warranty costs and provisions for slow-moving and obsolete inventory. In addition, beginning in November 2018, cost of revenue includes estimated accrued royalties related to the Bio-Rad litigation. See Note 7.

Shipping and Handling Costs

Shipping and handling charged to customers are recorded as revenue. Shipping and handling costs are included in the Company's cost of revenue.

Research and Development

Research and development costs are expensed in the period incurred. Research and development expense consists of personnel and related costs, independent contractor costs, laboratory supplies, equipment maintenance, prototype and materials expenses, amortization of developed technology and intangibles and allocated costs including facilities and information technology.

See Note 3 for discussion of in-process research and development included on the consolidated statements of operations.

Advertising Costs

Advertising costs are expensed as incurred. The Company incurred advertising costs of $1.9 million, $1.5 million, and $0.7 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Stock-Based Compensation

The Company's stock-based compensation relates to stock options, restricted stock units ("RSUs") and stock purchase rights under an Employee Stock Purchase Plan ("ESPP"). Stock-based compensation expense for its stock-based awards are based on their grant date fair value. The Company determines the fair value of RSUs based on the closing price of its stock, which is listed on Nasdaq, at the date of the grant. The Company estimates the fair value of stock option awards granted to employees and directors on the grant date using the Black-Scholes option-pricing model. The fair value of stock option awards is recognized as compensation expense on a straight-line basis over the requisite service period in which the awards are expected to vest and forfeitures are recognized as they occur.

The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based awards. These variables include the per share fair value of the underlying common stock, exercise price, expected term, risk-free interest rate, expected annual dividend yield and the expected stock price volatility over the expected term. For all stock options granted, the Company calculated the expected term using the simplified method for "plain vanilla" stock option awards. The Company had no publicly available stock price information prior to its IPO and limited publicly available stock price information subsequent to its IPO and therefore, the Company has used the historical volatility of the stock price of similar publicly traded peer companies. The risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues similar in duration to the expected term of the equity-settled award.

Stock-based compensation expense for nonemployee stock options is measured based on fair market value using the Black-Scholes option pricing model and is recorded as the options vest. Prior to January 1, 2019, nonemployee stock options subject to vesting were revalued periodically over the requisite service period, which was generally the same as the vesting term of the award. From January 1, 2019, the grant date fair market value of nonemployee stock options is recognized in the consolidated statements of operations on a straight-line basis over the requisite service period and forfeitures are recognized as they occur.

Foreign Currency

For foreign subsidiaries where the functional currency is the local currency, assets and liabilities are translated to the U.S. dollar using month-end exchange rates, and revenue and expenses using average exchange rates. The adjustments resulting from these foreign currency translations are recorded in accumulated other comprehensive loss.

For entities where the functional currency is the U.S. dollar, monetary assets and liabilities are remeasured using exchange rates in effect at the balance sheet dates and non-monetary assets and liabilities are remeasured at historical exchange rates. Revenue and expenses are remeasured at the average exchange rates for the period. Gains or losses from foreign currency remeasurement are included in other income (expense), net in the consolidated statements of operations and comprehensive loss. The Company recognized foreign currency transaction gains of $1.3 million and $0.1 million for the years ended December 31, 2020 and December 31, 2019, respectively, and foreign currency transaction losses of $0.3 million for the year ended December 31, 2018.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes, in which deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply in the years in which those tax assets and liabilities are expected to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. A valuation allowance is established if it is more likely than not that all or a portion of the deferred tax asset will not be realized.

The Company's tax positions are subject to income tax audits. The Company recognizes the tax benefit of an uncertain tax position only if it is more likely than not that the position is sustainable upon examination by the taxing authority, based on the technical merits. The tax benefit recognized is measured as the largest amount of benefit which is more likely than not (greater than 50% likely) to be realized upon settlement with the taxing authority. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in its tax provision.

The Company calculates the current and deferred income tax provision based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed income tax returns are recorded when identified. The amount of income tax paid is subject to examination by U.S. federal and state tax authorities. The estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of the relevant risks, facts and circumstances existing at that time. To the extent the assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made.

Net Loss Per Share

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

The Company's participating securities included the Company's convertible preferred stock, as the holders would have been entitled to receive noncumulative dividends on a pari passu basis in the event that a dividend was paid on common stock. The Company also considers any shares issued on the early exercise of stock options subject to repurchase to be participating securities because holders of such shares have non-forfeitable dividend rights in the event a dividend is paid on common stock. The holders of convertible preferred stock, as well as the holders of early exercised shares subject to repurchase, do not have a contractual obligation to share in losses.

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

For the calculation of diluted net loss per share, basic net loss per share is adjusted by the effect of dilutive securities, including convertible preferred stock, awards under the Company's equity compensation plan and common stock warrants. Diluted net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding. For periods in which the Company reports net losses, diluted net loss per share is the same as basic net loss per share because potentially dilutive shares of common stock are not assumed to have been issued if their effect is anti-dilutive.

Acquisitions

The Company evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs which would meet the requirements of a business in which case the transaction is accounted for using the acquisition method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized at their estimated fair values as of the acquisition date, and that the fair value of acquired intangibles be recorded on the balance sheet. Transaction costs are expensed as incurred. Any excess of the purchase price over the assigned fair values of the net assets acquired is recorded as goodwill.

The Company accounts for an asset acquisition under ASC, *Business Combinations Topic 805*, *Subtopic 50*, which requires the acquiring entity in an asset acquisition to recognize net assets based on the cost to the acquiring entity on a relative fair value basis, which includes transaction costs in addition to consideration given. Goodwill is not recognized in an asset acquisition; any excess consideration transferred over the fair value of the net assets acquired is allocated to the non-monetary identifiable assets based on relative fair values. In-process research and development expense is expensed as incurred provided there is no alternative future use. Contingent consideration payments in asset acquisitions are recognized when the contingency is resolved and the consideration is paid or becomes payable (unless the contingent consideration meets the definition of a derivative, in which case the amount becomes part of the basis in the asset acquired). Upon recognition of the contingent consideration payment, the amount is included in the cost of the acquired asset or group of assets.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-2, *Leases (Topic 842)*. This standard requires substantially all leases to be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. On January 1, 2020, the Company early adopted Topic 842 using the optional transition method by recognizing a cumulative effect adjustment to the opening balance of accumulated deficit as of that date. Results for the year ended December 31, 2020 are presented under the guidance in Topic 842. No prior period amounts were adjusted and continue to be reported in accordance with previous lease guidance, *ASC Topic 840 – Leases*.

The following table summarizes the impact of Topic 842 on the Company's consolidated balance sheet as of January 1, 2020 (in thousands):

	December 31, 2019	Adjustments due to the adoption of Topic 842	January 1, 2020
Assets:			
Operating lease right-of-use assets	$ —	$ 38,005	$ 38,005
Prepaid expenses and other current assets	8,033	(434)	7,599
Total assets	$ 8,033	$ 37,571	$ 45,604
Liabilities:			
Accrued expenses and other current liabilities	$ 24,448	$ (99)	$ 24,349
Operating lease liabilities	—	3,086	3,086
Deferred rent, noncurrent	16,120	(16,120)	—
Operating lease liabilities, noncurrent	—	50,704	50,704
Total liabilities	$ 40,568	$ 37,571	$ 78,139

The adjustments due to the adoption of Topic 842 related to the recognition of operating lease right-of-use assets and operating lease liabilities for the Company’s existing operating leases.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326)*, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected and provides that credit losses relating to available-for-sale debt securities and accounts receivable should be recorded through an allowance for credit losses. The guidance was amended through various ASUs subsequent to ASU 2016-13. The Company calculates the allowance for credit losses as a percentage of the trade accounts receivable balance based on collection history and current economic trends that it expects will impact the level of credit losses over the life of its receivables. The allowance is re-evaluated on a regular basis and adjusted, as required. Trade accounts receivable are considered past due based on the contractual payment terms. Once a trade account receivable is deemed uncollectible, it is charged against this allowance. The Company early adopted this standard on a modified retrospective basis effective January 1, 2020. The adoption did not have a material impact on the consolidated financial statements.

In November 2019, the FASB issued ASU 2019-8, *Compensation – Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606)*, which expands the scope of ASC Topic 718 to provide guidance for share-based payment awards granted to a customer in conjunction with selling goods or services accounted for under Topic 606. The Company early adopted this standard on January 1, 2020, which did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal Use Software (Subtopic 350-40) – Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*, which aligns the accounting for implementation costs incurred in a hosting arrangement that is a service contract with the accounting for implementation costs incurred to develop or obtain internal-use software under ASC 350-40, in order to determine which costs to capitalize and recognize as an asset and which costs to expense. The Company early adopted this standard on a prospective basis effective January 1, 2020. As a result of the adoption of this standard, during the year ended December 31, 2020, the Company capitalized $2.8 million of implementation costs for enterprise resource planning and related software, Oracle Cloud, which went live during the third quarter of 2020. These costs are recorded within other assets in the consolidated balance sheets and amortized on a straight-line basis over its estimated useful life.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)*, which simplifies the accounting for income taxes, primarily by eliminating certain exceptions to ASC 740. This standard is effective for fiscal periods beginning after December 15, 2021. The Company early adopted this standard on a modified retrospective basis as of December 31, 2020 which did not have a material impact on the consolidated financial statements.

3. Asset Acquisitions

On October 13, 2020, the Company purchased all of the outstanding shares of ReadCoor Inc. (“ReadCoor”), a privately held company based in Cambridge, MA, for $407.4 million, inclusive of $1.6 million of transaction costs and net of cash acquired of $9.2 million. The total purchase consideration comprised of $101.4 million in cash and $306.0 million in shares of the Company's common stock. The purchase agreement provided for the Company to issue 1,901,382 shares of the Company’s class A

common stock which was based on a contractual value of $250.0 million divided by the ten-day weighted average price of the Company's common stock shortly prior to the acquisition. In determining the total purchase consideration paid for ReadCoor, these shares were valued at $306.0 million based on the fair value of the Company's class A common stock on the acquisition date. ReadCoor is developing *In Situ* RNA analysis technology, consisting of a suite of proprietary reagents, which aims to enable researchers to visualize spatially resolved RNA expression profiles with sub-cellular resolution throughout fresh frozen or formalin-fixed, paraffin-embedded tissue sections.

The transaction was accounted for as an asset acquisition. In connection with this acquisition, the Company acquired an in-process research and development intangible asset of $406.9 million which did not have alternative future use and therefore was recognized as an expense and included as a component of in-process research and development in the consolidated statements of operations and comprehensive loss. The Company also acquired an intangible asset of $0.9 million related to assembled workforce which is included in other assets in the consolidated balance sheets.

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

Assets Acquired and Liabilities Assumed		
In-process research and development	$	406,911
Intangible asset		927
Other assets and liabilities, net		(406)
Total net assets acquired	$	407,432

On August 21, 2020, the Company purchased all of the outstanding shares of CartaNA AB ("CartaNA"), a privately held company based in Stockholm, Sweden, for $41.8 million, inclusive of $0.6 million of transaction costs and net of cash acquired of $1.5 million. CartaNA is developing *In Situ* RNA analysis technology, consisting of a suite of proprietary reagents, which aims to enable researchers to visualize spatially resolved RNA expression profiles with sub-cellular resolution throughout fresh frozen or formalin-fixed, paraffin-embedded tissue sections.

The transaction was accounted for as an asset acquisition. In connection with this acquisition, the Company acquired an in-process research and development intangible asset of $40.6 million which did not have alternative future use and therefore was recognized as an expense and included as a component of in-process research and development in the consolidated statements of operations and comprehensive loss. The Company also acquired $0.8 million in intangible assets related to customer relationships and assembled workforce which are included in other assets in the consolidated balance sheets.

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

Assets Acquired and Liabilities Assumed		
In-process research and development	$	40,637
Intangible assets		801
Other assets and liabilities, net		348
Total net assets acquired	$	41,786

There were no acquisitions in 2019.

In November 2018, the Company purchased all of the outstanding shares of Spatial Transcriptomics Holdings AB ("Spatial Transcriptomics"), for $38.6 million inclusive of acquisition costs of $0.5 million. The patents acquired in this transaction have enabled the Company to develop spatial products. The transaction was accounted for as an asset acquisition. In connection with this acquisition, the Company acquired patents, trademarks and customer relationships. The patents acquired were allocated a value of $36.9 million. Accordingly, the Company recognized a charge of $36.9 million related to the transaction which is included as a component of in-process research and development on the consolidated statements of operations and comprehensive loss. The Company recognized a total of $0.4 million in intangible assets related to acquired trademarks and customer relationships which are included in other assets on the consolidated balance sheets. The Company must also make contingent payments to the sellers of Spatial Transcriptomics of a low double-digit percentage of revenue from certain spatial-related technology sales for the years ended December 31, 2019 through December 31, 2022, which are subject to continuing service requirements. Due to continuing service requirements pertaining to earn the contingent payments, the contingent payments have been deemed to be a compensation arrangement which will be accounted for if and when earned.

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

Assets Acquired and Liabilities Assumed	
In-process research and development	$ 36,899
Intangible assets	425
Other assets and liabilities	1,237
Total net assets acquired	$ 38,561

In March 2018, the Company acquired all of the outstanding shares of Epinomics Inc. ("Epinomics") for $22.2 million inclusive of acquisition costs of $0.3 million. Of this amount, $6.2 million was due upon close of the acquisition and $16.0 million was due upon the amendment and assignment of a license agreement with the Board of Trustees of the Leland Stanford Junior University which occurred in August 2018. The technology licenses acquired in this transaction have enabled the Company to develop products for epigenetics research. The transaction was accounted for as an asset acquisition. As the technology licenses acquired did not have alternative future use, the Company recognized charges of $22.2 million during the year ended December 31, 2018 related to this transaction which are included as a component of in-process research and development on the consolidated statements of operations and comprehensive loss.

4. Other Financial Statement Information

Inventory

Inventory was comprised of the following (in thousands):

	Year Ended December 31,	
	2020	**2019**
Purchased materials	$ 9,930	$ 6,436
Work in progress	9,312	3,996
Finished goods	10,717	4,838
Inventory	$ 29,959	$ 15,270

Property and Equipment, Net

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

	Year Ended December 31,	
	2020	**2019**
Laboratory equipment and machinery	$ 30,010	$ 22,400
Computer equipment	5,783	4,991
Furniture and fixtures	5,887	4,143
Leasehold improvements	42,068	33,936
Construction in progress	19,594	2,406
Total property and equipment	103,342	67,876
Less: accumulated depreciation and amortization	(30,502)	(19,055)
Property and equipment, net	$ 72,840	$ 48,821

Depreciation expense was $12.3 million, $6.7 million and $3.8 million for the years ended December 31, 2020, 2019, and 2018, respectively.

Intangible Assets, Net

Intangible assets, net, which are recorded within other assets in the consolidated balance sheets, consisted of the following (dollars in thousands):

	December 31, 2020				December 31, 2019			
	Remaining Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Intangibles, Net	Remaining Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Intangibles, Net
Technology licenses	13.7	$ 22,504	$ (1,973)	$ 20,531	14.7	$ 22,504	$ (440)	$ 22,064
Customer relationships	3.9	805	(111)	694	5.9	204	(32)	172
Trademarks	0.9	204	(142)	62	1.9	204	(74)	130
Assembled workforce	4.8	1,128	(61)	1,067		—	—	—
Total intangible assets, net		$ 24,641	$ (2,287)	$ 22,354		$ 22,912	$ (546)	$ 22,366

The estimated annual amortization of intangible assets for the next five years is shown below (in thousands):

	Estimated Annual Amortization
2021	$ 2,000
2022	1,939
2023	1,908
2024	1,828
2025	1,664
Thereafter	13,015
Total	$ 22,354

Actual amortization expense to be reported in future periods could differ from these estimates as a result of acquisitions, divestitures and asset impairments, among other factors.

Accrued Compensation and Related Benefits

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

	Year Ended December 31,	
	2020	2019
Accrued payroll and related costs	$ 2,506	$ 470
Employee stock purchase program liability	1,258	1,862
Accrued bonus	5,058	6,154
Accrued commissions	3,038	2,473
Accrued acquisition-related compensation	2,213	818
Accrued vacation	1,035	435
Other	275	182
Accrued compensation and related benefits	$ 15,383	$ 12,394

Accrued Expenses and Other Current Liabilities

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

	Year Ended December 31,	
	2020	2019
Accrued legal and related costs	$ 5,704	$ 4,888
Accrued license fee	6,198	6,183
Accrued purchase consideration	4,146	—
Accrued royalties for licensed technologies	3,160	2,025
Accrued property and equipment	2,983	3,885
Accrued professional services	3,137	1,380
Product warranties	399	467
Customer deposits	1,727	1,304
Taxes payable	8,649	1,087
Accrued lab supplies	1,506	534
Other	5,844	2,695
Accrued expenses and other current liabilities	$ 43,453	$ 24,448

Product Warranties

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

	Year Ended December 31,	
	2020	2019
Beginning of period	$ 467	$ 804
Amounts charged to cost of revenue	796	741
Repairs and replacements	(864)	(1,078)
End of period	$ 399	$ 467

Revenue and Deferred Revenue

As of December 31, 2020, the aggregate amount of remaining performance obligations related to separately sold extended warranty service agreements, or allocated amounts for extended warranty service agreements bundled with sales of Chromium instruments, was $6.2 million, of which approximately 73% is expected to be recognized to revenue in the next 12 months, with the remainder thereafter. As of December 31, 2020, the short-term portion was $4.5 million. Contract assets as of December 31, 2020 and December 31, 2019 were not material.

A summary of the change in contract liabilities is as follows (in thousands):

	Year Ended December 31,	
	2020	2019
January 1	$ 4,131	$ 3,497
Revenue recognized that was included in the contract liability at the beginning of the year	(3,295)	(2,250)
Revenue deferred excluding amounts recognized as revenue during the period	5,318	2,884
Balance as of December 31	$ 6,154	$ 4,131

The following table represents revenue by source for the periods indicated (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Instruments	$ 40,128	$ 34,945	$ 36,540
Consumables	252,685	206,878	107,616
Services	6,032	4,070	2,157
Total revenue	$ 298,845	$ 245,893	$ 146,313

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

	Year Ended December 31,		
	2020	2019	2018
North America	$ 159,332	$ 139,758	$ 85,132
Europe, Middle East and Africa	73,265	58,004	35,812
China	41,741	29,920	15,075
Asia-Pacific[(1)]	24,507	18,211	10,294
Total revenue	$ 298,845	$ 245,893	$ 146,313

(1) Asia-Pacific excludes China which is disclosed separately.

Revenue for the United States, which is included in North America in the table above, was 52% and 54% of consolidated revenue for the years ended December 31, 2020 and 2019, respectively.

5. Debt

In September 2016, the Company entered into a Second Amended and Restated Loan and Security Agreement with Silicon Valley Bank (as amended and restated in February 2018 and as further amended, restated or supplemented from time to time, the "Loan and Security Agreement"), which included a term loan and revolving line of credit. On February 20, 2020, the Company prepaid the remaining balance of the term loan and all associated costs. The final payment of $30.5 million included $28.3 million for the outstanding principal balance of the term loan, $1.8 million for an end of term payment, $0.3 million for early termination fees and $0.1 million for interest. The prepayment resulted in a loss on extinguishment of debt of $1.5 million. The non-accreted portion of the end of term payment, unamortized discounts and early termination fees were included in the calculation of the loss on extinguishment of debt.

The revolving line of credit continued to be in effect until its termination at the election of the Company on June 18, 2020. Prior to its termination, the revolving line of credit provided the Company with credit of up to $25.0 million through December 2022. The amount available on the revolving line of credit was based on 80% of eligible receivables and was subject to a borrowing base calculation. Principal amounts outstanding under the revolving line of credit accrued interest at a floating per annum rate equal to the greater of The Wall Street Journal prime rate plus 0.25% or 4.5% and were repayable monthly. Upon termination of the revolving line of credit and the Loan and Security Agreement on June 18, 2020, the Company incurred termination fees of $0.3 million. As of December 31, 2020 and December 31, 2019, there were no balances outstanding under the revolving line of credit.

6. Income Tax

Loss before provision for income taxes were as follows for the periods indicated (in thousands):

	Year Ended December 31,	
	2020	2019
United States	$ (376,835)	$ (35,675)
International	(157,641)	4,642
Total	$ (534,476)	$ (31,033)

The provision for income taxes was $8.3 million for the year ended December 31, 2020, which related to foreign and state income taxes. For the year ended December 31, 2019, the provision for income taxes was $0.2 million.

A reconciliation of the federal statutory income tax provision to the effective income tax provision is as follows for the periods indicated (in thousands):

	Year Ended December 31,	
	2020	2019
Income tax provision at statutory rate	$ (112,240)	$ (6,517)
State taxes, net	(16,653)	(2,958)
Tax credits	(9,453)	(2,684)
Foreign taxes	41,253	101
Stock-based compensation	(52,070)	1,032
Change in valuation allowance	99,034	10,783
Acquisition related expenses	93,407	116
Impact of change in tax status	(34,731)	—
Other	(292)	345
Total provision for income taxes	$ 8,255	$ 218

Deferred income taxes reflect the net tax effect of temporary differences between amounts recorded for financial reporting purposes and amounts used for tax purposes. The major components of deferred tax assets and liabilities are as follows as of the dates indicated (in thousands):

	Year Ended December 31,	
	2020	2019
Deferred tax assets		
Net operating loss carryforwards	$ 90,562	$ 28,878
Research and development tax credits	31,908	15,961
Accruals and reserves	14,392	23,804
Lease liability	14,192	—
Intangibles	43,261	1,339
Stock-based compensation	6,601	1,427
Total deferred tax assets	200,916	71,409
Valuation allowance	(186,853)	(66,456)
Net deferred tax assets	$ 14,063	$ 4,953

	Year Ended December 31,	
	2020	2019
Deferred tax liabilities		
Fixed assets	$ (3,750)	$ (4,946)
Right-of-use assets	(10,388)	—
Total deferred tax liabilities	(14,138)	(4,946)
Net deferred taxes	$ (75)	$ 7

As of December 31, 2020 and 2019, the Company maintained a full valuation allowance on its domestic net deferred tax assets. The domestic deferred tax assets predominantly relate to operating losses and tax credits. The domestic valuation allowance was estimated based on an assessment of both positive and negative evidence to determine whether it is more likely than not that deferred tax assets are recoverable. Such assessment is required on a jurisdiction-by-jurisdiction basis. The Company's history of cumulative losses, along with expected future U.S. losses, required that a full valuation allowance be recorded against all domestic net deferred tax assets. The Company intends to maintain a full valuation allowance on domestic net deferred tax assets until sufficient positive evidence exists to support a reversal of the valuation allowance. The valuation allowance increased by $120.4 million and by $10.8 million for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, the Company had federal NOL carryforwards of approximately $373.7 million and federal tax credit carryforwards of approximately $27.6 million. The federal NOL carryforwards generated during and after fiscal 2018

totaling $258.8 million are carried forward indefinitely, while all others, along with the federal tax credit carryforwards, expire in years beginning in 2032. As of December 31, 2020, the Company had state net operating loss carryforwards of approximately $188.5 million, which begin to expire in 2030. In addition, the Company had state tax credit carryforwards of approximately $20.9 million, which do not expire.

The federal and state net operating losses and credit carryforwards are subject to change of ownership limitations provided by the Internal Revenue Code and similar state provisions. In general, if the Company experiences a greater than 50 percentage point aggregate change in ownership over a 3-year period (a "Section 382 ownership change"), utilization of its pre-change NOL and credit carryforwards are subject to an annual limitation. The Company completed a study through December 31, 2020 and determined that a Section 382 ownership change occurred in 2013. As a result, the Company's net operating losses generated through November 1, 2013 may be subject to limitation under Section 382 of the Code. The amount of pre-change loss carryforwards which may be subject to this limitation is $4.8 million. In addition certain attributes are subject to annual limitations as a result of the acquisition of ReadCoor, which constitutes a change in ownership as defined under Section 382. Such limitations may result in expiration of a portion of the carryforwards before utilization. The Company's ability to use net operating loss carryforwards, research and development credit carryforwards and other tax attributes to reduce future taxable income and liabilities may be further limited as a result of future changes in stock ownership. As a result, if the Company earns net taxable income, its ability to use pre-change net operating loss carryforwards or other pre-change tax attributes to offset United States federal and state taxable income may still be subject to limitations, which could potentially result in increased future tax liability.

The total balance of unrecognized gross tax benefits for the years ended December 31, 2020 and 2019 resulting primarily from research and development tax credits claimed on the Company's annual tax returns were as follows (in thousands):

	2020	2019
Unrecognized tax benefits at beginning of year	$ 6,410	$ 4,169
Reductions based on prior year tax provisions	(311)	—
Additions based on current year tax provisions	8,558	2,241
Unrecognized tax benefits at end of year	$ 14,657	$ 6,410

The Company is subject to tax in the United States, various states and foreign jurisdictions. The United States, California and Sweden are considered as major jurisdictions. The Company has not been audited in such jurisdictions. As of December 31, 2020, its federal and state returns for the years ended 2012 through the current period are still open to examination. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. These amounts were not material. In addition, all of the net operating losses and research and development credit carry-forwards that may be used in future years are still subject to inquiry given that the statute of limitation for these items would begin in the year of utilization. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

An immaterial amount of liability related to foreign uncertain tax positions has been recorded in the Company's consolidated financial statements. For U.S. uncertain tax positions, due to a full valuation allowance, such liabilities have been netted against deferred tax attribute carryovers.

The Company maintained undistributed earnings overseas as of December 31, 2020. As of December 31, 2020, the Company believed the funds held by all non-U.S. subsidiaries will be permanently reinvested outside of the U.S. However, if these funds were repatriated to the U.S. or used for U.S. operations the Company may be subject to withholding taxes in the foreign countries. As a result of tax reform, the Company's unrepatriated earnings are no longer subject to federal income tax in the U.S. when distributed.

The Tax Cuts and Jobs Act (the "Tax Act"), was enacted on December 22, 2017. The Tax Act created a new requirement that global intangible low-taxed income ("GILTI") earned by the Company's foreign subsidiaries must be included in gross U.S. taxable income. While the Tax Act provides for a modified territorial tax system, beginning in 2018, GILTI provisions will be applied providing an incremental tax on low taxed foreign income. The GILTI provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. During 2018, the Company made an accounting policy election to treat taxes related to GILTI as a current period expense when incurred.

7. Commitments and Contingencies

Indemnification

From time to time, the Company has entered into indemnification provisions under certain agreements in the ordinary course of business, typically with business partners, customers and suppliers. Pursuant to these agreements, the Company may indemnify, hold harmless and agree to reimburse the indemnified parties on a case-by-case basis for losses suffered or incurred by the indemnified parties in connection with any patent or other intellectual property infringement claim by any third party with respect to the Company's products. The Company maintains product liability insurance coverage that would generally enable it to recover a portion of the amounts paid. The Company has also agreed to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by them in any action or proceeding to which any of them are, or are threatened to be, made a party by reason of their service as a director or officer (see "—Litigation" below). The Company also may be subject to indemnification obligations by law with respect to the actions of its employees under certain circumstances and in certain jurisdictions.

Non-cancelable Purchase Commitments

The Company's contract manufacturer makes advance purchases of components based on the instrument unit forecasts and purchase orders placed by the Company. To the extent these components are purchased by the contract manufacturer on the Company's behalf and cannot be used by their other customers, the Company is obligated to purchase these components. In addition, certain supplier agreements require that the Company to make minimum annual purchases under the agreements. As of December 31, 2020, the Company has commitments to make a total of $1.0 million in purchases over the next four years. To date, the Company has met the minimum purchase commitments.

As of December 31, 2020, the Company has entered into non-cancelable arrangements for subscription software services under which the Company has an obligation to make payments aggregating to $10.2 million over the next five years.

Intellectual Property Licensing

In September 2020, the Company and the Board of Trustees of the Leland Stanford Junior University ("Stanford") entered into a license agreement pursuant to which the Company was granted a license to certain intellectual property from Stanford relating to single cell profiling and tissue clarification. As the Company receives revenue related to products covered by these licenses, it is required to pay Stanford a low single-digit royalty percentage based on the net revenue of certain products during the applicable term of the licensed patents.

In October 2019, as part of the 2019 Becton Dickinson Settlement and Patent Cross License Agreement with Becton, Dickinson and Company and Cellular Research, Inc. ("BD Entities"), the Company was granted a worldwide royalty-free, nonexclusive license to certain intellectual property from the BD Entities. The Company recognized $22.1 million in technology licenses as an intangible asset with a weighted average amortization period of 15 years. This license is classified within other assets on the Company's consolidated balance sheet as of December 31, 2020. See the discussion of the 2019 Becton Dickinson Settlement and Patent Cross License Agreement below.

In November 2018, the Company and Prognosys Biosciences, Inc. ("Prognosys") entered into a license agreement pursuant to which the Company was granted an exclusive license to certain intellectual property relating to spatial analysis from Prognosys. As part of the agreement, the Company fully expensed total purchase consideration of $3.3 million comprised of cash consideration and shares of the Company's Class A common stock.

In July 2018, the Company and Stanford entered into a license agreement pursuant to which the Company was granted an exclusive license to ATAC-seq. As the Company receives revenue related to products covered by these licenses, the Company is required to pay Stanford a low single-digit royalty percentage based on the net revenue of certain ATAC-seq products during the applicable term of the licensed patents.

In September 2013, the Company and the President and Fellows of Harvard College ("Harvard") entered into a license agreement pursuant to which the Company was granted a license to certain intellectual property from Harvard. The Company is required to pay Harvard a low single-digit royalty percentage based on the net revenue of certain products covered by certain licensed patents during their applicable term.

The minimum commitments related to the Company's license arrangements aggregate to $26.5 million as of December 31, 2020 to be paid over the next 14 years.

Lease Agreements

The Company leases office, laboratory, manufacturing, distribution and server space with lease terms ranging from 1 to 10 years. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at the election of the Company to renew or extend the lease. The Company evaluates renewal options at lease inception and on an ongoing basis, and includes renewal options that it is reasonably certain to exercise in its expected lease terms when classifying leases and measuring lease liabilities.

The Company performed evaluations of these contracts and determined them to be operating leases. For the year ended December 31, 2020, the Company incurred $8.4 million of operating lease costs and $0.4 million of variable lease costs. The variable lease cost is comprised primarily of the Company's proportionate share of operating expenses, property taxes and insurance and is classified as lease cost due to the Company's election to not separate lease and non-lease components.

Cash paid for amounts included in the measurement of operating lease liabilities for the year ended December 31, 2020 was $7.1 million and was included in net cash used in operating activities in the Company's consolidated statements of cash flows.

The Company maintains a letter of credit for the benefit of the landlord related to the Company's non-cancelable operating lease for its corporate headquarters in the amount of $4.0 million.

The maturity of the Company's operating lease liabilities as of December 31, 2020 is as follows (in thousands):

	Operating Leases
2021	$ 9,082
2022	9,363
2023	8,863
2024	8,083
2025	8,203
Thereafter	34,864
Total lease payments	$ 78,458
Less: imputed interest	(15,480)
Present value of operating lease liabilities	$ 62,978
Operating lease liabilities, current	$ 5,936
Operating lease liabilities, noncurrent	$ 57,042

The following table summarizes additional information related to operating leases as of December 31, 2020:

Weighted-average remaining lease term:	
Operating leases	8.4 years
Weighted-average discount rate:	
Operating leases	4.5 %

The Company's future undiscounted lease payments under operating leases (as defined by prior guidance) as of December 31, 2019 are as follow (in thousands):

	Rent Payments
2021	$ 6,247
2022	7,581
2023	6,794
2024	6,947
2025	7,064
Thereafter	38,346
Total minimum lease payments	$ 72,979

On November 6, 2020, the Company entered into a lease agreement with 6200 Stoneridge Mall Road Investors LLC, a Delaware limited liability company, to lease additional office building space near the Company's Pleasanton, California headquarters. The Company intends to utilize the leased space of approximately 145,000 square feet to accommodate its future growth requirements. The lease term will commence on January 1, 2021 consisting of various lease components expected to commence on various dates between 2021 and 2023 and is expected to terminate on June 30, 2033 with total lease payments over the lease term expected to amount to approximately $60.8 million, net of a tenant improvement allowance of approximately $10.0 million to be received 2021. Upon lease commencement, the Company expects to recognize a right-of-use lease asset and corresponding lease liability in accordance with ASU No. 2016-2, Leases (Topic 842). The tables above for the year ended December 31, 2020 do not include payments, lease term, or discount rates relating to this lease as the lease term had not yet commenced as of that date. The Company will determine the classification for each lease component at the individual component's commencement date. All lease components are expected to be classified as operating leases. The total undiscounted lease payments for the leases commencing in fiscal years 2021, 2022 and 2023 will be nil, $2.0 million, and $4.6 million, respectively, with weighted-average expected lease terms of 12 years for 2021 and 2022, and 11 years for 2023.

Estimated undiscounted lease payments relating to the 6200 Stoneridge Mall Road lease for fiscal years ending (in thousands):

	Lease payments for leases not yet commenced
2021	$ —
2022	2,014
2023	4,576
2024	6,020
2025	6,199
Thereafter	52,039
Total undiscounted lease payments	$ 70,848

Purchase of Land

On August 10, 2020, the Company entered into an Agreement for Purchase and Sale (the "Purchase Agreement") with Equity One (West Coast Portfolio) LLC, a Florida limited liability company, for the potential acquisition of certain real property located in Pleasanton, California (the "Property") for an aggregate cash purchase price of $29.4 million, subject to the completion of due diligence on the Property by the Company. On January 22, 2021, the Company closed on the Purchase Agreement and took possession of the real Property. The Company intends to utilize this site to accommodate its future growth requirements.

Litigation

The Company is regularly subject to lawsuits, claims, arbitration proceedings, administrative actions and other legal and regulatory proceedings involving intellectual property disputes, commercial disputes, competition and other matters, and the Company may become subject to additional types of lawsuits, claims, arbitration proceedings, administrative actions, government investigations and legal and regulatory proceedings in the future. Amongst other matters, the Company is currently a defendant in the lawsuits and proceedings described below. In these matters, the plaintiffs are seeking damages and injunctions of sales of the

Company's products amongst other remedies. Other than with respect to the 2015 Delaware Action, losses are not probable or estimable for the lawsuits and proceedings described below.

The 2015 Delaware Action

In February 2015, Raindance Technologies, Inc. ("Raindance") and the University of Chicago filed suit against the Company in the U.S. District Court for the District of Delaware (the "Delaware Court"), accusing the Company's legacy GEM products of infringing certain U.S. patents owned by or exclusively licensed to Raindance (the "2015 Delaware Action"). In May 2017, Bio-Rad Laboratories, Inc. ("Bio-Rad") was substituted as the plaintiff following its acquisition of Raindance. A jury trial was held in November 2018. The jury found that the accused legacy GEM products infringed U.S. Patent Nos. 8,304,193, 8,329,407 and 8,889,083. The jury also concluded that the Company's infringement was willful and awarded Bio-Rad approximately $24 million in damages through June 30, 2018. The Company appealed the jury verdict. Post-trial, Bio-Rad moved for a permanent injunction, treble damages for willful infringement, attorneys' fees, supplemental damages for the period from the second quarter of 2018 through the end of the trial as well as pre- and post-judgment interest.

In response to the jury award, the Company established an accrual of $30.6 million as of December 31, 2018, which was recorded as an operating expense on the consolidated statement of operations for the year ended December 31, 2018. Additionally, beginning in the fourth quarter of 2018, the Company also began recording an accrual for estimated royalties to Bio-Rad as a cost of revenue on the consolidated statements of operations based on an estimated royalty rate of 15% of sales of the Company's Chromium instruments operating its legacy GEM microfluidic chips and associated consumables. As a result, the Company recorded $7.4 million of royalties for the fourth quarter of 2018. As of December 31, 2018, the Company recorded a total accrual of $38.0 million related to this matter which represented the jury award plus the Company's estimate of additional damages for the period from June 30, 2018 to the trial date in November 2018 and the royalties accrued in the fourth quarter of 2018.

In July 2019, the Court awarded supplemental damages for the period from June 30, 2018 through the end of the trial in November 2018 and established the interest rates for pre-and post-judgment interest, which when combined with the original award, resulted in a $35 million preliminary judgment in favor of Bio-Rad for damages through November 2018 and interest. During the years ended December 31, 2020 and 2019 the Company recorded royalties of $9.5 million and $29.2 million, respectively, as a cost of revenue and an additional $1.3 million and $1.5 million during the years ended December 31, 2020 and 2019, respectively, as an operating expense for estimated pre-and post- judgment interest. The Company's accrual of $44.2 million as of December 31, 2020 includes estimates of additional royalties and interest for the period from November 2018 through December 31, 2020. The Company's accrual of $68.7 million as of December 31, 2019 was comprised of the preliminary judgment, along with the Company's estimate of additional royalties and interest for the period from November 2018 through December 31, 2019. In July 2019, the Court denied Bio-Rad's other post-trial requests such as attorneys' fees and enhanced damages for willful infringement.

In July 2019, the Court also granted Bio-Rad a permanent injunction against the Company's legacy GEM microfluidic chips and associated consumables that were found to infringe the Bio-Rad patents, which historically constituted a significant amount of the Company's product sales. However, under the injunction, the Company is permitted to continue to sell its legacy GEM microfluidic chips and associated consumables for use with its historical installed base of instruments provided that the Company pay into escrow a royalty of 15% of the Company's net revenue related to such sales occurring after August 28, 2019. The amounts will be held in escrow until after the conclusion of the Company's Federal Circuit appeal and the Delaware Court addresses anticipated motions regarding post-judgment royalties.

In August 2019, the Court ordered that the Company may post a bond in the amount of $52 million in lieu of payment of the final judgment. Bio-Rad subsequently asked the Court to increase the amount of the bond to approximately $61 million. The Company also asked the Court to reconsider its ruling and decrease the potential bond to approximately $35 million. On September 13, 2019, the Company posted a $52 million bond (the "Bond") in lieu of payment of the judgment pending the Company's ongoing appeal. In connection with the Bond, the Company has deposited $45 million as collateral in a segregated cash account.

On October 10, 2019, the Court denied the Company's motion to decrease the bond amount, and, without addressing Bio-Rad's request to increase the bond amount, stayed any execution or enforcement of the judgment until the completion of appeal, and for thirty days thereafter. The Company appealed the Court's judgment including the injunction to the Federal Circuit.

In August 2020, the Federal Circuit issued its opinion in the Company's appeal of the 2015 Delaware Action. The Federal Circuit (1) affirmed the judgment of the lower Court with respect to infringement of the '083 patent by the Company's legacy

GEM products and (2) vacated the judgment with respect to infringement of the '193 and '407 patents, which are remanded to the lower Court for a new trial on infringement. The Federal Circuit affirmed the damages award including the 15% royalty with respect to the Company's legacy GEM products. The Federal Circuit vacated the injunction with respect to the Company's Single Cell CNV and Linked-Read products but affirmed the injunction with respect to the Company's other legacy GEM products. In October 2020, the Company filed a petition for *en banc* rehearing with the Federal Circuit. The Federal Circuit denied the Company's petition for *en banc* rehearing on November 4, 2020. The Company paid the $34.5 million judgment, plus approximately $0.8 million in post-judgment interest, to Bio-Rad on December 17, 2020. The case was remanded to the Delaware Court for a determination of post-judgment royalties or other amounts, which the Company expects to be made around the second half of 2021. The Company has accrued $44.2 million as of December 31, 2020 related to this matter which is classified within current liabilities in its consolidated balance sheets as of this date. Restricted cash of $16.0 million, classified within current assets in the Company's consolidated balance sheets as of December 31, 2020 serves as collateral for a bond and royalties in connection with the Bio-Rad litigation and would be used to partially satisfy this payment.

The ITC 1068 Action

On July 31, 2017, Bio-Rad and Lawrence Livermore National Security, LLC filed a complaint against the Company in the U.S. International Trade Commission (“ITC”) pursuant to Section 337 of the Tariff Act of 1930, accusing substantially all of the Company’s Chromium products of infringing certain asserted patents (the “ITC 1068 Action”). In September 2018, the judge found that the Company’s legacy GEM microfluidic chips infringe certain of the asserted patents, but also that the Company’s gel bead manufacturing microfluidic chip and Next GEM microfluidic chip do not infringe any claim asserted against them (the “Initial Determination”). The judge recommended entry of an exclusion order preventing the Company from importing its legacy GEM microfluidic chips and a cease and desist order that would prevent the Company from selling such imported chips.

On December 18, 2019, the ITC issued its final determination in the ITC 1068 Action (the “Final Determination”). The Final Determination affirmed the Initial Determination that the Company’s Next GEM microfluidic chips and gel bead manufacturing microfluidic chips do not infringe any of the claims asserted against them. The Final Determination also affirmed the ruling that the Company’s legacy GEM microfluidic chips infringe the ‘664, ‘682 and ‘635 patents but not the ‘160 patent. The ITC issued (1) a limited exclusion order prohibiting the unlicensed importation of the legacy GEM microfluidic chips into the United States and (2) a cease and desist order preventing the Company from selling such imported legacy GEM microfluidic chips in the United States. The ITC expressly allowed the importation and sale of the legacy GEM microfluidic chips for use by researchers who were using such chips as of December 18, 2019, and who have a documented need to continue receiving such chips for a specific current ongoing research project for which that need cannot be met by any alternative product. The Final Determination was subject to a 60-day presidential review period. During the presidential review period, the Company was permitted to continue importation and sales of the legacy GEM microfluidic chips subject to payment of a bond of three (3) percent of the entered value of the accused microfluidic chips.

The Company and Bio-Rad have appealed the Final Determination to the Court of Appeals for the Federal Circuit. Bio-Rad has appealed the Final Determination with respect to non-infringement of the Company's gel bead manufacturing chips, but not with respect to non-infringement of the Company's Next GEM microfluidic chips. The Company has appealed the Final Determination with respect to infringement of the Company's legacy GEM microfluidic chips. Oral argument is scheduled on April 7, 2021. The Company expects a decision around the fourth quarter of 2021.

The Northern District of California Action

On July 31, 2017, Bio-Rad and Lawrence Livermore National Security, LLC also filed suit against the Company in the U.S. District Court for the Northern District of California, alleging that the Company’s legacy GEM products infringe certain patents in addition to the patents asserted in the ITC 1068 Action. The complaint seeks injunctive relief, unspecified monetary damages, costs and attorneys’ fees. This litigation has been stayed pending resolution of the Federal Circuit appeal of the ITC 1068 Action. In July 2020, Bio-Rad moved to lift the stay with respect to the '059 patent and consolidate the '059 patent with the '115 patent transferred from the District of Massachusetts which is being asserted against the Company's Next GEM products. In August 2020, the Court denied Bio-Rad's motion to lift the stay with respect to both the '059 and '115 patents. In October 2020, we filed two petitions for inter partes review (“IPR”) challenging the validity of the ‘115 patent. We expect the Patent Trials and Appeals Board (“PTAB”) to issue a decision on institution of these IPR petitions in the second quarter of 2021. The Company believes that this lawsuit is without merit and intends to vigorously defend itself.

The Germany Action

On July 31, 2017, Bio-Rad filed suit against the Company in Germany in the Munich Region Court alleging that the Company infringed a European patent. Bio-Rad dismissed this action in August 2018.

On February 13, 2018, Bio-Rad filed suit against the Company in Germany in the Munich Region Court alleging that its Chromium instruments, legacy GEM microfluidic chips and certain accessories infringe a German utility model. Bio-Rad seeks unspecified damages and an injunction prohibiting sales of these products in Germany and requiring the Company to recall these products sold in Germany subsequent to February 11, 2018. An initial hearing was held on November 27, 2018, and a subsequent hearing was held on May 15, 2019. The Court issued a ruling on November 20, 2019. The Court ruled that the Company's legacy GEM microfluidic chips, as well as certain Chromium instruments and accessories used with legacy GEM microfluidic chips, infringed the German Utility Model. The Court issued an injunction with respect to such legacy GEM microfluidic chips, Chromium instruments and accessories used with such systems, prohibiting among other things the sale of these products in Germany and the importation of such products into Germany. The Court found that the Company is obligated to compensate Bio-Rad for unspecified damages and required that these products be recalled from distribution channels in Germany. The Court further found that the Company has to bear the statutory costs of the legal dispute in a minimum amount of at least 61,000 Euros. The Company has accrued the 61,000 Euros for statutory costs in the consolidated balance sheet as of December 31, 2020. The Company is unable to estimate any additional potential exposure related to the matter beyond the statutory costs that have been accrued. The Court's ruling did not address the Company's Next GEM products, which were not accused in this action and which constitute substantially all of the Company's Chromium sales in Germany. The Company appealed the Court's ruling.

On April 6, 2020, the Munich Higher Regional Court (the "Higher Court") issued a ruling staying enforcement of the ruling of the lower Court, including the injunction, subject to the payment of a bond by the Company. The Higher Court found that the lower Court's claim construction was not justifiable and that the facts did not provide a basis for a finding of infringement. On April 16, 2020, the Company paid a 2.8 million Euro bond to the Higher Court to completely stay enforcement of the ruling. The bond is refundable upon a favorable ruling on the merits by the Higher Court. The Company expects the Higher Court to rule on the merits in 2021. In August 2020, Bio-Rad filed its appeal response arguing for the first time that the Company's Next GEM microfluidic chips and certain accessories infringe the utility model. In its appeal response, Bio-Rad also attempted to add infringement allegations with respect to a new patent, European Patent No. 3 132 844, against the Company's Chromium instruments and Next GEM microfluidic chips. The Company believes it is procedurally improper to attempt to add these new claims at this stage, that the Company's Next GEM products are not covered by the lower court's judgment and are not admissible in the appeal, and that the newly asserted '844 patent is not admissible in the appeal. The Higher Court is not expected to rule on whether Next GEM products or the '844 patent are admissible in the appeal until 2021.

The 2018 Delaware Action

On October 25, 2018, Bio-Rad filed suit against the Company in the U.S. District Court for the District of Delaware alleging that substantially all of the Company's Chromium products, including our legacy GEM products and Next GEM products, infringe U.S. Patent Nos. 9,562,837 and 9,896,722. Bio-Rad seeks injunctive relief, unspecified monetary damages, costs and attorneys' fees.

In October 2019, the Company filed four petitions for IPR challenging the validity of both asserted patents. On April 27, 2020, the PTAB instituted review on all four of these petitions. A final written decision is expected from the PTAB in April 2021.

In June 2020, the Court completely stayed the District of Delaware litigation pending resolution of the IPRs before the PTAB.

The Massachusetts Action

On September 11, 2019, Bio-Rad filed suit against the Company in the U.S. District Court for the District of Delaware alleging that the Company's Next GEM products infringe certain claims of U.S. Patent No. 8,871,444. On November 5, 2019, Bio-Rad amended the complaint to additionally allege that the Company's Next GEM products infringe certain claims of U.S. Patent Nos. 9,919,277 and 10,190,115. The '444 and '277 patents are exclusively licensed by Bio-Rad from Harvard University, which subsequently joined the suit as a party plaintiff. Bio-Rad is seeking damages and an injunction against the Company's Next GEM products amongst other remedies. The '444 and '277 patents are projected to expire in October 2024.

On December 18, 2019, Bio-Rad dismissed this action in the District of Delaware and refiled it in the U.S. District Court for the District of Massachusetts. The case was assigned to Judge William G. Young. On January 14, 2020, the Court consolidated this case with a separate action, Bio-Rad Laboratories Inc. et al. v. Stilla Technologies, Inc. ("Stilla"), in which Bio-Rad is asserting the '444 patent (among other patents) against Stilla's droplet digital PCR product. On January 23, 2020, the Company filed a motion to dismiss the case and to transfer the '115 patent to the Northern District of California, where the related '059 patent is stayed.

On January 24, 2020, the Company filed antitrust counterclaims against Bio-Rad alleging violations of (a) Section 7 of the Clayton Act, (b) Section 2 of the Sherman Act and (c) California unfair competition laws, for illegally acquiring Raindance and illegally monopolizing or attempting to monopolize markets relating to droplet digital PCR products, droplet single cell products and droplet genetic analysis technology. On February 19, 2020, Bio-Rad moved to dismiss, or alternatively to stay and sever, the Company's antitrust claims.

On February 5, 2020, the Company filed additional counterclaims against Bio-Rad alleging that Bio-Rad's single cell ATAC-seq products infringe U.S. Patent No. 9,029,085 and 9,850,526 that are exclusively licensed to the Company from Harvard University. On February 26, 2020, Bio-Rad moved to sever and stay the patent counterclaims. On March 6, 2020, the Court denied the motion to stay and deferred the motion to sever until prior to trial.

On March 25, 2020, the Court held a hearing with respect to (a) the Company's motion to dismiss Bio-Rad's patent claims, (b) the Company's motion to transfer the '115 patent and (c) Bio-Rad's motion to dismiss the Company's antitrust counterclaims. On April 30, 2020, the Court denied the Company's motion to dismiss with respect to Bio-Rad's patent claims and granted the Company's motion to transfer the '115 patent to the Northern District of California. In August 2020, the Court granted Bio-Rad's motion to dismiss (i) the Company's Sherman Act and Clayton Act counterclaims with respect to droplet single cell products and (ii) the Company's Sherman Act counterclaims with respect to droplet genetic analysis technology. The Court denied Bio-Rad's motion to dismiss (i) the Company's Clayton Act counterclaims with respect to droplet genetic analysis technology; (ii) the Company's Sherman Act and Clayton Act counterclaims with respect to droplet digital PCR products; and (iii) the Company's California unfair competition counterclaims.

Discovery is ongoing. A Markman hearing was conducted in September 2020. In December 2020, the Court ordered the parties to be ready for trial for Bio-Rad's patent claims and our patent counterclaims in July 2021 and for our antitrust counterclaims in September 2021.

In June 2020, the Company filed two petitions for IPR challenging the validity of the '444 patent. In August 2020, the Company filed two petitions for IPR challenging the validity of the '277 patent. On January 13, 2021, the PTAB denied institution of IPRs for the '444 patent. On February 22, 2021, the PTAB denied institution of IPRs for the '277 patent.

The 2019 Becton Dickinson Settlement and Patent Cross License Agreement

On November 15, 2018, Becton, Dickinson and Company ("BD") and Cellular Research, Inc. filed suit against the Company in the U.S. District Court for the District of Delaware, alleging that the Company infringed certain patents. In September 2019, the Company filed counterclaims alleging that BD and Cellular Research, Inc. (together, the "BD Entities") infringed a number of the Company's patents.

In October 2019, the Company entered into a settlement and patent cross license agreement (the "BD Agreement") with the BD Entities. The BD Agreement resolved all outstanding patent litigation between the parties (the "BD Litigation"), which was dismissed with prejudice on October 21, 2019. Under the terms of the BD Agreement, the BD Entities granted the Company and its affiliates, and the Company granted BD and its affiliates, a worldwide, royalty-free, non-exclusive, fully paid-up license to certain patents and patent applications relating to molecular barcoding and single cell analysis, including to all the patents asserted in the BD Litigation. The Company is required to make an aggregate payment of $25.0 million to BD in annual amounts of $6.25 million over four years beginning in January 2020 in connection with the BD Agreement. Upon execution of the BD Agreement, the fair value of these payments was recognized as a liability and is classified as accrued expenses and other current liabilities and accrued license fee, noncurrent on the Company's consolidated balance sheet as of December 31, 2020. As part of the BD Agreement, each party, on behalf of itself and its affiliates, has also entered into a covenant not to sue in certain fields related to each company's products. The companies have also agreed on behalf of themselves and their affiliates to refrain from challenging the patents and patent applications licensed under the BD Agreement. The Company considers this matter closed.

For certain of the Company's litigation matters, the Company is required to make milestone payments to the Company's legal counsel based on certain litigation outcomes. Based on the occurrence in the first quarter of 2020 of one such milestone in one of the Company's litigation matters, a milestone payment to the Company's legal counsel in the amount of $5 million was triggered in the first quarter of 2020. The Company expects to trigger additional such milestone payments during the pendency of litigation, though the timing and amounts of such payments is uncertain.

8. Capital Stock

The Company's Amended and Restated Certificate of Incorporation authorizes it to issue 1,200,000,000 shares of capital stock consisting of 1,000,000,000 shares of Class A common stock, 100,000,000 shares of Class B common stock, and 100,000,000 shares of preferred stock.

Common Stock

Common stock issued and outstanding was 108,485,909 and 96,241,596 as of December 31, 2020 and 2019, respectively. Class A common stock outstanding was 85,804,444 and 20,972,166 as of December 31, 2020 and 2019, respectively. Class B common stock outstanding was 22,681,465 and 75,269,430 as of December 31, 2020 and 2019, respectively. The Company's Class A common stock and Class B common stock have a par value of $0.00001 per share. Each share of Class B common stock has the right to ten votes and each share of Class A common stock has the right to one vote per share. All other rights and privileges of Class A and Class B common stock are equivalent. Class B common shares are convertible to Class A common shares at any time upon written notification and all Class B common shares will convert upon the date specified by vote or written consent of the holders of a majority of the then outstanding Class B common stock, voting together as a single class. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to the prior rights of holders of all classes of stock outstanding having priority rights as to dividends.

9. Equity Incentive Plans

Amended and Restated 2012 Stock Plan

Following the adoption of the 2019 Omnibus Incentive Plan in September 2019, any awards outstanding under the Amended and Restated 2012 Stock Plan continue to be governed by their existing terms but no further awards may be granted under the Amended and Restated 2012 Stock Plan. As of December 31, 2020, the number of shares of Class A common stock issuable under the Amended and Restated 2012 Stock Plan which includes shares issuable upon the exercise of outstanding awards was 9,601,093.

2019 Omnibus Incentive Plan

The Omnibus Incentive Plan allows for the issuance of incentive stock options ("ISOs"), non-statutory stock options ("NSOs") or restricted shares. ISOs may be granted only to the Company's employees (including officers and directors who are also considered employees). NSOs and restricted shares may be granted to the Company's employees and service providers. As of December 31, 2020, the number of shares of Class A common stock available for issuance under the 2019 Omnibus Incentive Plan was 3,083,698 shares issuable in connection with outstanding awards and 8,267,389 shares reserved for issuance in connection with grants of future awards.

The number of shares of Class A common stock reserved for issuance under the 2019 Omnibus Incentive Plan at the time the 2019 Omnibus Incentive Plan was adopted in 2019 was 11,000,000. The Omnibus Incentive Plan provides that the total number of shares of the Company's Class A common stock that may be issued under the Omnibus Incentive Plan, including options authorized and options outstanding, is 11,000,000 (such share limit as increased from time to time, the "Absolute Share Limit"). However, the Absolute Share Limit shall be increased on the first day of each calendar year commencing on January 1, 2021 and ending on January 1, 2029 in an amount equal to the lesser of (i) 5% of the total number of shares of common stock outstanding on the last day of the immediately preceding fiscal year and (ii) such number of shares of the Company's Class A common stock as determined by the Company's board of directors. However, if on January 1 of a calendar year, the Company's board of directors has not either confirmed the 5% increase described in clause (i) or approved a lesser number of shares of the Company's Class A common stock for such calendar year, then the Company's board of directors will be deemed to have waived the automatic increase, and no such increase will occur for such calendar year. Of the Absolute Share Limit, no more than 11,000,000 shares of Class A common stock may be issued in the aggregate pursuant to the exercise of incentive stock options granted under the Omnibus Incentive Plan.

Options under the Omnibus Incentive Plan have a contractual term of 10 years. The exercise price of an ISO and NSO shall not be less than 100% of the fair market value of the shares on the date of grant.

A summary of the Company's stock option activity under the Plans is as follows:

	Outstanding Options	Weighted-Average Exercise Price	Weighted-Average Remaining Terms (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2019	15,918,243	$ 6.82	7.9	$ 1,105,222,370
Granted	1,774,994	78.63		
Exercised	(5,455,470)	3.07		
Cancelled	(376,923)	20.25		
Balance as of December 31, 2020	11,860,844	$ 18.86	7.6	$ 1,455,758,971

	Outstanding Options	Weighted-Average Exercise Price	Weighted-Average Remaining Terms (Years)	Aggregate Intrinsic Value
Vested and exercisable as of December 31, 2020	5,783,451	$ 7.91	6.9	$ 773,189,330
Unvested and exercisable as of December 31, 2020	549,689	$ 7.98	7.7	$ 73,450,934

The weighted-average grant date fair value of options granted during the years ended December 31, 2020, 2019, and 2018 was $45.02, $13.20, and $2.04 per share, respectively. The total intrinsic value of stock options exercised was $466.1 million, $30.5 million and $3.3 million during the years ended December 31, 2020, 2019, and 2018, respectively. As of December 31, 2020, the total unrecognized stock-based compensation related to stock options was $160.3 million, which will be recognized over a weighted-average period of approximately 3 years.

Early Exercise of Options

Stock options granted under the 2012 Stock Plan provide certain employee and director option holders the right to exercise unvested options in exchange for restricted shares of Class A common stock which are subject to repurchase by the Company at the original issuance price in the event the optionee's employment is terminated either voluntarily or involuntarily prior to the applicable vesting date. The consideration received for the early exercised options is recorded as a liability on the consolidated balance sheets and reclassified to stockholders' deficit as the shares vest. As of December 31, 2020 and 2019, the total repurchase liability related to the unvested early exercised options was $247,000 and $494,000, respectively, which is included in other current and noncurrent liabilities on the consolidated balance sheets. A summary of these restricted shares issued under the Amended and Restated 2012 Stock Plan is as follows:

	Number of Shares	Weighted-Average Exercise Price
Outstanding and unvested as of December 31, 2019	138,250	$ 3.57
Vested	(69,500)	3.55
Outstanding and unvested as of December 31, 2020	68,750	$ 3.59

Stock Option Valuation Assumptions

The fair value of each employee option grant was estimated on the date of grant using the Black-Scholes option pricing model and the following assumptions for the periods indicated:

	Year Ended December 31,		
	2020	2019	2018
Expected volatility	60% – 71%	40% – 53%	45% – 46%
Risk-free interest rate	0.3% – 1.7%	1.5% – 2.5%	2.7% – 3.1%
Expected term	5.3 –6.9 years	5.0 –6.9 years	5.3 – 6.5 years
Expected dividend	—%	—%	—%

Restricted Stock Units

The Company began granting restricted stock unit awards ("RSUs") to employees and other service providers during 2020. RSU activity for the year ended December 31, 2020 is as follows:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value (per share)
Balance as of December 31, 2019	—	$ —
Granted	963,054	78.94
Vested	(123,734)	66.92
Cancelled	(15,373)	66.71
Outstanding as of December 31, 2020	823,947	$ 80.97

2019 Employee Stock Purchase Plan

In July 2019, the Company's board of directors adopted the 10x Genomics, Inc. 2019 Employee Stock Purchase Plan (the "ESPP"), which was subsequently approved by the Company's stockholders. The ESPP went into effect on September 11, 2019. Subject to any limitations contained therein, the ESPP allows eligible employees to contribute, through payroll deductions, up to 15% of their eligible compensation to purchase the Company's Class A common stock at a discounted price per share. The ESPP generally provides for consecutive, overlapping 6-month offering periods. Unless otherwise determined by the administrator of the ESPP, a participant may not sell, transfer or otherwise dispose of any shares of the Company's Class A common stock purchased under the ESPP for 12 months following the applicable exercise date.

During the year ended December 31, 2020, 163,727 shares of Class A common stock were issued under the ESPP. No shares of Class A common stock were issued under the ESPP during 2019. The ESPP provides that the maximum number of shares of the Company's Class A common stock made available for sale thereunder will be 2,000,000, which number will be automatically increased on the first day of each calendar year commencing on January 1, 2021 and ending on January 1, 2029 in an amount equal to the lesser of (i) 1% of the total number of shares of common stock outstanding on the last day of the immediately preceding fiscal year and (ii) such number of shares of the Company's Class A common stock as determined by the Company's board of directors. However, if on January 1 of a calendar year the Company's board of directors has not either confirmed the 1% described in clause (i) or approved a lesser number of shares of the Company's Class A common stock for such calendar year, the Company's board of directors will be deemed to have waived the automatic increase and no such increase will occur for such calendar year. The maximum number of shares available under the ESPP (and any share limitations thereunder, as applicable) will automatically be adjusted upon certain changes to the Company's capital structure.

For the year ended December 31, 2020, the weighted average grant date fair value of the ESPP shares purchased, using the Black-Scholes option pricing model, was $16.61.

The following assumptions were used in estimating the fair values of shares under the ESPP:

	Year Ended December 31,	
	2020	2019
Expected volatility	45% - 70%	52%
Risk-free interest rate	0.12% - 0.15%	1.85%
Expected term (in years)	0.5 - 1.0	0.7 years
Expected dividend	—%	—%

As of December 31, 2020, the total unrecognized stock-based compensation related to the ESPP was $0.9 million, which will be recognized over a weighted-average period of approximately 0.5 years.

Stock-based Compensation

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

	Year Ended December 31,		
	2020	2019	2018
Cost of revenue	$ 1,551	$ 325	$ 85
Research and development	19,623	5,721	1,030
Selling, general and administrative	27,452	7,287	1,543
Total stock-based compensation expense	$ 48,626	$ 13,333	$ 2,658

10. Employee Benefit Plans

The Company has made available to all full-time United States employees a 401(k) retirement savings plan. Under this plan, employee and employer contributions and accumulated plan earnings qualify for favorable tax treatment under Section 401(k) of the Internal Revenue Code. The Company has not contributed to the plan.

11. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated (in thousands, except share and per share data):

	Year Ended December 31,		
	2020	2019	2018
Net loss	$ (542,731)	$ (31,251)	$ (112,485)
Weighted average shares used in computing net loss per share, basic and diluted	101,151,675	39,091,366	13,392,273
Net loss per share, basic and diluted	$ (5.37)	$ (0.80)	$ (8.40)

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

	Year Ended December 31,		
	2020	2019	2018
Convertible preferred stock (on an if-converted basis)	—	—	67,704,278
Stock-options to purchase common stock	11,860,844	15,918,243	14,264,376
Shares subject to repurchase	68,750	138,250	232,750
Restricted Stock Units	823,947	—	—
Contingent restricted shares	236,484	—	—
Common stock warrants	—	—	266,099
Shares committed under ESPP	10,939	56,159	—
Total	13,000,964	16,112,652	82,467,503

12. Subsequent Events

Acquisition of Tetramer Shop ApS

On January 8, 2021, the Company acquired 100% of the outstanding shares of Tetramer Shop ApS, a privately held company based in Copenhagen, Denmark, for $10 million in cash. Tetramer Shop ApS develops and provides reagents for precise monitoring of antigen-specific T cells in research and development.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of December 31, 2020.

Management's Annual Report on Internal Control over Financial Reporting

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

Management has used the 2013 framework set forth in the report entitled "Internal Control-Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2020 at the reasonable assurance level. Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2020, which is included in Part II, Item 8, above.

Changes in Internal Control over Financial Reporting

There was not any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) during the year ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer, controller, or persons performing similar functions. A current copy of the code is posted on the Governance section of our investor relations website, which is located at www.investors.10xgenomics.com. If we make any substantive amendments to, or grant any waivers from, the code of business conduct and ethics for our principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions, or any officer or director, we will disclose the nature of such amendment or waiver on our website or in a Current Report on Form 8-K.

The remaining information required under this item is incorporated herein by reference to our definitive proxy statement (the "Proxy Statement") pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, which Proxy Statement is expected to be filed with Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 11. Executive Compensation.

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report:

(1) Financial Statements

The financial statements filed as part of this Annual Report are included in Part II, Item 8 of this Annual Report.

(2) Financial Statement Schedules

Financial statement schedules have been omitted in this Annual Report because they are not applicable, not required under the instructions or the information requested is set forth in the financial statements or related notes thereto.

(3) List of Exhibits required by Item 601 of Regulation S-K

Exhibit Number	Exhibit Title	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Bylaws of the Registrant.	8-K	001-39035	3.1	3/26/2020
4.1	Description of the Registrant's Securities				
10.1	Agreement and Plan of Merger and Reorganization, dated October 5, 2020				
10.2	Second Amendment to Lease Agreement, dated July 24, 2020, between the Registrant and 6200 Stoneridge Mall Road Investors LLC	10-Q	001-39035	10.6	8/12/2020
10.3	Agreement for Purchase and Sale, dated August 10, 2020, between the Registrant and Equity One (West Coast Portfolio) LLC	10-Q	001-39035	10.7	8/12/2020
10.4	Amendment to Agreement for Purchase and Sale, dated August 10, 2020, between Registrant and 6200 Stoneridge Mall Road Investors LLC	10-Q	001-39035	10.3	11/12/2020
10.5	Lease Agreement, dated November 6, 2020, between the Registrant and 6200 Stoneridge Mall Road Investors LLC	10-Q	001-39035	10.4	11/12/2020
10.6	ReadCoor Merger Agreement				
10.7+	Form of Restricted Stock Unit Award under the 2019 Omnibus Incentive Plan				
10.8+	Form of Incentive Stock Option Award (US Participants) under the 2019 Omnibus Incentive Plan				
10.9+	Form of Nonqualified Stock Option Award (Board of Directors) under the 2019 Omnibus Incentive Plan				
10.10+	Form of Nonqualified Stock Option Award (US Participants) under the 2019 Omnibus Incentive Plan				
10.11+	Form of Nonqualified Stock Option Award (Non-US Participants) under the 2019 Omnibus Incentive Plan				
23.1	Consent of Independent Registered Public Accounting Firm				
24.1	Power of Attorney (included in the signature page to this Annual Report)				
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2	Certification of Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1*	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2*	Certification of Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS	XBRL Instance Document - -the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	XBRL Taxonomy Extension Schema Document.				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				
104	Cover Page Interactive Data File - the Cover Page Interactive Data File does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				

+ Management contract or compensatory plan or arrangement.

Portions of this exhibit have been omitted pursuant to Item 601 of Regulation S-K promulgated under the Securities Act because the information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

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

Item 16. Form 10-K Summary.

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

10x Genomics, Inc.

Date: February 26, 2021

By: /s/ Serge Saxonov

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

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Serge Saxonov and Justin J. McAnear, and each of them, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Serge Saxonov Serge Saxonov	Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2021
/s/ Benjamin J. Hindson Benjamin J. Hindson	President and Director	February 26, 2021
/s/ Justin J. McAnear Justin J. McAnear	Chief Financial Officer (Principal Accounting and Financial Officer)	February 26, 2021
/s/ John R. Stuelpnagel John R. Stuelpnagel	Chairman of the board of directors	February 26, 2021
/s/ Sridhar Kosaraju Sridhar Kosaraju	Director	February 26, 2021
/s/ Mathai Mammen Mathai Mammen	Director	February 26, 2021
/s/ Kim Popovits Kim Popovits	Director	February 26, 2021
/s/ Bryan E. Roberts Bryan E. Roberts	Director	February 26, 2021
/s/ Shehnaaz Suliman Shehnaaz Suliman	Director	February 26, 2021

Execution Version

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

BY AND AMONG

10X GENOMICS, INC.,

LIBRARY ACQUISITION CORP.,

LIBRARY MERGER SUB, LLC,

READCOOR, INC.

AND

SOLELY FOR PURPOSES OF SECTIONS 6.5 AND 6.6 AND ARTICLES VIII, IX AND X,

SHAREHOLDER REPRESENTATIVE SERVICES LLC, AS SECURITYHOLDERS' AGENT

October 5, 2020

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ANNEXES

Annex A	-	Index of Defined Terms

EXHIBITS

Exhibit A	-	Form of Stockholder Written Consent
Exhibit B	-	Form of Non-Competition Agreement
Exhibit C-1	-	Form of Stockholder Joinder and Release Agreement
Exhibit C-2	-	Form of Investor Questionnaire
Exhibit C-3	-	Form of Selling Holder Questionnaire
Exhibit D	-	Form of Optionholder Release Agreement
Exhibit E-1	-	Form of Certificate of Merger
Exhibit E-2	-	Form of Second Certificate of Merger
Exhibit F	-	Form of Letter of Transmittal
Exhibit G	-	Form of 280G Waiver
Exhibit H	-	Consideration Spreadsheet
Exhibit I	-	Form of IRS Notice
Exhibit J	-	Form of FIRPTA Notice
Exhibit K	-	Form of Director and Officer Resignation Letter
Exhibit L	-	Closing Date Payees

SCHEDULES

Schedule 1.1(a)	Certain Company Equityholders
Schedule 1.1(b)	Knowledge Group
Schedule 1.1(c)	R&D Employees
Schedule 1.9(a)	Specified Accounting Principles
Schedule 7.2(f)(i)	Required Consents
Schedule 7.2(f)(ii)	Required Modifications
Schedule 7.2(f)(iii)	Required Terminations
Schedule 7.2(f)(iv)	Required Cancellations
Schedule 7.2(f)(v)	Required Notices

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

This AGREEMENT AND PLAN OF MERGER AND REORGANIZATION (this "***Agreement***") is made and entered into as of October 5, 2020 (the "***Agreement Date***"), by and among 10x Genomics, Inc., a Delaware corporation ("***Acquiror***"), Library Acquisition Corp., a Delaware corporation and direct wholly-owned subsidiary of Acquiror ("***Sub I***"), Library Merger Sub, LLC, a Delaware limited liability company and direct wholly-owned subsidiary of Acquiror ("***Sub II***" and, together with Sub I, the "***Merger Subs***"), ReadCoor, Inc., a Delaware corporation (the "***Company***") and solely for purposes of Sections 6.5 and 6.6 and Articles VIII, IX and X, Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative, agent and attorney-in-fact of the Indemnifying Persons hereunder ("***Securityholders' Agent***"). Capitalized terms shall have the meanings given to them in Section 1.1 (or as defined elsewhere in this Agreement in accordance with Section 1.1(b)).

RECITALS

A. The parties hereto wish to effect a business combination through (a) the statutory merger of Sub I with and into the Company, pursuant to which the Company would continue as the surviving entity and become a wholly owned subsidiary of Acquiror (the "***First Merger***"), and, as part of the same overall transaction, the surviving entity of the First Merger would merge with and into Sub II (the "***Second Merger***", and together with the First Merger, the "***Mergers***"), pursuant to which Sub II would continue as the surviving entity and become a wholly owned subsidiary of Acquiror, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the applicable provisions of the DGCL.

B. The board of directors of the Company (the "***Company Board***") has carefully considered the terms of this Agreement and has unanimously (a) declared this Agreement and the transactions contemplated by this Agreement and the documents referenced herein, including the Mergers, upon the terms and subject to the conditions set forth herein, advisable, fair to and in the best interests of the Company and the Company Stockholders, (b) approved this Agreement in accordance with the DGCL and (c) adopted a resolution directing that the adoption of this Agreement be submitted to the Company Stockholders for consideration and recommending that all of the Company Stockholders adopt this Agreement in accordance with the DGCL (the "***Company Board Recommendation***").

C. The board of directors of Sub I has (a) declared this Agreement and the transactions contemplated by this Agreement and the documents referenced herein, including the Mergers, upon the terms and subject to the conditions set forth herein, advisable, fair to and in the best interests of Sub I and the sole stockholder of Sub I and (b) adopted a resolution recommending that Acquiror, as the sole stockholder of Sub I, adopt this Agreement.

D. The sole member of Sub II has (a) declared this Agreement and the transactions contemplated by this Agreement and the documents referenced herein, including the Mergers, upon the terms and subject to the conditions set forth herein, advisable, fair to and in the best interests of Sub II and the sole member of Sub II and (b) adopted a resolution recommending that Acquiror, as the sole member of Sub II, approve this Agreement.

E. The board of directors of Acquiror (or an authorized committee thereof) has approved this Agreement and the transactions contemplated by this Agreement and the documents referenced herein, including the Mergers, upon the terms and subject to the conditions set forth herein.

F. Promptly following the execution and delivery of this Agreement by the parties hereto, the Company will deliver executed written consents, in the form attached hereto as Exhibit A (each, a "***Stockholder Written Consent***" and collectively, the "***Stockholder Written Consents***"), from the Company Stockholders constituting the Required Stockholder Approval.

G. Concurrently with the execution and delivery of this Agreement and as a material inducement to the willingness of Acquiror and Merger Subs to enter into this Agreement, each of the Key Employees has entered into a non-competition and non-solicitation agreement with Acquiror, in the form attached hereto as Exhibit B (each, a "***Non-Competition Agreement***"), in each case to be effective as of the Closing in accordance with their respective terms.

H. Concurrently with the execution and delivery of this Agreement and as a material inducement to the parties' willingness to enter into this Agreement, each of the Company Stockholders and Company Optionholders set forth on Schedule 1.1(a) has executed and delivered a joinder and release agreement in the form attached hereto as Exhibit C-1 and Exhibit D (the "***Stockholder Joinder and Release***

Agreement" and "***Optionholder Release Agreement***", respectively) and, in the case of each such Company Stockholder, an accredited investor questionnaire in the form attached hereto as Exhibit C-2 (the "***Investor Questionnaire***") and a selling holder questionnaire in the form attached hereto as Exhibit C-3 (the "***Selling Holder Questionnaire***").

I. For U.S. federal income Tax purposes, it is intended that the Mergers be considered together as a single integrated transaction for U.S. federal income Tax purposes and that the Mergers, taken together, qualify as a "reorganization" within the meaning of Section 368(a) of the Code.

J. The Company, Merger Subs and Acquiror desire to make certain representations, warranties, covenants and other agreements in connection with the Mergers as set forth herein.

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

ARTICLE I
THE MERGERS

1.1 Certain Definitions.

(a) As used in this Agreement, the following terms shall have the meanings indicated below.

"***Accredited Investor***" means a Company Stockholder that has executed and delivered an Investor Questionnaire demonstrating that such Company Stockholder is an "accredited investor" (within the meaning of Regulation D under the Securities Act) and that is identified as such in the Consideration Spreadsheet.

"***Acquiror SEC Reports***" means any filings, reports or other documents filed by Acquiror with the SEC under Sections 13(a) or 15(d) of Exchange Act since September 12, 2019.

"***Acquiror Stock***" means shares of Acquiror's Class A common stock, par value $0.00001 per share.

"***Acquiror Stock Price***" means the average of the daily volume weighted average price of a share of Acquiror Stock on Nasdaq, calculated to four decimal places and determined without regard to after-hours trading or any other trading outside of the regular trading session hours, for each of the ten (10) consecutive trading days ending on the third trading day prior to (and excluding) the Closing Date as reported by Bloomberg, L.P.

"***Adjustment Amount***" means an amount, whether positive or negative, equal to (i) Closing Cash (as finally determined pursuant to Section 1.9) *minus* Estimated Closing Cash, *minus* (ii) the sum of (A) Closing Company Debt (as finally determined pursuant to Section 1.9) *minus* Estimated Closing Company Debt, *plus* (B) Unpaid Transaction Expenses (as finally determined pursuant to Section 1.9) *minus* Estimated Unpaid Transaction Expenses, *plus* (C) the amount, if any, by which Closing Working Capital (as finally determined pursuant to Section 1.9) is less than (x) Estimated Closing Working Capital (if Estimated Closing Working Capital was less than Target Working Capital) or (y) Target Working Capital (if Estimated Closing Working Capital was greater than or equal to Target Working Capital).

"***Affiliate***" means with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person; *provided*, that, for purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"***Aggregate Cash Consideration***" means $100,000,000.

"***Aggregate Exercise Amount***" means an amount equal to the sum of the aggregate exercise price of all vested Company Options that are unexercised, unexpired and outstanding immediately prior to the Effective Time.

"***Aggregate Option Payments***" means (i) the product of (A) the aggregate number of shares of Company Common Stock subject to vested Company Options that are outstanding and unexercised as of immediately prior to the Closing (calculated on an as converted to Company Common Stock basis) *multiplied by* (B) the Per Share Aggregate Consideration, *minus* (ii) the Aggregate Exercise Amount.

"***Aggregate Other Cash Payments***" means the sum of (i) the Estimated Closing Company Debt, *plus* (ii) the amount of Estimated Unpaid Transaction Expenses, *plus* (iii) the amount, if any, by which Estimated Closing Working Capital is less than Target Working Capital, *plus* (iv) the Aggregate Unaccredited Stockholder Payments, *plus* (v) the Aggregate Option Payments.

"***Aggregate Share Consideration***" means a number of shares of Acquiror Stock equal to the quotient obtained by *dividing* (i) (A) $350,000,000 *minus* (B) Aggregate Cash Consideration *by* (ii) the Acquiror Stock Price.

"***Aggregate Unaccredited Stockholder Payments***" means the product of (A) the aggregate number of shares of Company Stock held by Unaccredited Investors as of immediately prior to the Closing (calculated on an as converted to Company Common Stock basis) *multiplied by* (B) the Per Share Aggregate Consideration.

"***Alternative Proposal***" means any agreement, offer or proposal for, or any indication of interest in, any acquisition of the Company or all or any portion of the Company's assets (other than sales or non-exclusive licenses of Company Products in the ordinary course of business consistent with past practices) or any equity interest in the Company, whether by way of a merger, consolidation, asset sale, stock purchase, tender offer or other business combination or otherwise, or any material, non-ordinary course development, license or joint venture transaction, other than any offer, proposal or indication of interest made by or on behalf of Acquiror.

"***Audited 2019 Financials***" means the Company's audited consolidated balance sheet as of December 31, 2019, and the related audited statements of operations, cash flow and stockholders' equity for the fiscal year then ended.

"***Available Cash Consideration***" means the difference of (A)(i) the Aggregate Cash Consideration *plus* (ii) Estimated Closing Cash *minus* (B) the Aggregate Other Cash Payments.

"***Business Day***" means a day (i) other than Saturday or Sunday and (ii) on which commercial banks are open for business in San Francisco, California.

"***CARES Act***" means the Coronavirus Aid, Relief and Economic Security Act, as signed into law by the President of the United States on March 27, 2020, as amended from time to time.

"***Change in Control Payments***" means (i) any severance, termination, change in control, transaction, retention, liquidation, bonus, profit-sharing or other similar compensation, benefits or payments to any Person, including, without limitation, the Transaction Bonuses, and (ii) any increase of any benefits otherwise payable by the Company, in each case of the foregoing clauses (i) and (ii), which are or may become payable by or on behalf of the Company in connection with the execution and delivery of this Agreement or the consummation of the Mergers or any of the other transactions contemplated hereby, whether payable hereunder, under any Contract or Company Employee Plan, or under any other plan, policy, agreement or arrangement. For the avoidance of doubt, the liquidation fee payable pursuant to Section 4.3 of the Harvard License in connection with the Closing shall constitute a Change in Control Payment hereunder.

"***Closing Cash***" means the amount of unrestricted cash held by the Company (net of any uncleared checks and drafts issued by the Company) as of the Closing.

"***Closing Company Debt***" means the aggregate amount of all Company Debt that has not been repaid as of the Closing.

"***Closing Working Capital***" means Working Capital as of the Closing.

"***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"***Code***" means the United States Internal Revenue Code of 1986, as amended.

"***Company Common Stock***" means the Common Stock of the Company, par value $0.0001 per share.

"***Company Debt***" means, as of any specified date, the amount equal to the sum (without any double-counting) of the following amounts and obligations (whether or not then due and payable), to the extent they are of the Company or guaranteed by the Company, including through the grant of a security interest upon any assets of the Company: (i) all outstanding indebtedness for borrowed money owed to Persons (whether or not evidenced by notes, bonds, debentures or other similar instruments (whether or not convertible) or arising under indentures); (ii) accrued interest, fees or expenses payable with respect to indebtedness referred to in clause (i); (iii) all obligations for the deferred purchase price of property, goods or services (including any potential future earn-out, purchase price adjustment, releases of "holdbacks" or similar payments, but excluding any such obligations to the extent there is cash being held in escrow exclusively for purposes of satisfying such obligations) ("***Deferred Purchase Price***"); (iv) all obligations evidenced by notes, bonds, debentures or other similar instruments (whether or not convertible) or arising under indentures; (v) all obligations arising out of any financial hedging, swap or similar arrangements; (vi) all obligations as lessee that would be required to be capitalized in accordance with GAAP; (vii) all obligations in connection with any letter of credit, banker's acceptance, guarantee, surety, performance or appeal bond, or similar credit transaction; (viii) all obligations with respect to any off-balance sheet financings; (ix) all unpaid income Taxes of the Company for any Pre-Closing Tax Period (which, for the avoidance of doubt, shall not be an amount less than zero and shall not take into account any income Tax receivables); (x) the aggregate amount of all Taxes deferred under Section 2302 of the CARES Act and all other amounts received from Governmental Entities as a result of COVID-19 Measures (including any forgivable loans pursuant to the CARES Act and the PPP Debt to the extent not repaid prior to Closing) and (xi) the aggregate amount of all prepayment premiums, penalties, breakage costs, "make whole

amounts," costs, expenses and other payment obligations of such Person that would arise (whether or not then due and payable) if all such items under clauses (i) through (x) were prepaid, extinguished, unwound and settled in full as of such specified date. For purposes of determining the Deferred Purchase Price obligations as of a specified date, such obligations shall be deemed to be the maximum amount of Deferred Purchase Price owing as of such specified date (whether or not then due and payable) or potentially owing at a future date.

"***Company Equityholders***" means the Company Stockholders and the Company Optionholders.

"***Company Intellectual Property***" means all Company Licensed Intellectual Property and Company Owned Intellectual Property.

"***Company Intellectual Property Agreements***" means the Inbound License Agreements and the Outbound License Agreements.

"***Company Licensed Intellectual Property***" means all Intellectual Property Rights and Technology licensed, or for which rights are otherwise granted, to the Company by a third party, other than an exclusive license.

"***Company Option***" means an option to purchase shares of Company Common Stock whether or not granted pursuant to the Company Stock Plan.

"***Company Optionholder***" means a holder of a Company Option.

"***Company Owned Intellectual Property***" means any and all Intellectual Property Rights and Technology that are owned or purportedly owned by the Company, or that are licensed exclusively to, or purportedly licensed exclusively to, the Company.

"***Company Preferred Stock***" means the Company Series A Preferred Stock and the Company Series B Preferred Stock.

"***Company Products***" means all products, services or offerings sold, offered for sale, performed, marketed, promoted, distributed, supported or otherwise made available by or on behalf of the Company, as well as any product, service or offering under development by or on behalf of the Company and scheduled for commercial release as of the date of this Agreement.

"***Company Series A Preferred Stock***" means the Series A Preferred Stock of the Company, par value $0.0001 per share.

"***Company Series B Preferred Stock***" means the Series B Preferred Stock of the Company, par value $0.0001 per share.

"***Company Source Code***" means, collectively, any software source code and any database specifications or designs, build scripts, test scripts, documentation, instructions or algorithms contained in or relating to any Software included in the Company Owned Intellectual Property or Company Products.

"***Company Stock***" means Company Common Stock and Company Preferred Stock.

"***Company Stock Plan***" means the Company's 2016 Equity Incentive Plan.

"***Company Stockholders***" means the holders of Company Stock, which for the avoidance of doubt shall include for all purposes the Company Warrantholder assuming the Effective Time occurs.

"***Company Warrantholder***" means Silicon Valley Bank (or any successor or permitted assignee or transferee of the applicable Company Warrant).

"***Company Warrants***" means (i) the warrant to purchase 5,025 shares of Company Common Stock, dated May 8, 2017, at a price of $1.99 per share, (ii) the warrant to purchase 2,538 shares of Company Common Stock, dated June 30, 2018, at a price of $1.97 per share and (iii) the warrant to purchase 6,997 shares of Company Common Stock, dated December 14, 2018, at a price of $1.31 per share, in each case, held by the Company Warrantholder.

"***Confidentiality Agreement***" means that certain Mutual Nondisclosure Agreement, dated as of February 23, 2020 between the Company and Acquiror.

"***Consideration Recipient***" means any Company Stockholder or Company Optionholder who receives a portion of the Total Consideration Value pursuant to the terms hereof.

"***Contract***" means any written or oral contract, agreement, deed, instrument, commitment or undertaking of any nature (including online or click through terms, leases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts, letters of intent and purchase orders), including all amendments, supplements, exhibits and schedules thereto.

"***COVID-19***" means SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof or related or associated epidemics, pandemics or disease outbreaks.

"***COVID-19 Measures***" means any quarantine, "shelter in place," "stay at home," workforce reduction, social distancing, shut down, closure, sequester, safety or similar Legal Requirement, directive, guidelines or recommendations promulgated by any Governmental Entity, including the Centers for Disease Control and Prevention, the World Health Organization and the Occupational Safety and Health Administration, in each case, in connection with or in response to COVID-19.

"***Customer Data***" means all data and content uploaded or otherwise provided by or on behalf of the Company's customers to, or stored by the Company's customers on, the Company's products and services.

"***DGCL***" means the General Corporation Law of the State of Delaware.

"***DLLCA***" means the Delaware Limited Liability Company Act.

"***Dissenting Shares***" means any shares of Company Stock that are issued and outstanding immediately prior to the Effective Time and in respect of which appraisal or dissenters' rights shall have been perfected in accordance with the applicable provisions of the DGCL in connection with the First Merger.

"***Encumbrances***" means, with respect to any property or asset, any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, claim, restriction or other adverse claim of any kind in respect of such property or asset.

"***Environmental Law***" means any applicable Legal Requirement or any agreement with any Governmental Entity or other person, relating to human health and safety, the environment or Hazardous Material.

"***Equityholder Matters***" means any claim by any current, former or purported securityholder of the Company, or any other Person, asserting, alleging or seeking to assert rights with respect to Company Stock, Company Options, Company Warrants or any other shares of capital stock or options, warrants, securities or rights that are convertible into, exercisable for or exchangeable for Company Stock or other shares of capital stock, including any claim asserted, based upon or related to (i) the ownership or rights to ownership of any shares of capital stock (including Company Stock), options (including Company Options), warrants (including Company Warrants), securities, equity interests or equity-linked rights, instruments, arrangements, understandings or Contracts, (ii) any rights of a securityholder of the Company, including any rights to securities, anti-dilution protection, preemptive rights, rights of first offer or first refusal, or rights to notice or to vote and any claim that any formulas, definitions or provisions related to the payment of the Total Consideration Value or application thereof are incorrect, (iii) any rights under the Charter Documents or indemnification agreement with the Company, (iv) any claim that such Person's securities were wrongfully issued or repurchased by the Company, (v) any appraisal or dissenters' rights, including any Dissenting Share Payments, (vi) any claim, whether derivative or otherwise, against any director or officer of the Company relating to actions taken by the Company prior to the Closing (including in connection with the sale of the Company and any actual or alleged breach of fiduciary duties by any current or former directors or officers of the Company), (vii) any failure of the Consideration Spreadsheet to be true and correct in all respects, except in each case for the right following the Closing of a Company Equityholder to receive such Company Equityholder's portion of the Total Consideration Value in accordance with the terms and conditions hereof, (viii) any claim by a securityholder of the Company who does not execute a Letter of Transmittal, the Stockholder Joinder and Release Agreement, the Optionholder Release Agreement or any other document reasonably required by Acquiror pursuant to Section 1.10(c)(i), as applicable, that such securityholder of the Company is entitled to receive Per Share Cash Consideration, Per Share Stock Consideration, Option Payments or any other payments relating to Company Stock or other equity interests of the Company issued and outstanding immediately prior to the Effective Time (including the Company Options and Company Warrants) pursuant to this Agreement without executing such documents, or (ix) any claim against Acquiror, Merger Subs or any of their Affiliates by a Company Equityholder based on any act or failure to act, or any alleged act or failure to act, of the Securityholders' Agent (including fraud, gross negligence, willful misconduct or bad faith) in breach of its obligations hereunder, including any failure or alleged failure to distribute property all or any portion of the consideration payable hereunder.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended.

"***ERISA Affiliate***" means any entity (whether or not incorporated) other than the Company that is (or at any relevant time was) a member of a "controlled group of corporations" with, under common control with, or a member of an "affiliated service group" with, the Company under Section 414(b), (c), (m) or (o) of the Code.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Expense Fund Amount***" means $500,000.

"***Fully-Diluted Company Stock***" means the sum (without duplication) of (i) the aggregate number of shares of Company Common Stock that are issued and outstanding immediately prior to the Effective Time, after giving effect to any exercises of Company Options and Company Warrants, *plus* (ii) the aggregate number of shares of Company Stock, calculated on an as converted to Company Common

Stock basis, that are issuable upon full exercise, exchange or conversion of all vested Company Options, Company Preferred Stock and any other securities or rights (including any commitments to grant convertible securities of the Company set forth in any offer letter or other agreement (whether written or oral) or otherwise) that are convertible into, exercisable for or exchangeable for, shares of Company Common Stock that are issued and outstanding immediately prior to the Effective Time.

"***Fully-Diluted Percentage***" means, as to each Company Equityholder, the quotient obtained by *dividing* (i) the aggregate number of Fully-Diluted Company Stock which such Company Equityholder holds as of immediately prior to the Effective Time *by* (ii) the aggregate number of Fully-Diluted Company Stock held by all Company Equityholders as of immediately prior to the Effective Time.

"***Fundamental Representations***" means the representations and warranties set forth in clauses (a) and (b) of Section 2.1, Section 2.2, Section 2.3, clauses (a) and (c) of Section 2.4, Section 2.13 and Section 2.15 of this Agreement.

"***GAAP***" means United States generally accepted accounting principles.

"***Governmental Entity***" means any supranational, national, state, municipal, supranational (including without limitation the European Union and its institutions, departments, agencies and instrumentalities), local or foreign government, or any court, tribunal, arbitrator, administrative agency, commission or other governmental official, authority or instrumentality, in each case whether domestic or foreign, any stock exchange or similar self-regulatory organization or any quasi-governmental or private body exercising any regulatory, Taxing or other governmental or quasi-governmental authority.

"***Harvard License***" means that certain license agreement, dated as of September 9, 2016, between the Company and President and Fellows of Harvard College, as amended to date.

"***Hazardous Material***" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any of the foregoing characteristics, including petroleum, its derivatives, byproducts and other hydrocarbons, and any substance, waste or material regulated under any Environmental Law.

"***HIPAA***" means the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, enacted as Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and their implementing Legal Requirements including 45 C.F.R. Parts 160, 162 and 164.

"***Holdback Amount***" means $35,000,000.

"***Holdback Cash***" means 10% of the Aggregate Option Payments.

"***Holdback Fund***" means the Holdback Cash and the Holdback Shares.

"***Holdback Shares***" means the number of shares of Acquiror Stock equal to the quotient obtained by *dividing* (A) (i) the Holdback Amount *minus* (ii) the Holdback Cash by (B) the Acquiror Stock Price.

"***Indemnifiable Damages***" means claims, losses, Liabilities, penalties, damages, interest, awards, judgments, Taxes, fees, costs and expenses, including reasonable costs of investigation and defense and reasonable fees and expenses of lawyers, experts and other professionals; *provided*, that "Indemnifiable

Damages" shall not include any exemplary or punitive damages (except to the extent paid or payable by an Indemnified Person to a third party in connection with a Third Party Claim).

"***Indemnifying Persons***" means the Company Equityholders as of immediately prior to the Effective Time, but excluding the Unaccredited Investors.

"***Intellectual Property Rights***" means and includes all past, present, and future rights of the following types, whether registered or unregistered, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, design rights, and moral rights; (ii) trademark, trade name, brand names, brand marks, corporate names, service name, trade dress and service mark rights, logos, slogans, hash tags, social media pages and similar means of identification and similar rights, including all goodwill associated with the foregoing; (iii) trade secret rights and other rights in Know-How and confidential or proprietary information (including any business plans, technical data, invention disclosures, customer data, financial information, pricing and cost information or other similar information); (iv) United States and foreign Patents and any counterparts worldwide claiming priority therefrom, and all rights in and to any of the foregoing; (v) rights in databases and data collections (including knowledge databases, customer lists and customer databases); (vi) any other proprietary rights in Technology of every kind and nature; and (vii) all past, present and future claims and causes of action arising out of or related to infringement or misappropriation of any of the foregoing.

"***International Employee Plan***" means each Company Employee Plan that is subject to the laws of any jurisdiction outside the United States or provides compensation or benefits to any Employee who performs services outside the United States.

"***IP Ownership Representations***" means the representations and warranties set forth in Sections 2.8(b) and (c) of this Agreement.

"***IT Systems***" means the hardware, software, data, databases, data communication lines, network and telecommunications equipment, Internet-related information technology infrastructure, wide area network and other information technology equipment, owned, leased or licensed by the Company.

"***Key Employees***" means each of Richard Terry, Evan Daugharthy and Benjamin Pruitt.

"***Know-How***" means any and all trade secrets and other proprietary or confidential information, ideas, know-how, inventions, proprietary processes, data, models and methodologies, including (a) research and development data, such as medicinal chemistry data, preclinical data, pharmacology data, biological data, chemistry data (including analytical, product characterization, manufacturing, and stability data), toxicology data, safety data, clinical data (including investigator reports (both preliminary and final), statistical analyses, expert opinions and reports, safety and other electronic databases), analytical and quality control data and stability data, in each case together with supporting data, (b) practices, methods, techniques, processes, specifications, formulations, formulae and manufacturing information and (c) information regarding research materials and reagents and compositions of matter.

"***knowledge***" means, with respect to the Company, (i) the actual knowledge of any of the Persons listed on Schedule 1.1(b), and (ii) such knowledge that such individuals would reasonably be expected to have after conducting a due and diligent inquiry of such Person's direct reports in respect of the applicable subject matter.

"***Legal Requirements***" means any federal, state, foreign, local, municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, order, writ, injunction,

decree, award, judgment, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity of competent jurisdiction.

"***Liability***" or "***Liabilities***" means, with respect to any Person, all liabilities of any kind (whether known or unknown, contingent, accrued, due or to become due, secured or unsecured, matured or otherwise), including but not limited to accounts payable, royalties payable, and other reserves, bonuses, vacation, employee compensation and expense obligations and all other liabilities of such Person or any of its subsidiaries, regardless of whether such liabilities are required to be reflected on a balance sheet in accordance with GAAP.

"***made available***" means, with respect to any material, that a copy of such material has been posted and made accessible to Acquiror on or before 9:00 p.m. California time on the date that is two (2) Business Days prior to the Agreement Date to the electronic data room maintained by the Company in connection with the transactions contemplated hereby.

"***Malware***" means any virus, Trojan horse, time bomb, key-lock, spyware, worm, malicious code or other software program designed to or able to, without the authorization of the Company, disrupt, disable, harm, interfere with the operation of or install itself within or on any software, computer data, network memory or hardware.

"***Material Adverse Effect***" means, with respect to any entity, any change, fact, circumstance, condition, event or effect that is, or would reasonably be expected to (x) be, materially adverse to the business, operations, assets (whether tangible or intangible), Liabilities, financial condition, or results of operations of such entity taken as a whole with its subsidiaries, or (y) materially delay, condition or impede the transactions contemplated by this Agreement; *provided*, *however*, that, solely with respect to clause (x) above, none of clauses (i) through (iv) shall be deemed in themselves, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Effect unless the entity is disproportionately affected thereby compared to others in the same industry: (i) any change generally affecting the economy in the United States or any other geographic region in which the Company's business is conducted; (ii) general financial, credit or capital market conditions or any changes therein; (iii) acts of war (whether or not declared), armed hostility, sabotage or terrorism or other international or national calamity; (iv) any earthquakes, hurricanes, floods or other natural disasters; (v) the failure by the Company to meet any projections, estimates or budgets for any period prior to, on or after the date of this Agreement (but excluding any effect, event, development, occurrence or change underlying such failure to the extent such effect, event, development, occurrence or change would otherwise constitute a Material Adverse Effect); (vi) the announcement or pendency of the transactions contemplated by this Agreement or (vii) any action taken which is expressly required pursuant to this Agreement.

"***Nasdaq***" means the Nasdaq Global Select Market.

"***Needed Auditor Consent***" means the consent of the Company's independent auditing firm to the filing of the Company's Audited 2019 Financials as part of the Acquiror's Current Report on Form 8-K with the SEC reporting the completion of the Mergers.

"***Open Source Materials***" means Software or other material that is distributed as "free software," "open source software" or under similar licensing or distribution terms (including but not limited to the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), BSD licenses, the Artistic License, the Netscape Public License, the Sun Community

Source License (SCSL) the Sun Industry Standards License (SISL), Open Source Initiative, and the Apache License).

"***Patents***" means any and all issued patents and pending patent applications (including utility models, design patents, certificates of invention and applications for certificates of invention and priority rights) in any country or patent-granting region, including all provisional applications, international (PCT) applications, substitutions, continuations, continuations in part, divisionals, renewals, reissues, re-examinations and extensions (including supplementary protection certificates) thereof.

"***Per Share Aggregate Consideration***" means the quotient obtained by dividing (A) the Total Consideration Value by (B) the Fully-Diluted Company Stock.

"***Per Share Cash Consideration***" means, in respect of each share of Company Stock held by an Accredited Investor, the quotient obtained by dividing (A) the Available Cash Consideration by (B) the aggregate number of outstanding shares of Company Stock held by an Accredited Investor as of immediately prior to the Closing (calculated on an as converted to Company Common Stock basis).

"***Per Share Closing Cash Consideration***" means, in respect of each share of Company Stock held by an Accredited Investor, the Per Share Cash Consideration *minus* the Per Share Expense Fund Amount.

"***Per Share Closing Stock Consideration***" means, in respect of each share of Company Stock held by an Accredited Investor, the Per Share Stock Consideration *minus* the Per Share Holdback Stock.

"***Per Share Expense Fund Amount***" means, in respect of each share of Company Stock, an amount of cash equal to the quotient obtained by dividing (A) the Expense Fund Amount by (B) the difference between the Fully-Diluted Company Stock and the shares of Company Stock owned by Unaccredited Investors (calculated on an as converted to Company Common Stock basis).

"***Per Share Holdback Stock***" means, in respect of each share of Company Stock held by an Accredited Investor, a number of shares of Acquiror Stock equal to the quotient obtained by dividing (A) the Holdback Shares by (B) the aggregate number of outstanding shares of Company Stock held by Accredited Investors as of immediately prior to the Closing (calculated on an as converted to Company Common Stock basis).

"***Per Share Holdback Cash***" means, in respect of each share of Company Stock underlying a vested Company Option, the quotient obtained by dividing (A) the Holdback Cash *by* (B) the aggregate number of shares of Company Stock, calculated on an as converted to Company Common Stock basis, that are issuable upon full exercise, exchange or conversion of all vested Company Options.

*"**Per Share Stock Consideration***" means, in respect of each share of Company Stock held by an Accredited Investor, a number of shares of Acquiror Stock equal to the quotient obtained by dividing (A) the Aggregate Share Consideration by (B) the aggregate number of outstanding shares of Company Stock held by Accredited Investors as of immediately prior to the Closing (calculated on an as converted to Company Common Stock basis).

"***Permitted Encumbrances***" means (a) statutory liens for current Taxes not yet due and payable and (b) mechanics', workmen's, repairmen's, warehousemen's, carriers' or other like Encumbrances arising or incurred in the ordinary course of business or by operation of law if the underlying obligations are not yet due and payable.

"***Person***" means any natural person, company, corporation, limited liability company, general partnership, limited partnership, trust, proprietorship, joint venture, association, business organization or Governmental Entity.

"***Personal Data***" means any data or information, in the Company's possession, custody or control, that constitutes "personal data," "personally identifiable information" or "personal information" or similar term under governing Legal Requirements, including a natural Person's health-related or genetic information.

"***Personal Intellectual Property***" means any and all Intellectual Property Rights and Technology owned or controlled by a Person.

"***PPP Debt***" means that certain note in the original principal amount of $1,091,647 borrowed by the Company from Silicon Valley Bank under the Paycheck Protection Program under the CARES Act.

"***Pre-Closing Taxes***" means any Taxes of the Company relating or attributable to any Pre-Closing Tax Period (without regard to whether such Taxes are due and payable as of the Closing Date) and any Tax of a Person other than the Company for which the Company is liable under Treasury Regulations Section 1.1502-6 (or any similar provision of any Legal Requirement) by reason of its membership in a consolidated, combined, affiliated, unitary or similar group for Tax purposes prior to the Closing; *provided* that, the term Pre-Closing Taxes will exclude (1) any Taxes resulting from any transactions at the direction of Acquiror occurring on the Closing Date after the Closing outside the ordinary course of business (other than as contemplated by this Agreement or any related Contract), (2) any Taxes to the extent included as a liability in the calculation of Closing Company Debt, Closing Cash, Unpaid Transaction Expenses and Closing Working Capital, each as finally determined pursuant to Section 1.9(b), and (3) any Transfer Taxes to the extent to be borne by Acquiror under Section 6.5(h).

"***Pre-Closing Tax Period***" means (i) any taxable period ending on or before the Closing Date and (ii) with respect to a Straddle Period, any portion thereof ending on and including the Closing Date.

"***Pro Rata Share***" means, as to each Indemnifying Person who has properly submitted Exchange Documents and an Optionholder Release Agreement (each, to the extent applicable), the quotient obtained by *dividing* (i) the aggregate amount of Total Consideration Value which such Indemnifying Person is entitled to receive in respect of such Indemnifying Person's shares of Company Stock and Company Options pursuant to Section 1.8 *by* (ii) the aggregate amount of Total Consideration Value which all Indemnifying Persons who have properly submitted Exchange Documents and an Optionholder Release Agreement (each, to the extent applicable) are entitled to receive in respect of their shares of Company Stock and Company Options pursuant to Section 1.8 (assuming for such purposes that the full Holdback Fund and the full Expense Fund Amount are, paid to the Indemnifying Persons, without interest). For purposes of the foregoing, the Acquiror Stock will be valued at the Acquiror Stock Price.

"***Property Taxes***" means all real property Taxes, personal property Taxes and similar ad valorem Taxes.

"***Proportionate Holdback Contribution***" means, (A) as to each Accredited Investor, the quotient obtained by *dividing* (i) the aggregate number of Holdback Shares held back from the consideration otherwise payable to such Accredited Investor hereunder *by* (ii) the aggregate number of all Holdback Shares, as set forth on the Consideration Spreadsheet and (B) as to each Company Optionholder, the quotient obtained by *dividing* (i) the portion of the Holdback Cash held back from the consideration

otherwise payable to such Company Optionholder hereunder *by* (ii) the aggregate amount of the Holdback Cash. With respect to the Company Stockholders and Company Optionholders, the Proportionate Holdback Contribution shall also be determined based upon the relative contributions into the Holdback Fund by those two groups. For the avoidance of doubt, each Unaccredited Investor's Proportionate Holdback Contribution shall be equal to zero.

"***R&D Employees***" means each of the individuals set forth on Schedule 1.1(c).

"***Registered IP***" means all Intellectual Property Rights, regardless of jurisdiction, that are registered, filed, or issued under the authority of any Governmental Entity, including all Patents, copyright registrations, trademark registrations, domain names and domain name registrations, and all applications for any of the foregoing.

"***Registrable Securities***" means the shares of Acquiror Stock issued in connection with the Closing pursuant to this Agreement as part of the Aggregate Share Consideration; *provided*, *however*, that shares of Acquiror Stock shall cease to be Registrable Securities hereunder if and when (i) such Registrable Securities have been sold, transferred or otherwise disposed of pursuant to an effective registration statement registering such Registrable Securities (or the resale thereof) under the Securities Act, (ii) such Registrable Securities have been sold, transferred or otherwise disposed of pursuant to Rule 144 of the Securities Act ("Rule 144") or (iii) with respect to the Registrable Securities held by a particular Company Equityholder, such Company Equityholder has held such Registrable Securities for at least 6 months and holds a number of Registrable Securities less than the number of Acquiror Stock that can be sold by such Company Equityholder in a single 90-day period pursuant to Rule 144 (including Rule 144(e)).

"***Related Person***" means a director, officer, employee, Affiliate (which for purposes of this definition shall include any stockholder of the Company that owns more than 5% of the Company Common Stock) or "associate" or members of any of their "immediate family" (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the Exchange Act) of the Company.

"***Representatives***" means a Person's Affiliates, officers, directors, employees, stockholders, agents, attorneys, accountants, advisors, lenders and other authorized representatives.

"***Required Stockholder Approval***" means the affirmative vote to adopt this Agreement and approve the Mergers and the other transactions contemplated hereby of (i) the holders of at least sixty percent (60%) of the shares of Company Preferred Stock, voting together as a single class and (ii) the holders of at least a majority of the shares of Company Stock, voting together on an as converted to Company Common Stock basis.

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Software***" means any and all computer programs, operating systems, applications systems, firmware or software code of any nature, in any form, including source code and executable or object code, whether operational or under development, and any derivations, updates, enhancements and customizations of any of the foregoing, and any related processes, know-how, APIs, user interfaces, command structures, menus, buttons and icons, flow-charts, and related documentation, operating procedures, methods, tools, developers' kits, utilities, developers' notes, technical manuals, user manuals and other documentation thereof, including comments and annotations related thereto, whether in machine-readable form, programming language or any other language or symbols and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature.

"***Standard Software***" means any non-customized software that (i) is licensed solely in executable or object code form pursuant to a nonexclusive, internal use software license, (ii) is not incorporated into or used directly in the design, development, manufacturing or distribution of any Company Products, and (iii) is generally available on standard terms with annual license, maintenance, support and other fees of less than $25,000.

"***Straddle Period***" means any Tax period beginning before or on the Closing Date and ending after the Closing Date.

"***Subsidiary***" means with respect to any entity, that such entity shall be deemed to be a "Subsidiary" of another Person if such other Person directly or indirectly owns, beneficially or of record, (a) an amount of voting securities of other interests in such entity that is sufficient to enable such Person to elect at least a majority of the members of such entity's board of directors or other governing body or (b) at least a majority of the outstanding equity interests of such entity.

"***Target Working Capital***" means $0.

"***Tax***" (and, with correlative meaning, "***Taxes***" and "***Taxable***") means (a) any net income, alternative or add-on minimum tax, gross income, estimated, gross receipts, sales, use, ad valorem, value added, transfer, franchise, capital stock, profits, license, registration, withholding, payroll, social security (or equivalent), escheat, unclaimed property, employment, unemployment, disability, excise, severance, stamp, occupation, premium, property (real, tangible or intangible), environmental or windfall profit tax, custom duty or other tax, or other like assessment, fee or charge, together with any interest or any penalty, addition to tax or additional amount (whether disputed or not), imposed by any Governmental Entity (each, a "***Tax Authority***"), and (b) any Liability for the payment of any amounts of the type described in clause (a) of this sentence as a result of being a member of an affiliated, consolidated, combined, unitary, aggregate or similar group (including any arrangement for group or consortium relief or similar arrangement) for any Taxable period.

"***Tax Return***" means any return, statement, report or form (including estimated Tax returns and reports, withholding Tax returns and reports, and information returns and reports), including amendments thereof and attachments and schedules thereto, filed or required to be filed with any Governmental Entity with respect to Taxes.

"***Technology***" means and includes algorithms, APIs, apparatus, diagrams, discoveries, ideas, inventions (whether or not patentable), invention disclosures, Know-How, methods, reagents, buffers, compositions, compounds, substances, formulae, protein sequences and any derivatives thereof, markers, and probes, network configurations and architectures, processes, confidential or proprietary information, protocols, schematics, specifications, technical data, Software, subroutines, techniques, user interfaces, web sites, works of authorship, documentation (including instruction manuals, samples, studies, and summaries), databases and data collections, any other forms of technology, in each case whether or not embodied in any tangible form and including all tangible embodiments of any of the foregoing.

"***Total Consideration Value***" means an amount equal to (A) $350,000,000, *minus* (B) the Estimated Closing Company Debt, *minus* (C) the amount of Estimated Unpaid Transaction Expenses, *minus* (D) the amount, if any, by which Estimated Closing Working Capital is less than Target Working Capital, *plus* (E) the amount of Estimated Closing Cash, *plus* (F) the Aggregate Exercise Amount.

"***Transaction Bonuses***" means those certain bonuses to certain employees in the amounts set forth next to the individual's name on Attachment 2.12(r) of the Company Disclosure Schedules, subject to (among other items as outlined in Section 2.12(c) of the Company Disclosure Schedule) the execution

of a general release of claims (including a waiver of any promised equity awards) by the individuals identified on Section 2.12(c) of the Company Disclosure Schedules (the "***Transaction Bonus Releases***").

"***Transaction Expenses***" means all (i) third party fees, costs and expenses incurred by or on behalf of the Company in connection with the negotiation, execution, delivery and performance of this Agreement and the Company Related Agreements and the consummation of the Mergers and the other transactions contemplated hereby and thereby (including any strategic transaction process prior to the transactions contemplated hereby), whether or not billed or accrued as of the Closing Date (including any fees, costs and expenses of legal counsel and accountants, the maximum amount of fees, costs and expenses payable to or on behalf of (including with respect to any indemnification, contribution or similar obligations) financial advisors, investment bankers and brokers of the Company, online due diligence management system fees, costs and expenses and any such fees and expenses incurred by Company Stockholders or the Company employees if paid or to be paid for by the Company), (ii) Change in Control Payments, (iii) Transaction Payroll Taxes, (iv) fees, costs and expenses of the Securityholders' Agent to the extent payable by the Company, whether before, at or after the Closing (other than those fees, costs or expenses to be covered by the Expense Fund Amount), (v) the costs of premiums for the Company D&O Tail Policy to be obtained pursuant to Section 6.7(c), and (vi) fifty percent (50%) of all Transfer Taxes.

"***Transaction Payroll Taxes***" means any employment or payroll Taxes with respect to any Change in Control Payments or Option Payments, other bonuses or other compensatory payments in connection with the transactions contemplated by this Agreement, whether payable by Acquiror, the Company, the First-Step Surviving Corporation or the Surviving Entity.

"***Unaccredited Investor***" means a Company Stockholder that is not an Accredited Investor.

"***Unpaid Transaction Expenses***" means the aggregate amount of all Transaction Expenses that have not been paid by the Company as of the Closing.

"***Working Capital***" means with respect to the Company (i) accounts receivable, prepaid expenses and other current assets of the Company (excluding Closing Cash and all Tax assets including deferred Tax assets), *minus* (ii) accounts payable, customer deposits, accrued liabilities and other current liabilities of the Company (excluding Closing Company Debt, Unpaid Transaction Expenses and deferred Tax liabilities), all as calculated in accordance with the Specified Accounting Principles.

(b) Other capitalized terms defined elsewhere in this Agreement and not defined in this Section 1.1 shall have the meanings assigned to such terms in this Agreement.

1.2 The Mergers. At the Effective Time, on the terms and subject to the conditions set forth in this Agreement, the Certificate of Merger in the form attached hereto as Exhibit E-1 (the "***Certificate of Merger***") and the applicable provisions of the DGCL, Sub I shall merge with and into the Company, the separate corporate existence of Sub I shall cease and the Company shall continue as the surviving corporation and shall become a wholly-owned subsidiary of Acquiror. The Company, as the surviving corporation after the First Merger, is hereinafter sometimes referred to as the "***First-Step Surviving Corporation***." At the Second Effective Time, Acquiror shall cause the First-Step Surviving Corporation to merge with and into Sub II in accordance with the DGCL and the DLLCA, whereupon the separate corporate existence of the First-Step Surviving Corporation shall cease, and Sub II shall be the surviving entity. The surviving entity after the Second Merger is sometimes referred to hereinafter as the "***Surviving Entity***."

1.3 Closing. Unless this Agreement is earlier terminated pursuant to Section 8.1 hereof, the closing of the First Merger (the "***Closing***") shall take place as promptly as practicable after the execution and delivery hereof by the parties hereto, and following satisfaction or waiver (to the extent permitted hereunder) of the conditions set forth in Article VII hereof (except for those conditions that, by their nature, are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing), at the offices of Latham & Watkins LLP, 140 Scott Drive, Menlo Park, California 94025; *provided*, *however*, that in no event shall the Closing take place prior to October 12, 2020. The date upon which the Closing occurs shall be referred to herein as the "***Closing Date***."

1.4 Effective Time.

(a) At the Closing, Sub I and the Company shall cause the Certificate of Merger to be filed with the Secretary of State of the State of Delaware, in accordance with the relevant provisions of the DGCL (the time of acceptance by the Secretary of State of the State of Delaware of such filing or such later time as may be agreed to by Acquiror and the Company in writing (and set forth in the Certificate of Merger) being referred to herein as the "***Effective Time***").

(b) Promptly after the Effective Time, Acquiror shall cause the Second Merger to be consummated by filing a certificate of merger in the form attached hereto as Exhibit E-2 (the "***Second Certificate of Merger***") with the Secretary of State of the State of Delaware, in accordance with the relevant provisions of the DGCL and the DLLCA (the time of acceptance by the Secretary of State of the State of Delaware of such filing or such later time as may be agreed to by Acquiror and the Company in writing (and set forth in the Second Certificate of Merger) being referred to herein as the "***Second Effective Time***").

1.5 Effect of the Mergers. At the Effective Time, the effect of the First Merger shall be as provided in this Agreement, the Certificate of Merger and the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of the Company and Sub I shall vest in the First-Step Surviving Corporation, and all debts, liabilities and duties of the Company and Sub I shall become debts, liabilities and duties of the First-Step Surviving Corporation. At the Second Effective Time, the effect of the Second Merger shall be as provided in this Agreement, the Second Certificate of Merger and under the applicable provisions of the DGCL and the DLLCA. Without limiting the generality of the foregoing, and subject thereto, at the Second Effective Time, all the property, rights, privileges, powers and franchises of Sub II and the First-Step Surviving Corporation shall vest in the Surviving Entity, and all debts, liabilities and duties of Sub II and the First-Step Surviving Corporation shall become the debts, liabilities and duties of the Surviving Entity.

1.6 Certificate of Incorporation and Bylaws.

(a) First Merger. At the Effective Time, the certificate of incorporation of the First-Step Surviving Corporation shall be amended and restated as of the Effective Time to be identical to the certificate of incorporation of Sub I as in effect immediately prior to the Effective Time, until thereafter amended in accordance with the DGCL and as provided in such certificate of incorporation; *provided*, however, that at the Effective Time, Article I of the certificate of incorporation of the First-Step Surviving Corporation shall be amended and restated in its entirety to read as follows: "The name of the corporation is ReadCoor, Inc." At the Effective Time, the bylaws of the First-Step Surviving Corporation shall be amended and restated as of the Effective Time to be identical to the bylaws of Sub I, as in effect immediately prior to the Effective Time, until thereafter amended in accordance with the DGCL and as provided in the certificate of incorporation of the First-Step Surviving Corporation and such bylaws.

(b) Second Merger. At the Second Effective Time, the certificate of formation of Sub II, as in effect immediately prior to the Second Effective Time, shall be the certificate of formation of the Surviving Entity at the Second Effective Time, until thereafter amended in accordance with the DLLCA and as provided in such certificate of formation; *provided*, *however*, that at the Effective Time, Article I of the certificate of formation of the Surviving Entity shall be amended and restated in its entirety to read as follows: "The name of the limited liability company is ReadCoor, LLC." At the Second Effective Time, the limited liability company agreement of Sub II, as in effect immediately prior to the Second Effective Time, shall be the limited liability company agreement of the Surviving Entity at the Second Effective Time.

1.7 Directors and Officers.

(a) Directors of First-Step Surviving Corporation. Unless otherwise determined by Acquiror prior to the Effective Time, the directors of Sub I immediately prior to the Effective Time shall be the directors of the First-Step Surviving Corporation immediately after the Effective Time, each to hold the office of a director of the First-Step Surviving Corporation in accordance with the provisions of the DGCL and the certificate of incorporation and bylaws of the First-Step Surviving Corporation until their successors are duly elected and qualified.

(b) Officers of First-Step Surviving Corporation. Unless otherwise determined by Acquiror prior to the Effective Time, the officers of Sub I immediately prior to the Effective Time shall be the officers of the First-Step Surviving Corporation immediately after the Effective Time, each to hold office in accordance with the provisions of the bylaws of the First-Step Surviving Corporation.

(c) Managing Member and Officers of the Surviving Entity. Acquiror shall be the Managing Member (as defined in the limited liability company agreement of the Surviving Entity) of the Surviving Entity. The officers of Sub II immediately prior to the Second Effective Time shall be the officers of the Surviving Entity immediately after the Second Effective Time, each to hold office in accordance with the provisions of the limited liability company agreement of the Surviving Entity.

1.8 Effect on Company Stock, Company Options and Company Warrants.

(a) Company Stock. At the Effective Time, by virtue of the First Merger and without any action on the part of Merger Subs, the Company or the Company Stockholders, subject to Section 1.10(c), Section 1.12 and Article IX, each share of Company Stock (excluding Dissenting Shares and Excluded Shares) issued and outstanding as of immediately prior to the Effective Time shall be cancelled and extinguished, and each holder of such share of Company Stock shall cease to have any rights with respect thereto, and shall be converted automatically into the right to receive, upon the terms set forth in this Section 1.8(a) and throughout this Agreement (including the holdback and indemnification provisions set forth in this Agreement): (A) if the holder of such share of Company Stock is an Accredited Investor, (1) an amount in cash equal to the Per Share Closing Cash Consideration, (2) the Per Share Closing Stock Consideration, (3) the contingent right to receive the Per Share Holdback Stock if, and to the extent, the Holdback Shares become distributable to former holders of Company Stock in accordance with, and subject to, the terms and conditions of this Agreement, and (4) the contingent right to receive the Per Share Expense Fund Amount if, and to the extent, such amounts become distributable to former holders of such shares of Company Stock in accordance with, and subject to, the terms and conditions of this Agreement; and (B) if the holder of such share of Company Stock is an Unaccredited Investor, an amount in cash equal to the Per Share Aggregate Consideration.

(b) Company Options.

(i) On the terms and subject to the conditions set forth in this Agreement, effective as of the Effective Time, each vested Company Option that is outstanding and unexercised as of immediately prior to the Effective Time shall, by virtue of the First Merger, be immediately cancelled and extinguished and shall be converted automatically into the right to receive a cash payment, less any required withholding as contemplated by Section 1.12 below and subject to the terms set forth in this Section 1.8(b) and throughout this Agreement, equal to (A) (1) the product of (x) the number of shares of Company Common Stock subject to such Company Option that are vested and exercisable immediately prior to the Effective Time *multiplied by* (y) the excess, if any, of the Per Share Aggregate Consideration over the applicable per share exercise price of such vested Company Option, *minus* (2) the sum of the Per Share Expense Fund Amount and the Per Share Holdback Cash (each such payment, a "***Closing Option Payment***", and all such payments, the "***Closing Option Payments***") and (B) the contingent right to the Per Share Expense Fund Amount and the Per Share Holdback Cash to the extent such amounts become distributable to contributing Company Equityholders in accordance with, and subject to, the terms and conditions of this Agreement (any payments made under this clause (B), together with the Closing Option Payments, the "***Option Payments***"); *provided*, that no Option Payments shall made with respect to a vested Company Option until Acquiror has received an Optionholder Release Agreement executed by the holder of such vested Company Option. Notwithstanding the foregoing, each Company Option that is either (x) unvested as of the Effective Time or (y) outstanding and unexercised, whether or not vested, as of the Effective Time with a per share exercise price that is equal to or greater than the Per Share Aggregate Consideration, will, in each case, as of the Effective Time, be canceled without the payment of any consideration therefor.

(ii) Acquiror or the Surviving Entity shall pay to each holder of a vested Company Option, in exchange therefor, the Option Payments in respect of such vested Company Option, in the form of cash, pursuant to this Section 1.8(b). Any Closing Option Payment to be made by the Acquiror or Surviving Entity to any former Company Optionholder pursuant to this Section 1.8(b) shall be made (A) for all such persons who are current or former employees of the Company, through payroll and (B) for all other such persons, by the Exchange Agent, in each case as promptly as reasonably practicable following the Closing Date (subject to receipt of an executed Optionholder Release Agreement and, in the case of clause (B), a properly completed and executed IRS Form W-8 or W-9 (and any required attachments thereto)).

(iii) Prior to the Effective Time, and subject to the review and reasonable comment by Acquiror, the Company shall take all actions reasonably necessary to effect the transactions contemplated by this Section 1.8(b) under the Company Stock Plan, all Company Option agreements, or any other plan or arrangement of the Company, and any applicable Legal Requirements, including, to the extent reasonably necessary, adopting all resolutions, giving all notices, obtaining consents from each holder of such Company Options and taking any other actions which are reasonably necessary to effectuate this Section 1.8(b). At the Effective Time, the Company agrees to effect the termination of the Company Stock Plan, subject to the review and reasonable comment by Acquiror.

(c) Company Warrants. The Company Warrants shall not be assumed by Acquiror in the Mergers. Prior to the Effective Time, and subject to the review of Acquiror, the Company shall take all actions reasonably necessary to cause the Company Warrants to be terminated or exercised in accordance with the terms of the Company Warrants as of immediately prior to the Effective Time. The Company shall provide written notice of the First Merger to the Company Warrantholder in accordance with the terms thereof prior to the Effective Time.

(d) Capital Stock of Sub I. Each share of capital stock of Sub I that is issued and outstanding immediately prior to the Effective Time will, by virtue of the First Merger and without further action on the part of the sole stockholder of Sub I, be converted into and become one validly issued, fully paid and non-assessable share of Company Common Stock (and the shares of the Company into which the shares of Sub I capital stock are so converted shall be the only shares of the Company's capital stock that are issued and outstanding immediately after the Effective Time). The certificate evidencing ownership of shares of Sub I capital stock will evidence ownership of such shares of Company Common Stock.

(e) Treatment of Company Stock Owned by the Company and Acquiror. At the Effective Time, all shares of Company Stock that are held by the Company, Acquiror or any direct or indirect wholly owned subsidiary of Acquiror immediately prior to the Effective Time (collectively, the "***Excluded Shares***") shall be cancelled and extinguished without any conversion thereof.

(f) Calculation of Consideration. For purposes of calculating the aggregate amount of cash payable to each Company Stockholder and Company Optionholder and shares of Acquiror Stock issuable to each Company Stockholder pursuant to Section 1.8, including for purposes of calculating their respective portions of the Holdback Shares and Expense Fund Amount, if applicable pursuant to the terms of this Agreement, (i) the consideration payable in respect of shares of Company Stock held by each such Company Stockholder shall be calculated on a certificate-by-certificate basis, (ii) the consideration payable in respect of vested Company Options shall be calculated on a grant-by-grant basis, (iii) the amount of cash to be paid to each Company Stockholder or Company Optionholder for each Company share certificate or Company Option grant held by such Company Stockholder or Company Optionholder, as applicable, shall be rounded down to the nearest whole cent, and (iv) the number of shares of Acquiror Stock to be issued to each applicable Company Stockholder in exchange for each Company share certificate held by such Company Stockholder shall be rounded down to the nearest whole number.

(g) Maximum Merger Consideration. Notwithstanding anything to the contrary contained in this Agreement, in no event shall the aggregate consideration payable or distributable by Acquiror hereunder (assuming for these purposes that the Holdback Fund and the full Expense Fund Amount is paid to the Company Stockholders and Company Optionholders without interest) exceed the Total Consideration Value (with the shares of Acquiror Stock valued at the Acquiror Stock Price for purposes of this Section 1.8(g)).

(h) Appraisal Rights. Notwithstanding anything contained herein to the contrary, any Dissenting Shares shall not be converted into the right to receive the consideration provided for in Section 1.8(a), but shall instead be converted into the right to receive such consideration as may be determined to be due with respect to any such Dissenting Shares pursuant to the applicable provisions of the DGCL. Each holder of Dissenting Shares who, pursuant to the applicable provisions of the DGCL, becomes entitled to payment thereunder for such shares shall receive payment therefor in accordance with the applicable provisions of the DGCL (but only after the value therefor shall have been agreed upon or finally determined pursuant to such provisions). If, after the Effective Time, any Dissenting Shares shall lose their status as Dissenting Shares, then any such shares shall immediately be converted into the right to receive the consideration payable pursuant to Section 1.8(a), in respect of such shares as if such shares never had been Dissenting Shares, and Acquiror shall deliver to the holder thereof, at (or as promptly as reasonably practicable after) the applicable time or times specified in Section 1.10(c), following the satisfaction of the applicable conditions set forth in Section 1.10(c), the number of shares of Acquiror Stock and/or cash to which such holder would be entitled in respect thereof under this Section 1.8 as if such shares of Company Stock never had been Dissenting Shares. The Company shall give Acquiror prompt notice of any demands for appraisal or purchase received by the Company, withdrawals of such demands, and any other instruments served pursuant to the applicable provisions of the DGCL and received by the Company, and both prior to and following the Closing, Acquiror shall have the right to direct all negotiations and

proceedings with respect to demands for appraisal or purchase under the applicable provisions of the DGCL. The Company shall not, except with the prior written consent (such consent not to be unreasonably withheld, conditioned or delayed) of Acquiror, or as otherwise required under the applicable provisions of the DGCL, voluntarily make any payment or offer to make any payment with respect to, or settle or offer to settle, any claim or demand in respect of any Dissenting Shares. Notwithstanding the foregoing, to the extent that Acquiror, the First-Step Surviving Corporation, the Surviving Entity or the Company (i) makes any payment or payments in respect of any Dissenting Shares in excess of the value of all the shares of Acquiror Stock and/or cash that otherwise would have been owed in respect of such shares in accordance with this Agreement or (ii) incurs any Indemnifiable Damages (including attorneys' and consultants' fees, costs and expenses and including any such fees, costs and expenses incurred in connection with investigating, defending against or settling any action or proceeding) in respect of any Dissenting Shares (excluding payments for such shares) ((i) and (ii) together "***Dissenting Share Payments***"), Acquiror shall be entitled to recover under the terms of Article IX hereof the amount of such Dissenting Share Payments.

(i) Rights Not Transferable. The rights of the Consideration Recipients as of immediately prior to the Effective Time are personal to each such Consideration Recipient and shall not be transferable prior to the Effective Time for any reason other than by operation of law, will or the laws of descent and distribution. Any attempted transfer of such right by any holder thereof (otherwise than as permitted by the immediately preceding sentence) shall be null and void.

1.9 Closing Adjustment.

(a) Pre-Closing Estimate. No later than three (3) Business Days prior to the Closing Date, the Company shall deliver to Acquiror a statement (the "***Estimated Closing Statement***") including an unaudited balance sheet of the Company as of immediately prior to Closing and setting forth the Company's good faith estimate of each of (i) Closing Company Debt, (ii) Closing Cash, (iii) Unpaid Transaction Expenses and (iv) Closing Working Capital, such Estimated Closing Statement to be prepared in accordance with (A) GAAP, using the same accounting principles and methods the Company has used to produce the Company Financial Statements (to the extent consistent with GAAP), and (B) the illustration set forth on Schedule 1.9(a) (to the extent consistent with clause (A)) (clauses (A) and (B), collectively, the "***Specified Accounting Principles***"). The Company shall deliver all relevant backup materials, schedules and the illustrations prepared in accordance with the Specified Accounting Principles, in detail reasonably acceptable to Acquiror, concurrently with the delivery of such Estimated Closing Statement. The Company shall consult with Acquiror and its accountants with respect to the preparation of the Estimated Closing Statement. Based on such estimates and prior to the Closing Date, Acquiror and the Company shall in good faith calculate estimates of (i) Closing Company Debt ("***Estimated Closing Company Debt***"), (ii) Closing Cash ("***Estimated Closing Cash***"), (iii) Unpaid Transaction Expenses ("***Estimated Unpaid Transaction Expenses***") and (iv) Closing Working Capital ("***Estimated Closing Working Capital***"), which estimates shall be used to determine the Total Consideration Value for purposes of the Closing.

(b) Post-Closing Adjustment.

(i) As promptly as reasonably practicable, but in no event later than one hundred and twenty (120) calendar days following the Closing Date, Acquiror shall cause to be prepared in accordance with the Specified Accounting Principles and delivered to the Securityholders' Agent an unaudited balance sheet of the Company as of immediately prior to the Closing (the "***Closing Balance Sheet***") and a statement (the "***Acquiror Closing Statement***") setting forth in reasonable detail its proposed calculations of the Adjustment Amount (including its proposed calculations of Closing Company Debt, Closing Cash, Unpaid Transaction Expenses and Closing Working Capital) the ("***Acquiror Closing Date Calculations***") and attaching all relevant backup materials, schedules and the illustrations prepared in accordance with the Specified Accounting Principles, in detail reasonably acceptable to the

Securityholders' Agent. If Acquiror chooses not to deliver the Closing Balance Sheet and the Acquiror Closing Statement in accordance with the foregoing sentence, then the Adjustment Amount shall be deemed to equal zero.

(ii) From and after the delivery of the Closing Balance Sheet and the Acquiror Closing Statement, Acquiror shall provide the Securityholders' Agent and any accountants or advisors retained by the Securityholders' Agent with reasonable access to the books and records of the Company for the purposes of: (A) enabling the Securityholders' Agent and its accountants and advisors to calculate, and to review Acquiror's calculation of, the Adjustment Amount as reflected in the Acquiror Closing Statement; and (B) identifying any dispute related to the calculation of the Adjustment Amount set forth in the Acquiror Closing Statement.

(iii) If the Securityholders' Agent disputes the Adjustment Amount set forth in the Acquiror Closing Statement, then the Securityholders' Agent shall deliver a written notice (an "***Adjustment Dispute Notice***") to Acquiror during the 30-day period commencing upon delivery to the Securityholders' Agent of the Closing Balance Sheet and the Acquiror Closing Statement (the "***Review Period***"). The Adjustment Dispute Notice shall set forth, in reasonable detail, the principal basis for the dispute of such calculation and the Securityholders' Agent's determination of the Adjustment Amount (including its proposed detailed calculations of Closing Company Debt, Closing Cash, Unpaid Transaction Expenses and Closing Working Capital).

(iv) If the Securityholders' Agent does not deliver an Adjustment Dispute Notice to Acquiror prior to the expiration of the Review Period, the Adjustment Amount set forth in the Acquiror Closing Statement shall be deemed final and binding on Acquiror, the Securityholders' Agent and the Company Equityholders as the Adjustment Amount for all purposes of this Agreement.

(v) If the Securityholders' Agent delivers an Adjustment Dispute Notice to Acquiror prior to the expiration of the Review Period, then the Securityholders' Agent and Acquiror shall meet, confer and exchange any additional relevant information reasonably requested by the other party regarding the computation of the Adjustment Amount for a period of thirty (30) calendar days following the Review Period, and use commercially reasonable efforts to resolve by written agreement (the "***Agreed Modifications***") any differences as to the Adjustment Amount. In the event Acquiror and the Securityholders' Agent so resolve any such differences, the Adjustment Amount set forth in the Acquiror Closing Statement, as adjusted by the Agreed Modifications shall be final and binding as the Adjustment Amount for all purposes of this Agreement. If the Securityholders' Agent and Acquiror are unable to reach agreement on the calculation of the Adjustment Amount within the thirty (30) calendar day period following the Review Period, then either the Securityholders' Agent or Acquiror may submit the objections to Grant Thornton LLP or such other firm as mutually agreed to by Securityholders' Agent and Acquiror (such firm, or any successor thereto, being referred to herein as the "***Designated Accounting Firm***") after such thirtieth (30th) day. In resolving any disputed item, the Designated Accounting Firm (x) shall determine Closing Company Debt, Closing Cash, Unpaid Transaction Expenses and Closing Working Capital in accordance with the respective definitions thereof, (y) shall limit its review to matters still in dispute as specifically set forth in the Adjustment Dispute Notice (and only to the extent such matters are still in dispute) and (z) shall act as an expert and not as an arbitrator. The Designated Accounting Firm shall be directed by Acquiror and the Securityholders' Agent to resolve the unresolved objections as promptly as reasonably practicable in accordance with the Specified Accounting Principles, and, in any event, within thirty (30) calendar days of such referral, and, upon reaching such determination, to deliver a copy of its calculations (the "***Expert Calculations***") to the Securityholders' Agent and Acquiror. In connection with the resolution of any such dispute by the Designated Accounting Firm, each of Acquiror, the Securityholders' Agent and their respective advisors and accountants shall have a reasonable opportunity to meet with the Designated Accounting Firm to provide their respective views as to any disputed issues with respect to the calculation

of the Adjustment Amount. The determination of the Adjustment Amount made by the Designated Accounting Firm shall be final and binding on Acquiror, the Securityholders' Agent and the Company Equityholders for all purposes of this Agreement, absent manifest error. In calculating the Adjustment Amount, the Designated Accounting Firm shall be limited to addressing only the particular disputes referred to in the Adjustment Dispute Notice. The Expert Calculations (A) shall reflect in detail the differences, if any, between the calculation of the Adjustment Amount reflected in the Adjustment Dispute Notice and the calculation of the Adjustment Amount set forth in the Acquiror Closing Statement, and (B) with respect to any specific discrepancy or disagreement, shall be no greater than the higher amount calculated by Acquiror or the Securityholders' Agent, as the case may be, and no lower than the lower amount calculated by Acquiror or the Securityholders' Agent as the case may be. The fees and expenses of the Designated Accounting Firm shall be borne by Acquiror, on the one hand, and the Securityholders' Agent, on behalf of the Company Equityholders, on the other hand, in inverse proportion as they may prevail on the matters resolved by the Designated Accounting Firm, which proportionate allocation shall be calculated on an aggregate basis based on the relative dollar values of the amounts in dispute and shall be determined by the Designated Accounting Firm at the time the determination is rendered on the merits of the matters submitted to the Designated Accounting Firm.

(vi) If the Adjustment Amount, as finally determined in accordance with this Section 1.9, is a negative number, then such amount (the "***Shortfall Amount***") owing to Acquiror shall be satisfied by forfeiture of the Holdback Fund in an amount equal to the Shortfall Amount (with the shares of Acquiror Stock valued at the Acquiror Stock Price for purposes of this Section 1.9); *provided*, *however*, that in the event that the Holdback Fund is insufficient to satisfy the Shortfall Amount, the Company Equityholders shall, in proportion to their respective Pro Rata Shares, pay to the Surviving Entity, with respect to foregoing the excess of such Shortfall Amount over the value of the Holdback Fund. For the avoidance of doubt, recovery against the Holdback Fund of any Shortfall Amount shall not reduce any Indemnified Person's liability under Article IX.

(vii) If the Adjustment Amount, as finally determined in accordance with this Section 1.9, is a positive number, then Acquiror shall promptly cause such additional amount of (A) cash or (B) shares of Acquiror Stock (as determined in the sole discretion of Acquiror and with the shares of Acquiror Stock valued at the Acquiror Stock Price for purposes of this Section 1.9) to be paid to the Company Equityholders in proportion to their respective Fully-Diluted Percentage.

1.10 Payment of Merger Consideration.

(a) Exchange Agent. American Stock Transfer & Trust Company, L.L.C. or another Person selected by Acquiror that is reasonably acceptable to the Company, shall serve as the exchange agent (the "***Exchange Agent***") for the First Merger.

(b) Acquiror Closing Payments.

(i) As promptly as practicable after the Closing (but in any event on the Closing Date), Acquiror shall deliver to the Exchange Agent the portion of the Aggregate Cash Consideration payable to the Company Stockholders pursuant to Section 1.8(a), less the Expense Fund Amount (which will be deposited with the Securityholders' Agent pursuant to Section 1.10(b)(iv)).

(ii) As promptly as practicable after the Closing (but in any event on the Closing Date), Acquiror shall deliver to the Exchange Agent the Aggregate Share Consideration payable to the Accredited Investors pursuant to Section 1.8(a), less the Holdback Shares.

(iii) As promptly as practicable after the Closing (but in any event on the Closing Date), Acquiror shall issue (but not distribute) the Holdback Shares. The Holdback Shares, together with the Holdback Cash, shall be held by Acquiror and constitute partial security for the indemnification obligations of such Company Equityholders that are Indemnifying Persons pursuant to Article IX, and shall be held, distributed and/or restricted in accordance with the provisions of this Agreement.

(iv) As promptly as practicable after the Closing (but in any event on the Closing Date), Acquiror shall deposit the Expense Fund Amount with the Securityholders' Agent. The Expense Fund Amount shall be withheld from the cash consideration payable to the Company Stockholders pursuant to Section 1.8(a). Upon deposit of the Expense Fund Amount with the Securityholders' Agent in accordance with the above, Acquiror shall be deemed to have contributed each Company Stockholders' applicable portion of the Expense Fund Amount as determined in accordance with Section 1.8(a).

(v) As promptly as practicable after the Closing (but in any event on the Closing Date), Acquiror will pay, on behalf of the Company, all amounts required to be paid under (A) the payoff letters delivered pursuant to Section 6.2 in order to fully discharge the Company Debt owed to Persons thereunder and (B) invoices delivered pursuant to Section 6.2 in order to fully discharge the amounts owed to Persons thereunder, in each case, by wire transfer of immediately available funds to the accounts designated in such payoff letters and invoices.

(c) Exchange Procedures.

(i) As soon as commercially practicable after the Effective Time, Acquiror or the Exchange Agent shall mail to each Company Stockholder a letter of transmittal in substantially the form attached hereto as Exhibit F (with such changes as may be agreed to by Acquiror and the Company prior to the Closing for purposes of implementing the designations contemplated by Section 6.5(i), the "***Letter of Transmittal***") at the address set forth opposite such Company Stockholder's name in the Consideration Spreadsheet with instructions for use in acknowledging that electronically held certificates representing such Company Stockholder's shares of Company Stock ("***Electronic Company Stock Certificate(s)***") will be cancelled in connection with Closing in exchange for the consideration payable in accordance with Section 1.8(a). After receipt by a Company Stockholder of such (A) Letter of Transmittal and (B) Stockholder Joinder and Release Agreement ((A) and (B) together, and including any required deliveries to the Exchange Agent in accordance with the instructions in the Letter of Transmittal, the "***Exchange Documents***"), such Company Stockholder will be required to acknowledge cancellation of his, her or its Electronic Company Stock Certificates and deliver to the Exchange Agent (as specified in the Letter of Transmittal) duly completed and validly executed Exchange Documents.

(ii) Upon acknowledgement by the Company Stockholder of cancellation of its Electronic Company Stock Certificates and delivery to the Exchange Agent of the Exchange Documents, each duly completed and validly executed in accordance with the instructions thereto, Acquiror shall cause the Exchange Agent to pay to the holder of such Electronic Company Stock Certificates the cash and shares of Acquiror Stock (which shall be in book entry form) such holder is then entitled to receive pursuant to Section 1.8(a). Until so acknowledged, after the Effective Time, the shares of Company Stock held by such Company Stockholder immediately prior to the Effective Time shall, for all corporate purposes, evidence only the ownership of the right to receive the shares of Acquiror Stock and/or cash into which such shares of Company Stock shall have been converted pursuant to the terms of this Agreement. Subject to Section 1.10(d), no portion of the Total Consideration Value will be paid to the holder of any unacknowledged Electronic Company Stock Certificate with respect to shares of Company Stock formerly represented thereby until the holder of record of such Electronic Company Stock Certificate shall

acknowledge cancellation of such Electronic Company Stock Certificate and deliver to the Exchange Agent validly executed Exchange Documents pursuant hereto.

(iii) Notwithstanding the foregoing, Acquiror shall, upon the reasonable request of the Exchange Agent, provide reasonable cooperation to the Exchange Agent in order for the Exchange Agent to deliver to the individuals and entities listed on Exhibit L (the "***Closing Date Payees***"), by wire transfer of immediately available funds (with respect to such Closing Date Payee's cash consideration), no later than one (1) Business Day following the Closing, the cash consideration and shares of Acquiror Stock to be paid to such Closing Date Payee in connection with the Closing in accordance with the Consideration Spreadsheet, *provided*, that (x) the Closing Date Payees shall have delivered their Exchange Documents to the Exchange Agent not later than two (2) days prior to Closing and (y) the Consideration Spreadsheet is finalized not later than two (2) days prior to Closing.

(d) No Further Ownership Rights in the Company Stock. All consideration paid or payable following the surrender for exchange of shares of Company Stock in accordance with the terms hereof shall be so paid or payable in full satisfaction of all rights pertaining to such shares of Company Stock, and there shall be no further registration of transfers on the records of the Company of shares of Company Stock which were issued and outstanding immediately prior to the Effective Time.

(e) Exchange Agent to Return Merger Consideration. At any time following the last day of the twelfth month following the Effective Time, Acquiror shall be entitled to require the Exchange Agent to deliver to Acquiror or its designated successor or assign all amounts that have not been disbursed to the holders of Electronic Company Stock Certificates pursuant to Section 1.10(c), and thereafter the holders of Electronic Company Stock Certificates shall be entitled to look only to Acquiror or the Surviving Entity (subject to the terms of Section 1.10(f)) only as general creditors thereof with respect to any and all cash amounts and shares of Acquiror Stock that may be payable to such holders of Electronic Company Stock Certificates pursuant to Section 1.8 and Section 1.10(c) upon the acknowledgment of cancellation of such Electronic Company Stock Certificates and duly executed Exchange Documents in the manner set forth in Section 1.10(c). No interest shall be payable for the cash amounts and shares of Acquiror Stock delivered to Acquiror pursuant to the provisions of this Section 1.10(e) and which are subsequently delivered to the holders of Electronic Company Stock Certificates.

(f) No Liability. None of Acquiror, the Company, the First-Step Surviving Corporation, the Surviving Entity or the Exchange Agent shall be liable to any Consideration Recipient for any amount paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

(g) Transfers of Ownership. If any shares of Acquiror Stock or cash amounts are to be disbursed pursuant to Section 1.8 and this Section 1.10 to a Person other than the Person whose name is reflected on the Electronic Company Stock Certificate surrendered in exchange therefor, it will be a condition of the issuance or delivery thereof that the certificate so surrendered will be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange will have paid to Acquiror or any agent designated by it any transfer or other taxes required by reason of the payment of any portion of the Total Consideration Value in any name other than that of the registered holder of the certificate surrendered, or established to the satisfaction of Acquiror or any agent designated by it that such tax has been paid or is not payable.

1.11 Tax Consequences.

(a) Acquiror, the Merger Subs and the Company each intend that the Mergers, taken together, constitute a "reorganization" within the meaning of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder (the "***Intended Tax Treatment***"). Each of Acquiror, the Merger Subs,

the Company and their respective Affiliates and Representatives (including Securityholders' Agent) shall file all Tax Returns in a manner consistent with the Intended Tax Treatment, except as otherwise required by Legal Requirements. The Company acknowledges that the Company and the securityholders of the Company are relying solely on their own Tax advisors in connection with this Agreement, the Mergers and the other transactions and agreements contemplated hereby.

(b) This Agreement is intended to constitute, and the parties hereby adopt this Agreement as, a "plan of reorganization" within the meaning Treasury Regulation Sections 1.368-2(g) and 1.368-3.

(c) After the Closing, Acquiror shall use commercially reasonable efforts not to take any action that would reasonably be expected to impede the Mergers from qualifying for the Intended Tax Treatment.

1.12 Withholding Rights. Acquiror, the First-Step Surviving Corporation, the Surviving Entity, any Affiliate of any of the foregoing, and the Exchange Agent (each, a "***Withholding Agent***") shall be entitled to deduct and withhold from any payments deliverable under this Agreement to any Person, such amounts as are required to be deducted and withheld with respect to any such payments under the Code or any provision of applicable Legal Requirements relating to Taxes. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been delivered and paid to the Person in respect of which such deduction and withholding was made. Amounts so deducted and withheld shall be remitted to the appropriate Tax Authority in accordance with applicable Legal Requirements.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Subject to the disclosures set forth in the disclosure schedule of the Company delivered to Acquiror concurrently with the parties' execution of this Agreement (the "***Company Disclosure Schedule***") (it being understood and hereby agreed that (i) the disclosures set forth in the Company Disclosure Schedule shall be organized under separate section and subsection references that correspond to the sections and subsections of this Article II to which such disclosure relates, (ii) the disclosure set forth in a particular section or subsection of the Company Disclosure Schedule shall qualify (A) the representations and warranties set forth in the corresponding section or subsections of this Article II and (B) such other representations and warranties set forth in this Article II if, and solely to the extent that, upon a reading of the disclosure, without any independent knowledge of the subject matter thereof or the contents of any documents referenced therein, such disclosure is clearly applicable to such other representations and warranties, and (iii) the disclosures set forth in the Company Disclosure Schedule shall, except as otherwise set forth therein, be deemed to be representations and warranties made by the Company to Acquiror under this Article II), the Company makes the following representations and warranties to Acquiror and Merger Subs as of the Agreement Date and as of the Closing Date (except to the extent such representations and warranties refer to a specific date and then as of such date only):

2.1 Organization, Good Standing, Corporate Power and Qualification.

(a) The Company is duly incorporated and organized, and is validly existing in good standing, under the laws of the jurisdiction of its formation. The Company has the requisite corporate power and authority to own and operate its properties and assets and to carry on its business. The Company is duly qualified and is authorized to transact business and is in good standing as a foreign corporation in each jurisdiction in which the character or location of its assets or properties (whether owned, leased or licensed) or the nature of its business make such qualification necessary, except for any such jurisdiction

where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect on the Company. The Company has and, since its inception has had, no Subsidiaries, and the Company does not own or control, directly or indirectly, any interest in any corporation, partnership, limited liability company, association or other business entity. The Company is not a participant in any joint venture, partnership, domination and/or profit and loss transfer agreement or similar arrangement. The Company has not agreed and is not obligated to, directly or indirectly, make any future investment in or capital contribution or advance to any Person.

(b) The Company has made available to Acquiror true, correct and complete copies of (i) its certificate of incorporation, as amended to date (the "***Certificate of Incorporation***"), and of its bylaws, as amended to date, each in full force and effect on the Agreement Date (collectively, the "***Charter Documents***") and (ii) the equity ownership records of the Company. The Company has not approved any amendment to any of the Charter Documents. There has not been any violation of any of the provisions of the Charter Documents and the Company has not taken any action that is inconsistent with any resolution adopted by the equityholders of the Company, any governing body of the Company or any committee thereof in any material respect.

(c) Section 2.1(c) of the Company Disclosure Schedule lists the directors and officers of the Company as of the Agreement Date, separately noting which of such directors and officers has any rights to indemnification from the Company and the scope and duration of such rights and also separately lists any other employee or other agent of the Company with rights to indemnification from the Company. No indemnification claims have ever been asserted by any current or former director or officer of the Company.

(d) Section 2.1(d) of the Company Disclosure Schedule lists every state or foreign jurisdiction in which the Company has Employees or facilities or otherwise conducts its business (specifying the existence of Employees or facilities or the conduct of business in each such state or foreign jurisdiction). The operations now being conducted by the Company are not now and have never been conducted by the Company under any other name.

2.2 Capitalization.

(a) The authorized capital stock of the Company consists solely of (i) 6,100,000 shares of Company Common Stock, (ii) 1,668,179 shares of Company Series A Preferred Stock and (iii) 1,902,306 shares of Company Series B Preferred Stock, of which 1,073,148 shares of Company Common Stock, 1,668,179 shares of Company Series A Preferred Stock and 1,886,325 shares of Company Series B Preferred Stock are issued and outstanding as of the Agreement Date.

(b) As of the Agreement Date, the Company Stock is held by the Persons in the amounts set forth in Section 2.2(b) of the Company Disclosure Schedule which further sets forth for each such Person (i) the number, class and series of shares held by such Person, (ii) the percentage held by such Person relative to each class and series of shares such Person holds and the total Company Common Stock and Company Preferred Stock, and (iii) the applicable electronic certificate(s) representing such shares. All shares of Company Stock are electronically certificated through the Company's transfer agent, eShares, Inc., d/b/a Carta, Inc., and no physical stock certificates representing shares of Company Stock remain in existence. Except as set forth in Section 2.2(b) of the Company Disclosure Schedule, the Company has no other capital stock authorized, issued or outstanding.

(c) Except for the Company Stock Plan, the Company has not ever adopted, sponsored or maintained any stock option plan or any other plan or agreement providing for equity compensation to any Person. The Company has reserved 1,103,759 shares of Company Common Stock for issuance to

employees, non-employee directors, advisors and consultants pursuant to the Company Stock Plan, of which (i) 682,977 shares are issuable upon the exercise of outstanding, unexercised options granted under the Company Stock Plan (ii) 65,258 shares have been issued upon the exercise of options granted under the Company Stock Plan, and (iii) 355,524 shares remain available for future grant under the Company Stock Plan. Section 2.2(c) of the Company Disclosure Schedule sets forth, as of the Agreement Date, for each outstanding Company Option, the name of the holder of such option, the type and number of shares of Company Common Stock issuable upon the exercise of such option, the date of grant, the exercise price of such option, the extent vested to date and whether (and to what extent) the vesting of such option is subject to acceleration as a result of the transactions contemplated by this Agreement (assuming the waiver of such holder of any acceleration right were not obtained) and whether such option is a nonstatutory option or qualifies as an "incentive stock" option as defined in Section 422 of the Code and whether such option is subject to Section 409A of the Code and guidance and regulations promulgated thereunder. True and complete copies of all forms of agreements and instruments relating to or issued under the Company Stock Plan (and any individual agreement and instruments that deviate from such form in any material respect), and all forms of stock option agreements, grant documents and other instruments evidencing Company Options and rights under the Company Stock Plan (and any individual agreement and instruments that deviate from such form in any material respect) have been made available to Acquiror, and such agreements, documents and instruments have not been amended, modified or supplemented other than as provided in this Agreement, and there are no agreements to amend, modify or supplement such agreements or instruments from the agreements made available to Acquiror.

(d) All issued and outstanding shares of Company Stock, all Company Options and Company Warrants were issued in all material respects in compliance with all applicable Legal Requirements and all requirements set forth in applicable Contracts and the Company Stock Plan. The outstanding shares of Company Stock have been duly authorized and validly issued and are fully paid and nonassessable and the issuances thereof have been approved by all requisite Company Stockholder action. No holder of shares of Company Stock holds any shares of Company Stock that are subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code with respect to which a valid election under Section 83(b) of the Code has not been made. Copies of each election made under Section 83(b) of the Code in respect of any such Company Stock have been made available to Acquiror.

(e) Except as set forth in Section 2.2(b) and Section 2.2(c) of the Company Disclosure Schedule, (i) there are no securities, options, warrants, restricted stock, stock appreciation rights, restricted stock units, phantom stock, calls, rights, Contracts, commitments, agreements, arrangements or undertakings of any kind to which the Company is a party or by which it is bound obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities or securities convertible into, or linked to or exchangeable for equity interests or voting securities of the Company or obligating the Company to issue, grant, extend or enter into any such security, option, warrant, call, right, Contract, commitment, agreement, arrangement or undertaking, (ii) there are no proxy or stockholder agreements or agreement for the purchase or acquisition from the Company of any equity securities of the Company or any securities convertible into or ultimately exchangeable or exercisable for any equity securities of the Company, (iii) the Company has not made any promises or entered into any Contracts to grant equity incentives to any officer, advisor or Employee of the Company that remain unsatisfied as of the Agreement Date and (iv) there are no outstanding obligations of the Company to repurchase, redeem or otherwise acquire any shares of capital stock of the Company. No equity securities of the Company (i) are subject to any Encumbrances, co-sale rights, "drag-along rights", preemptive rights, rights of first refusal or other rights to purchase, register or transfer such stock (whether in favor of the Company or any other Person) or (ii) were issued in violation of any Encumbrances, co-sale rights, "drag-along rights", preemptive rights, rights of first refusal or other rights to purchase, register or transfer such stock (whether in favor of the Company or any other Person). The Company has no liability for dividends accrued or declared but unpaid. To the Company's knowledge, no Consideration Recipient

has entered into any agreement with respect to the voting of equity securities of the Company or relating to the allocation of the Total Consideration Value in a manner that is inconsistent with the terms of this Agreement. As a result of the First Merger, upon the Effective Time, Acquiror will be the sole record and beneficial holder of all issued and outstanding Company Stock and all rights to acquire or receive any shares of Company Stock, whether or not such shares of Company Stock are outstanding.

(f) Section 2.2(f) of the Company Disclosure Schedule sets forth, as of the Agreement Date for each Company Warrant, the name of the current Company Warrantholder, the number of shares and type of Company Stock subject to such Company Warrant, the date of grant, the exercise price per share, the expiration date of such Company Warrant and the number of shares and type of Company Stock to be issued as of immediately prior to the Closing pursuant to Section 1.6(b) of such Company Warrant. A true, correct and complete copy of each Company Warrant has been provided to Acquiror, and the Company Warrants have not been amended or supplemented since being provided to Acquiror, and there are no Contracts providing for the amendment or supplement of the Company Warrants. The terms of the Company Warrants permit the treatment of the Company Warrants as provided herein, without notice to, or the consent or approval of, the Company Warrantholder or any other Person. The First Merger shall constitute a "Cash/Public Acquisition" under the terms of each Company Warrant.

(g) There are no bonds, debentures, notes or other Company Debt (i) granting its holder the right to vote on any matters on which any Company Equityholder may vote (or that is convertible into, or exchangeable for, securities having such right) or (ii) the value of which is in any way based upon or derived from capital or voting stock of the Company or any of the Subsidiaries, is issued or outstanding as of the Agreement Date (collectively, "***Company Voting Debt***").

2.3 Due Authorization. The Company has all requisite corporate power and authority to enter into this Agreement and all other agreements required to be entered into and performed by the Company under this Agreement (the "***Company Related Agreements***"), to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Company of this Agreement and the Company Related Agreements, the performance by the Company of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate action on the part of the Company, and no further action is required on the part of the Company to authorize the execution, delivery and performance by the Company of this Agreement and the Company Related Agreements and the consummation of the transactions contemplated hereby and thereby, subject only to receipt of the Required Stockholder Approval. The Required Stockholder Approval is the only vote or consent of Company Stockholders required to adopt this Agreement and approve the First Merger and the other transactions contemplated hereby and by the Company Related Agreements under applicable Legal Requirements, the Charter Documents and any other Contract to which the Company is a party. The Company Board has unanimously (a) declared this Agreement and the transactions contemplated hereby and the documents referenced herein, including the Mergers, upon the terms and subject to the conditions set forth herein, advisable, fair to and in the best interests of the Company and the Company Stockholders, (b) approved this Agreement in accordance with the DGCL and (c) adopted a resolution directing that the adoption of this Agreement be submitted to the Company Stockholders for consideration and making the Company Board Recommendation. This Agreement and each of the Company Related Agreements has been, or upon execution and delivery thereof will be, duly executed and delivered by the Company and constitutes, or will constitute, the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject only to the effect, if any, of (i) applicable bankruptcy and other similar Legal Requirements affecting the rights of creditors generally and (ii) Legal Requirements governing specific performance, injunctive relief and other equitable remedies. As of the date of this Agreement and as of the Closing Date, the Company is not, and will not be, a "person" (as defined in 16

C.F.R. § 801.1(a)(1)) with $18.8 million or more of total assets or annual net sales, in each case, as determined in accordance with 16 C.F.R. § 801.11.

2.4 No Conflict. The execution and delivery by the Company of this Agreement and the Company Related Agreements, the performance by the Company of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby, will not conflict with or result in any violation of or default under (with or without notice or lapse of time, or both) or give rise to any payment obligation, right of termination, cancellation, modification or acceleration of any benefit or obligation or loss of any benefit under (any such event, a "***Conflict***") (a) any provision of the Charter Documents, as amended, (b) any Contract to which the Company is a party or by which any of its properties or assets (whether tangible or intangible) are bound, except for any such Conflicts as would not, individually or in the aggregate, reasonably be expected to be material, or (c) any Legal Requirement applicable to the Company or any of its properties or assets (whether tangible or intangible). Section 2.4 of the Company Disclosure Schedule sets forth all necessary consents, notices, waivers and approvals of parties to any Contracts required to be disclosed pursuant to clause (b) of the preceding sentence as are required thereunder in connection with the Mergers, or for any such Contract to remain in full force and effect without limitation, modification or alteration after the Effective Time and the Second Effective Time. Following the Effective Time, the First-Step Surviving Corporation, and following the Second Effective Time, the Surviving Entity, will be permitted to exercise all of the rights of the Company under the Contracts referenced in clause (b) above to which the Company is a party without any restrictions, limitations or the payment of any additional amounts or consideration other than ongoing fees, royalties or payments which the Company would otherwise be required to pay pursuant to the terms of such Contracts had the transactions contemplated by this Agreement not occurred.

2.5 Governmental Consents. Except for the filing of the Certificate of Merger, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Entity is required on the part of the Company in order to enable the Company to execute, deliver and perform its obligations under this Agreement or the Company Related Agreements and to consummate the transactions contemplated hereby and thereby.

2.6 Litigation. There is no, and there has not been in the past, any private or governmental action, suit, proceeding, claim, audit, arbitration or investigation of any nature ("***Action***") (a) currently pending, or, to the Company's knowledge, threatened, against the Company or any of its properties or assets, (b) to the Company's knowledge, pending or threatened against any director, officer or employee of the Company (in their respective capacities as such or relating to their employment or services with the Company), or (c) to the Company's knowledge, pending or threatened that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Mergers or any of the other transactions contemplated hereunder, nor to the knowledge of the Company is there any reasonable basis for any Action of the types described in clauses (a)-(c) above. The Company is not a party or subject to the provisions of, any order, writ, injunction, judgment or decree of any Governmental Entity. There is no Action by the Company currently pending or which the Company intends to initiate. No Governmental Entity has at any time challenged or questioned the legal right of the Company to conduct its operations as presently or previously conducted or as currently contemplated to be conducted. The Company has submitted each pending or threatened Action for which there is insurance coverage to its applicable insurance carrier.

2.7 Restrictions on Business Activities. There is no Contract to which the Company is a party, or any judgment, injunction, order or decree binding upon the Company or any of its Affiliates, which has or would reasonably be expected to have, whether before or after the Effective Time, the effect of prohibiting or impairing any current business practice of the Company, any acquisition of property by the Company or the conduct of business by the Company. Without limiting the generality of the foregoing, the

Company has not entered into any Contract under which the Company or its Affiliates is restricted from selling, licensing, manufacturing, delivering or otherwise distributing or commercializing any Company Owned Intellectual Property or Company Products or from providing services to any class of customers, or any potential customers or any potential class of customers, in any geographic area, during any period of time, or in any segment of the market, including by means of any grant of exclusivity, or from hiring or soliciting potential employees, consultants or independent contractors.

2.8 Intellectual Property.

(a) Company Products. Section 2.8(a) of the Company Disclosure Schedule sets forth an accurate and complete list and description as of the date of this Agreement of each Company Product.

(b) Title to Company Owned Intellectual Property. All Company Owned Intellectual Property is owned exclusively by the Company, or licensed exclusively to, the Company, free and clear of all Encumbrances other than Permitted Encumbrances. The Company has the exclusive right to bring a claim or suit against a Person for infringement or misappropriation of the Company Owned Intellectual Property. The Company has not granted any Person any right to control the prosecution or maintain any of the Company Registered IP. The Company has not granted any Person any right to control, or commence, defend or otherwise control any proceeding with respect to (i) any Company Owned Intellectual Property or (ii) any Company Licensed Intellectual Property for which the Company has been granted the right to control prosecution, registration or any actions with respect thereto. With the exception of those set forth in Section 2.8(b) of the Company Disclosure Schedule, the Company has not assigned, sold, or otherwise transferred, or agreed to assign, sell or otherwise transfer ownership of any Intellectual Property Rights or Technology to any Person that are or were Company Owned Intellectual Property, other than those that are de minimis to the Company. The Company has not granted any exclusive license to any Person with respect to any Intellectual Property Rights or Technology that are or were Company Owned Intellectual Property that are not de minimis to the Company. The Company has not granted any non-exclusive license to any Person with respect to any Intellectual Property Rights or Technology that are or were Company Owned Intellectual Property, other than the Outbound License Agreements listed in Section 2.8(m) of the Company Disclosure Schedule. No Person has or retained joint ownership of any Intellectual Property Rights that are or were Company Owned Intellectual Property. The Company has no obligation to disclose to or share with the general public, or permit the general public access to, any Intellectual Property Rights that are or were Company Owned Intellectual Property, in each case, other than those that are de minimis to the Company. No Person has any ownership or retained right or exclusive license under Intellectual Property Rights or Technology that constitute derivative works of, or modifications or improvements to, the Company Owned Intellectual Property, other than those that are de minimis to the Company. The Company has not granted any licensees any rights to sublicense any Intellectual Property Rights included in the Company Owned Intellectual Property.

(c) Prior Rights. All rights in, to and under all Intellectual Property Rights and Technology created by or on behalf of the Company's agents, employees or founders for or on behalf of or in contemplation of the Company (i) prior to the inception of the Company or (ii) prior to their commencement of employment with the Company have been duly and validly assigned to the Company, and the Company has no reason to believe that any such Person is unwilling to provide the Company, the Surviving Entity or Acquiror with such cooperation as may reasonably be required to complete and prosecute all appropriate U.S. and foreign patent and copyright filings related thereto.

(d) Company Registered IP. Section 2.8(d) of the Company Disclosure Schedule lists a true and complete list of all Registered IP owned or purported to be owned by, filed in the name of, or licensed exclusively to the Company ("***Company Registered IP***"), indicating for each item: (i) the filing date, the date of registration and the status, the jurisdiction in which such item of Company Registered IP

has been registered or filed and the applicable application, registration, or serial or other similar identification number and (ii) the name of the record owner and any other Person that has an ownership interest in such item of Company Registered IP and the nature of such ownership interest. The Company Disclosure Schedule also lists a true and complete list of all material unregistered trademarks. All Company Products covered by a Patent, trademark or copyright included in the Company Intellectual Property have been marked with the notice (applicable as of the date hereof) in all nations where the Company has sold or offered the Company Products for sale. The Company has provided to Acquiror complete and accurate copies of all applications, correspondence, and other material documents filed with, or submitted to, the U.S. Patent and Trademark Office related to each item of Company Registered IP. Each of the Patents owned or purported to be owned by Company included in the Company Registered IP properly identifies each and every inventor of the claims thereof as determined in accordance with the applicable laws of the jurisdiction in which such Patent is issued or pending.

(e) Validity. Each item of Company Registered IP is and at all times has been in compliance with all Legal Requirements (including payment of filing, examination and maintenance fees and proofs of use), is valid, subsisting and enforceable, and there are no facts or circumstances known to the Company that would render any Company Registered IP invalid or unenforceable. No application for, or registration with respect to, any type of Company Registered IP filed by or on behalf that is material to the business of the Company has been abandoned, allowed to lapse, or rejected. The Company and its patent counsel have complied with their duty of candor and disclosure and have made no material misrepresentations in the filings submitted to the applicable Governmental Entities with respect to all Patents included in the Company Registered IP. No interference, opposition, reissue, reexamination, inter partes review, post grant review or other proceeding is or has been pending, or to the knowledge of the Company, threatened, in which the scope, validity, inventorship, ownership or enforceability of any Company Registered IP is being or has been or could reasonably be expected to be, contested or challenged (other than rejections, objections or other similar challenges in any office actions made by the applicable intellectual property office in the ordinary course of the prosecution of applications for registration). No trademark owned or controlled by the Company conflicts or interferes with any trademark owned, used, and applied for by any other Person. No event or circumstance (including a failure to exercise adequate quality controls and an assignment in gross without accompanying goodwill) has occurred or exists that has resulted in, or could reasonably be expected to result in, the abandonment of any material trademark (whether registered or unregistered) owned, used, or applied for by the Company. None of the goodwill associated with or inherent in any trademark (whether registered or unregistered) in which the Company has or purports to have an ownership interest has been impaired. Except as set forth in Section 2.8(e) of the Company Disclosure Schedule, there are no actions that are required to be taken by the Company within 180 days of the date hereof, including the payment of any registration, maintenance or renewal fees or the filing of or response to any documents, applications or certificates, for the purposes of obtaining, perfecting, maintaining, or renewing any Company Registered IP. The Company has not taken or failed to take any action that could be reasonably expected to result in the abandonment, invalidity, cancellation, forfeiture, relinquishing, invalidation or unenforceability of any of the material Company Registered IP, except that the foregoing shall apply to all Company Registered IP filed or applied for since January 1, 2018.

(f) [Reserved].

(g) Private Grants. At no time during the conception of or reduction to practice of any of the Company Owned Intellectual Property was any founder, developer, inventor or other contributor to such Company Owned Intellectual Property (i) operating under any grants from any private source or performing research sponsored by any private source, (ii) subject to any employment agreement or invention assignment or nondisclosure agreement in connection with such private source, in each case (i) and (ii), that could adversely affect, restrict or in any manner encumber the Company's rights in such Company Owned Intellectual Property.

(h) Government Funding. Except as otherwise set forth in Section 2.8(h) of the Company Disclosure Schedule, no funding, facilities, personnel or resources of any Governmental Entity, university, college, other educational or research institution, non-profit organization, multi-national, bi-national or international organization or research center were used, directly or indirectly, to develop or create, in whole or in part, any Company Owned Intellectual Property or in connection with the discovery, design, identification, research or development of any Company Products. Except as expressly disclosed in Section 2.8(h) of the Company Disclosure Schedule with respect to any Company Owned Intellectual Property that is exclusively licensed by any such entity to the Company or its Affiliates, rather than owned by, the Company, no such entity or institution (i) owns or otherwise holds, or has the right to obtain, any rights to any Company Owned Intellectual Property, (ii) has imposed or purported to impose, or has the right, whether contingent or otherwise, to impose, any obligations or restrictions on the Company (or, following the Closing, on Acquiror) with respect to the licensing or granting of any Company Owned Intellectual Property or the manufacture or commercialization of any product incorporating, combining or using Company Intellectual Property, or (iii) is or may become entitled to receive any royalties or other payments from the Company (or, following the Closing, Acquiror).

(i) Invention Assignment and Confidentiality Agreement. In each case in which the Company has acquired or purported to acquire ownership of any Intellectual Property Rights or Technology from any Person, including as a result of engaging any consultant, advisor, employee or independent contractor to independently or jointly develop any Intellectual Property Rights or Technology for or on behalf of the Company (each an "***Author***"), the Company has obtained unencumbered and unrestricted exclusive ownership of, by operation of law or by a valid and enforceable written assignment sufficient to irrevocably transfer all of, such Intellectual Property Rights or Technology, and has obtained from such Authors the waiver of all non-assignable rights, including any moral rights. Without limiting the foregoing, the Company has obtained written and enforceable proprietary information and invention disclosure and Intellectual Property Rights assignments from all current and former Authors. Copies of the Company's standard form of agreement containing any assignment or license of Intellectual Property Rights (the "***Employee Proprietary Information Agreement***") and the Company's standard forms of professional services, outsourced development, consulting, or independent contractor agreements containing any assignment or license of Intellectual Property Rights (the "***Consultant Proprietary Information Agreements***") have been made available to Acquiror. Section 2.8(i) of the Company Disclosure Schedule accurately identifies as of the Agreement Date each Contract containing any assignment or license of Intellectual Property Rights that deviates in any material respect from the corresponding standard form agreement provided to Acquiror.

(j) No Violation. No current or former employee, consultant, advisor or independent contractor of the Company: (i) is in violation of any term or covenant of any Contract relating to employment, invention disclosure, invention assignment, non-disclosure or non-competition or any other Contract with any other party by virtue of such employee's, consultant's, advisor's or independent contractor's being employed by, or performing services for, the Company or using trade secrets or proprietary information of others without permission; or (ii) has developed any Technology for the Company that is subject to any Contract under which such employee, consultant, advisor or independent contractor has assigned or otherwise granted to any Person any rights (including Intellectual Property Rights) in or to such Technology.

(k) Confidential Information. The Company has taken all reasonable steps to protect and preserve the confidentiality of all confidential or non-public information and trade secrets of the Company or provided by any Person to the Company and the Company's material confidential Know-How, including all proprietary information that the Company holds, or purports to hold, as a trade secret ("***Confidential Information***"). All current and former employees and contractors of the Company and any other Person having (or who have had) access to Confidential Information have executed and delivered to

the Company a written legally binding agreement sufficient to protect such Confidential Information. To the knowledge of the Company, (i) the Company has not disclosed or otherwise made available or accessible any of its material Know-How intended to be maintained as confidential to any Person who is not subject to a written agreement to maintain the confidentiality of such Know-How and (ii) there has not been any disclosure of or access to any material Know-How of the Company (including any such information of any other Person disclosed in confidence to the Company) to any Person in a manner that has resulted or is likely to result in the loss of trade secret or other rights in and to such information.

(l) Non-Infringement. The Company has not brought any Action against any Person for infringement, misappropriation or violation of any Intellectual Property Rights. To the knowledge of the Company, there has not been and there is no unauthorized use, unauthorized disclosure, infringement, misappropriation or violation of any Company Intellectual Property by any Person. The Company Products, and the operation of the business of the Company including the design, development, manufacture, coding, use, sale, provision, offer to sell and distribution of any Company Products, has not and is not infringing, misappropriating or violating the Intellectual Property Rights or any other rights of any Person or constitute unfair competition or trade practices under the Legal Requirements of any jurisdiction. No Action has been brought or asserted in writing against the Company by, and the Company has not received written notice, including indemnification claims, from any Person (nor, to the knowledge of the Company, is there any basis therefor), (i) challenging the Company Intellectual Property, (ii) inviting the Company to license any Intellectual Property Rights of any Person, or (iii) claiming that any Company Product or the operation of the Company's business, infringes, misappropriates or violates the Intellectual Property Rights of any Person or constitute unfair competition or trade practices under the Legal Requirements of any jurisdiction (nor, to the knowledge of the Company, is there any basis therefor). There are no orders, writs, injunctions or decrees to which the Company, or to the Company's knowledge, any other Person, is subject with respect to any Company Intellectual Property. There are no covenants not to sue, consents, settlement agreements, judgments, orders or similar obligations that do or may: (x) restrict the rights of the Company to use, transfer, license or enforce any of its Technology or Company Intellectual Property, (y) restrict the conduct of the business of, including any payments by or conditions on, the Company in order to accommodate Personal Intellectual Property, or (z) grant any Person any right with respect to any Company Intellectual Property. The Company has not received any opinion of counsel that the conduct of the business of the Company or the practice or other exploitation of any Company Intellectual Property, has infringed, misappropriated, diluted or otherwise violated, or will infringe, misappropriate, dilute or otherwise violate, any Intellectual Property Rights of any other Person.

(m) Licenses; Agreements. Section 2.8(m)(i) of the Company Disclosure Schedule sets forth a complete and accurate list of all Contracts under which the Company grants or has granted to a Person any rights or license under or with respect to any Company Owned Intellectual Property (each an "***Outbound License Agreement***"). Except for Outbound License Agreements made available to Acquiror, the Company has not granted any options, licenses or agreements of any kind relating to any Company Owned Intellectual Property, including any covenant or other provision that in any way limits or restricts the ability of the Company to use, assert, enforce, or otherwise exploit any Company Owned Intellectual Property anywhere in the world. Section 2.8(m)(ii) of the Company Disclosure Schedule sets forth a complete and accurate list of all Contracts under which a Person grants to the Company any rights or licenses under or with respect to any Intellectual Property Rights or Technology incorporated, combined or used in (i) the sale, manufacture, import, development, commercialization or any other exploitation of Company Products, or (ii) the operation of the Company's business (each, an "***Inbound License Agreement***"), other than licenses of Standard Software and Open Source Materials.

(n) Company Intellectual Property Agreements. All Company Intellectual Property Agreements are in full force and effect. With respect to the Company Intellectual Property Agreements:

(i) The Company is not (and, except as set forth in Section 2.4 of the Company Disclosure Schedule, will not be as a result of the execution and delivery or effectiveness of this Agreement or the performance of the Company's obligations under this Agreement), and, to the knowledge of the Company, no other parties are, in breach of any Company Intellectual Property Agreement;

(ii) Except as set forth in Section 2.4 of the Company Disclosure Schedule, at the Effective Time, Acquiror and the First-Step Surviving Corporation (as a wholly-owned subsidiary of Acquiror), and following the Second Effective Time, the Surviving Entity (as a wholly-owned subsidiary of Acquiror) will be permitted to exercise all of the Company's rights under the Company Intellectual Property Agreements to the same extent the Company would have been able to had the transactions contemplated by this Agreement not occurred and without the payment of any additional amounts or consideration other than ongoing fees, royalties or payments which the Company would otherwise be required to pay;

(iii) There are no disputes regarding the scope of any Company Intellectual Property Agreements, or performance under any Company Intellectual Property Agreements including with respect to any payments to be made or received by the Company thereunder;

(iv) No Company Intellectual Property Agreement requires the Company to return or refund any amounts paid to it, or grant any credit to any Person, or pay any liquidated damages or penalties in the event of any breach of any warranty or any failure of the Company to perform under such Company Intellectual Property Agreement; and

(v) No Person that has licensed Intellectual Property Rights to the Company has retained ownership of, or license rights under, any Intellectual Property Rights in or to improvements or derivative works made by the Company in or to such Personal Intellectual Property, other than those that are *de minimis* to the Company.

(o) Source Code. The Company has not disclosed, delivered, licensed or made available to any Person or agreed or obligated itself to disclose, deliver, license or make available to any Person, or permitted the disclosure or delivery to any escrow agent or other Person of, any Company Source Code, other than disclosures to employees and independent contractors who are individuals not companies involved in the development of Company Products under binding written agreements that prohibit use or disclosure except in the performance of services for the Company. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time, or both) will, or would reasonably be expected to, result in the disclosure, delivery or license by the Company of any Company Source Code, other than disclosures to employees and individual independent contractors involved in the development of Company Products under binding written agreements that prohibit use or disclosure except in the performance of services for the Company. Without limiting the foregoing, neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will result in a release from escrow or other delivery to a Person of any Company Source Code.

(p) Software; Bugs. The Software constituting Company Owned Intellectual Property and used in the provision of Company Products does not contain any disabling mechanisms or protection features which are designed to disrupt, disable, harm or otherwise impede in any manner the operation of, or provide unauthorized access to, a computer system or network or other device on which such Software is stored or installed or damage or destroy any data or file without the user's consent. The Company has implemented procedures that are both reasonable and consistent with standard industry practices designed to ensure that Company Products and other software constituting Company Owned Intellectual Property are free from viruses, disabling or other malicious codes. Such Company Products and other software constituting Company Owned Intellectual Property do not contain any bugs which materially and adversely

affect, or may reasonably be expected to adversely affect, the value, functionality or fitness for the intended purpose of such Company Products and other software constituting Company Owned Intellectual Property. No such Software fails to comply in any material respect with any applicable warranty or other contractual commitment relating to the use, functionality, or performance of such Company Product or any product or system containing or used in conjunction with such Company Product.

(q) Open Source Software Use. Section 2.8(q)(i) of the Company Disclosure Schedule lists all Open Source Materials included in, combined with, or used in the delivery of, any Company Product or other Company Owned Intellectual Property, as the case may be, and identifies each relevant license for such Open Source Materials and describes whether the Open Source Materials were modified and/or distributed by the Company. Section 2.8(q)(ii) of the Company Disclosure Schedule lists any Company Product or other Company Owned Intellectual Property that has been distributed or made available under any "free software," "open source software" or similar licensing or distribution terms.

(r) Open Source Software Compliance. With respect to Open Source Materials that are or have been used by the Company in any way, the Company has been and is in compliance in all material respects with the terms and conditions of all applicable licenses for the Open Source Materials, including attribution and copyright notice requirements. Except as set forth in Section 2.8(r) of the Company Disclosure Schedule, the Company has not used any Open Source Materials in a manner that (i) requires, or conditions the use or distribution of such Open Source Materials or portion thereof on, (A) the disclosure, licensing, or distribution of any source code for a Company Product or Company Owned Intellectual Property or any portion thereof, (B) the granting to licensees of the right to reverse engineer or make derivative works or other modifications to such Company Products or Company Owned Intellectual Property or portions thereof, (C) licensing or otherwise distributing or making available a Company Product or Company Owned Intellectual Property or any portion thereof for a nominal or otherwise limited fee or charge or (D) granting any Intellectual Property Rights owned by the Company to any licensee or other third party, or (ii) imposes any limitation, restriction, or condition on the right or ability of the Company to use, license, distribute or charge for any Company Product or Company Owned Intellectual Property or any Technology or Intellectual Property Rights therein.

(s) Standards Bodies. The Company has not ever been a member or promoter of, or a contributor to, any industry standards body or similar organization that could require or obligate the Company to grant or offer to any other Person any license or right to or otherwise impair the Company's control of any Company Owned Intellectual Property or require or obligate the Acquiror or any of its Affiliates to grant or offer to grant to any other Person any license or right to or otherwise impair the Acquiror's or any such Affiliate's control of any Company Owned Intellectual Property.

(t) Sufficiency. The Company owns or otherwise has, and, except as set forth in Section 2.4 of the Company Disclosure Schedule, immediately after the Closing Acquiror will have, the right to use all Intellectual Property Rights and Technology used in or necessary for the conduct of the business of the Company as currently conducted or as currently proposed to be conducted, including the design, development, manufacture, coding, license, sale, provision, maintenance and support, and use of all Company Products currently under development or in production. Except as set forth in Section 2.4 of the Company Disclosure Schedule, the Company will continue to own, license or have the right to use such Technology and Intellectual Property Rights immediately following the Closing Date to the same extent as prior to the Closing Date. The Company Owned Intellectual Property, together with any Intellectual Property Rights licensed pursuant to the Inbound License Agreements, constitutes all of the Intellectual Property Rights and Technology used in or necessary for the conduct of the business of the Company as currently conducted, or as currently proposed to be conducted.

(u) Effect of Transaction. Neither the execution, delivery, and performance of this Agreement nor the consummation of any of the transactions or agreements contemplated by this Agreement will, with or without notice or the lapse of time, result in, or give any other Person the right or option to cause or declare, (i) a loss or impairment of, or Encumbrance on, payment of additional amounts with respect to, a reduction of any amounts payable to the Company with respect to, any Company Owned Intellectual Property; (ii) except as set forth in Section 2.4 of the Company Disclosure Schedule, a breach of, termination of, or acceleration or modification of any right or obligation under any Company Intellectual Property Agreement; (iii) the release, disclosure, or delivery of any Company Owned Intellectual Property by or to any escrow agent or other Person; (iv) the grant, assignment, or transfer to any other Person of any license or other right or interest under, to, or in any Technology or Intellectual Property Right; or (v) Acquiror or any of its Affiliates being bound by or subject to any exclusivity obligations, non-compete or other restrictions on the operation or scope of their respective businesses, or to any obligation to grant any rights in or to any of Acquiror's or its Affiliates' Technology or Intellectual Property Rights. No current or former partner, director, stockholder, officer (or equivalent thereof), or employee of the Company will, after giving effect to the transactions contemplated hereby, own, license, or retain any rights in any of the Intellectual Property Rights owned, used, or held for use (including for defensive purposes) by the Company.

(v) Privacy. To the extent required by applicable Legal Requirements, privacy and cookie notices and policies regarding the collection, retention, use and distribution of the Personal Data of individuals, including from visitors to the Company's website and users of the services offered via its website, are and have been accessible to individuals in the past 24 months prior to the Agreement Date (collectively, the "***Privacy Notice***"). The Company has, in all material respects, accurately described in the Privacy Notice the Company's use of cookies, web beacons and other online tracking technologies. All versions of the Privacy Notice and the Company's collection, retention, use, disclosure and distribution of Personal Data comply in all material respects with all applicable Legal Requirements. In all material respects, the Company (i) complies and has complied for the past 24 months prior to the Agreement Date with the Privacy Notice as applicable to any given set of Personal Data collected by the Company from individuals and (ii) complies and has complied for the past 24 months prior to the Agreement Date with all applicable Legal Requirements governing the security, collection, retention, use, disclosure and processing of Personal Data (such as, to the extent applicable, Regulation 2016/679 of the European Parliament and the Council (the General Data Protection Regulation, or "***GDPR***")). The Company has not received any written or, to the knowledge of the Company, oral claims, notices or complaints regarding the Company's information practices, excluding inquiries from employees regarding same, or the disclosure, retention or misuse of any Personal Data in its possession custody or control. To the knowledge of the Company, there has been no formal audit, proceeding, investigation or claim against the Company by any private party or any regulatory or other governmental body or official, foreign or domestic, regarding the collection, use, retention, storage, security, transfer, disposal, disclosure or other processing of Personal Data by or for the Company. In the past 24 months prior to the Agreement Date, the Company has complied in all material respects with all of its contractual obligations governing its use, collection, retention, storage, disclosure, transfer, disposal, and other processing of any Personal Data in its possession, custody or control.

(w) Security Agreements. To the extent required by applicable Legal Requirements, the Company has confidentiality agreements in place with all Persons whose relationship with the Company involves the collection, use, disclosure, storage, or processing of Personal Data on behalf of the Company, which agreements require such Persons to protect such Personal Data in a manner consistent with the Company's obligations in the Privacy Notice and in compliance with applicable Legal Requirements. Neither the execution, delivery nor performance of this Agreement, nor the consummation of any of the transactions contemplated by this Agreement will result in any material violation of any Privacy Notice or any applicable Legal Requirement. The Company has commercially reasonable safeguards in place designed to protect Personal Data in the Company's possession or control from unauthorized access by

third Persons, including the Company's employees and contractors. To the Company's knowledge, no Person has made any material illegal or unauthorized use of Personal Data that was collected by or on behalf of the Company and is in the possession or control of the Company.

(x) The IT Systems (i) are in good repair and operating condition and are adequate and suitable (including with respect to working condition, security, performance and capacity) for the purposes for which they are being used or held for use and (ii) do not contain any Malware that would reasonably be expected to interfere with the ability of the Company to conduct its business. The Company has implemented, maintains, and complies with commercially reasonable business continuity and backup and disaster recovery plans and security plans, procedures and facilities with respect to the IT Systems. In the past 24 months prior to the Agreement Date, the Company has implemented and maintained, security and other measures, such as administrative, technical and physical safeguards, designed to protect the IT Systems used by the Company to store, process or transmit Company Owned Intellectual Property, Confidential Information, Customer Data, or Personal Data (each in the Company's possession, custody or control) collected from individuals from loss, theft, or unauthorized or illegal access, use, disclosure or modification. Such safeguards, in all material respects, meet all applicable Legal Requirements (including any encryption requirements imposed by such Legal Requirements). There have been no material security breaches or instances of unauthorized access, disclosure, use, destruction or loss of confidentiality, integrity, availability of (i) any IT Systems utilized in the operation of the business of the Company, (ii) the Confidential Information, (iii) the Customer Data, or (iv) any Personal Data in the Company's possession, custody or control.

2.9 Compliance with Legal Requirements and Documents; Permits. The Company is not, and has never been, in violation or default of any provisions of its Charter Documents or of any provision of any material Contract to which it is a party or by which it is bound, and the Company has complied in the past 36 months prior to the Agreement Date in all material respects with all, and is not in violation in any material respects of any, applicable Legal Requirements. The Company has not received any written notice of any violation of any such Legal Requirement and is not, and has not been, to the knowledge of the Company, under investigation with respect to or threatened to be charged with any violation of any applicable Legal Requirement. Section 2.9 of the Company Disclosure Schedule sets forth each material consent, license, permit, grant or other authorization (a) pursuant to which the Company currently operates or holds any interest in any of its properties or (b) which is required for the operation of the businesses of the Company as currently conducted or the holding of any such interest (collectively, "***Company Authorizations***"). All of the Company Authorizations have been issued or granted to the Company, are in full force and effect and constitute all Company Authorizations required to permit the Company to operate or conduct its business or hold any interest in its properties or assets.

2.10 Title to Property and Assets.

(a) The Company does not own any real property, nor has the Company ever owned any real property. Section 2.10(a) of the Company Disclosure Schedule sets forth a list of all real property currently leased, subleased or licensed by or from the Company or otherwise used or occupied by the Company for the operation of its business (the "***Leased Real Property***"), the name of the lessor, licensor, sublessor, master lessor and/or lessee, the date and term of the lease, license, sublease or other occupancy right and each amendment thereto, and the aggregate annual rent payable thereunder.

(b) The Company has made available to Acquiror true, correct and complete copies of all leases, lease guaranties, subleases, agreements for the leasing, use or occupancy of, or otherwise granting a right in or relating to the Leased Real Property, including all amendments, terminations and modifications thereof ("***Lease Agreements***"), and there are no other Lease Agreements for real property affecting the Leased Real Property or to which the Company is bound. All such Lease Agreements are valid and effective

in accordance with their respective terms, and there is not, under any of such leases, any existing default, rent past due or event of default (or event which with notice or lapse of time, or both, would constitute a default). The Company has not received any written notice of a default, alleged failure to perform, or any offset or counterclaim with respect to any such Lease Agreement, which has not been fully remedied and withdrawn. The occurrence of the Effective Time will not affect the enforceability of any such Lease Agreement or the rights of the Company, the First-Step Surviving Corporation or the Surviving Entity (following the Second Effective Time) to the continued use and possession of the Leased Real Property for the conduct of business as presently conducted. There are no other parties occupying, or, to the Company's knowledge, with a right to occupy, the Leased Real Property. No commission is owed, with respect to any such Leased Real Property, and the Company would not owe any such fees if any existing Lease Agreement were renewed pursuant to any renewal options contained in such Lease Agreements.

(c) The Leased Real Property, to the Company's knowledge, is sufficient and otherwise suitable for the conduct of the business as presently conducted.

(d) The Company has good and valid title to, or, in the case of leased properties and assets, valid leasehold interests in, all of their tangible properties and assets, real, personal and mixed, used or held for use in its business, free and clear of any Encumbrances, except Permitted Encumbrances.

(e) The equipment owned or leased by the Company (i) is adequate for the conduct of the business of the Company as currently conducted and as currently contemplated to be conducted, and (ii) is in good operating condition, regularly and properly maintained, subject to normal wear and tear.

2.11 Company Financial Statements.

(a) Attached as Section 2.11 of the Company Disclosure Schedule are (i) the Company's audited consolidated balance sheets as of December 31, 2019, December 31, 2018 and December 31, 2017, and the related respective audited statements of operations, cash flow and stockholders' equity for the fiscal years then ended, (ii) the Company's unaudited consolidated balance sheet as of June 30, 2020 and the related unaudited consolidated statements of operations, cash flow and stockholders' equity for the six (6) months then ended and for the corresponding six (6) month period during the fiscal year ended December 31, 2019 and (iii) the Company's unaudited consolidated balance sheet as of August 31, 2020 and the related unaudited consolidated statements of operations, cash flow and stockholders' equity for the eight (8) months then ended (such financial statements under clauses (i) and (ii) being collectively referred to herein as the "***Company Financial Statements***"). The Company Financial Statements (x) are true and correct in all material respects, (y) have been prepared in accordance with GAAP consistently applied through the periods indicated and consistent with each other and (z) present fairly the financial condition of the Company at the date or dates therein indicated and the results of operations and cash flows for the period or periods therein specified. The Company's unaudited consolidated balance sheet as of August 31, 2020 (the "***Balance Sheet Date***") is referred to hereinafter as the "***Current Balance Sheet***."

(b) The Company maintains accurate business records, financial books and records, personnel records, ledgers, sales accounting records, tax records and related work papers and other books and records (the "***Books and Records***") reflecting its assets and Liabilities and maintains proper and adequate internal accounting controls that provide assurance that (i) transactions are executed with management's authorization, (ii) transactions are recorded as necessary to permit preparation of their financial statements and to maintain accountability of their assets, (iii) access to their assets is permitted only in accordance with management's authorization, (iv) the reporting of assets is compared to existing assets at regular intervals and (v) inventory, accounts, notes and other receivables are recorded accurately and proper procedures are implemented to effect the collection thereof on a timely basis. Since January 1,

2020, there has been no material change in any accounting controls, policies, principles, methods or practices, including any change with respect to reserves (whether for bad debts, contingent liabilities or otherwise), of the Company.

(c) All accounts, notes receivable and other receivables (other than receivables collected since the Balance Sheet Date) reflected on the Current Balance Sheet are, and all accounts and notes receivable arising from or otherwise relating to the business of the Company as of the Closing Date will be, valid, genuine and, to the Company's knowledge, fully collectible in the aggregate amount thereof, subject to normal and customary trade discounts, less any reserves for doubtful accounts recorded on the Current Balance Sheet.

(d) Section 2.11(d) of the Company Disclosure Schedule sets forth an accurate and complete list of all Company Debt as of the date of this Agreement. As of the close of business on the Business Day prior to the date of this Agreement, the aggregate amount of cash and cash equivalents on the consolidated balance sheet of the Company was $9,104,522.80. There are no outstanding obligations or other liability under the PPP Debt.

(e) None of the Company nor, to the Company's knowledge, any Employee, has identified or been made aware of any fraud, whether or not material, that involves the Company's management or other current or former employees, consultants, advisors or directors of the Company who have a role in the preparation of financial statements or the internal accounting controls utilized by the Company, or any claim or allegation regarding any of the foregoing.

(f) The Company has no Liability, indebtedness, expense, claim, deficiency, guaranty or endorsement of any type, whether accrued, absolute, contingent, matured, unmatured or other, except for those which (i) have been reflected in the Current Balance Sheet, (ii) have arisen in the ordinary course of business consistent with past practice since the Balance Sheet Date (none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law), (iii) Liabilities disclosed on Section 2.12(f) of the Company Disclosure Schedule, (iv) contractual performance obligations after the Closing that are readily apparent (including the fact that such obligations remain to be performed after the Closing) from the express terms and conditions set forth on the face of the Material Contracts and any other Contract to which the Company is a party that have been made available to Acquiror (none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law) or (v) payment obligations incurred in connection with the negotiation and execution of this Agreement or the consummation of the Mergers.

2.12 Recent Activities. Since the Balance Sheet Date:

(a) there have not been any modifications or changes to the Company's Charter Documents;

(b) the Company has not declared, set aside or paid any dividends, or authorized or made any distribution upon or with respect to any equity securities of the Company, or split, combined or reclassified any equity securities of the Company or issued or authorized the issuance of any other securities in respect of, in lieu of or in substitution for shares of any equity securities of the Company, or repurchased, redeemed or otherwise acquired, directly or indirectly, any equity securities of the Company (or options, warrants or other rights exercisable therefor) except in accordance with the Company Stock Plan or the agreements governing the Company Options;

(c) the Company has not made any expenditure or entered into any commitment or transaction exceeding $25,000 individually or $100,000 in the aggregate;

(d) the Company has not (i) incurred any Company Debt or (ii) created any Encumbrances (other than Permitted Encumbrances) on any of its assets;

(e) the Company has not made any loans, guarantees or advances to any Person, except advances for travel and other normal business expenses to officers and employees in the ordinary course of business;

(f) the Company has not assigned, transferred, licensed, sold, exchanged, leased, licensed or otherwise disposed of any Company Intellectual Property (other than non-exclusive grants of licenses to Company Intellectual Property in the ordinary course of business consistent with past practice) or any other material assets or rights, nor has the Company abandoned, failed to maintain, or permitted to lapse any Company Registered IP or any other material assets or rights or otherwise transferred, or created, incurred, assumed or suffered to exist any Encumbrance (other than Permitted Encumbrances) on, any of the assets, securities, properties, interests or businesses of the Company;

(g) the Company has not terminated or extended, or materially amended, waived, modified, or violated the terms of, any Company Material Agreement, including the allowance to lapse of any Contract in which the Company has been granted any right to use any Personal Intellectual Property;

(h) the Company has not acquired (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any securities, interests, businesses or material assets or properties and the Company has not relinquished any material right;

(i) the Company has not revalued any of its assets (whether tangible or intangible), including writing off notes or accounts receivable, settling, discounting or compromising any accounts receivable, or reversed any reserves other than in the ordinary course of business and consistent with past practice;

(j) the Company has not paid, discharged, waived or satisfied, in an amount in excess of $25,000 in any one case, or $100,000 in the aggregate, any claim, Liability, loan or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business of Liabilities reflected or reserved against in the Current Balance Sheet;

(k) the Company has not entered into any transactions with any of its officers, directors or employees or any entity controlled by any of such individuals, except for any standard Contract relating to employment of employees that may be terminated at will without penalty or Liability, including any offer letters, proprietary information and inventions assignment agreements or indemnification agreements entered into in the ordinary course of business on the Company's standard form;

(l) the Company has not commenced, settled, or offered or proposed to settle, (a) any Action involving or against the Company, (b) any equityholder litigation or dispute against the Company or any of its officers, directors or employees or (c) any Action that relates to the transactions contemplated by this Agreement or the documents referenced herein;

(m) the Company has not taken any action that could reasonably be expected to have triggered the release of the Source Code or other proprietary Software or Know-How of the Company to any third party other than in the ordinary course of business subject to reasonable confidentiality, non-use and non-disclosure requirements;

(n) the Company has not changed its methods of accounting or accounting practices, except as required by any changes in GAAP or applicable Legal Requirement;

(o) the Company has not effected a recapitalization or reorganization in any form of transaction;

(p) to the Company's knowledge, there have been no claims or matters raised by any Person (including workers' representative organizations, bargaining units or unions), regarding, claiming or alleging labor trouble, wrongful discharge or any other unlawful employment or labor practice or action with respect to the Company;

(q) to the Company's knowledge, there has not been any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the assets, properties, financial condition, operating results, prospects or business of the Company;

(r) the Company has not, other than in the ordinary course of business, required by the terms of any Company Employee Plan or Company Material Agreement or as otherwise required by applicable Legal Requirement, (i) materially increased the salary or other compensation (of any type or form) payable or to become payable by the Company to any of its employees, consultants, contractors, or advisors, (ii) modified or terminated any Company Employee Plan or entry into any plan, agreement or arrangement that constitutes a Company Employee Plan (including under any profit sharing, management by objectives, incentive, gain-sharing, competency or performance plan), or modification or waiver of any of the terms or conditions thereof or the performance or other criteria or condition to payment or earning of any compensation or benefits thereunder, (iii) entered into or terminated, amended or modified any collective bargaining agreement or other labor union Contract or (iv) hired or terminated, or become aware of the resignation of, any director, officer, advisor, consultant or Key Employee and the Company has no knowledge of any impending resignation or termination of employment of any such person;

(s) there has not been any adoption of or change in any material Tax election or method of Tax accounting, filing of any material amended Tax Return, any settlement, compromise or final determination of any tax audit, claim, investigation, litigation or other proceeding or assessment, entrance into any Tax sharing agreement or Tax indemnification agreement (other than customary provisions in any agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes) or entry into any closing agreement in respect of Taxes or extension or waiver of the limitations period in respect of Taxes;

(t) there has not occurred any event or events that have had, or would reasonably be expected to have, a Material Adverse Effect with respect to the Company; and

(u) there has not been any arrangement or commitment by the Company or, to the Company's knowledge, any other Person acting on its behalf to do any of the things described in this Section 2.12.

2.13 No Finder's Fees. The Company has not incurred, and will not incur, directly or indirectly, any Liability for brokerage or finders' fees or agents' commissions, fees related to investment banking or similar advisory services or any similar charges in connection with this Agreement or any transaction contemplated hereby, nor will Acquiror, the First-Step Surviving Corporation, the Surviving Entity or the Company incur, directly or indirectly, any such Liability based on arrangements made by or on behalf of the Company.

2.14 Insurance. Section 2.14 of the Company Disclosure Schedule lists all insurance policies held by the Company, copies of which have been made available to Acquiror. To the Company's knowledge, there is no claim pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds. All premiums due and payable

under all such policies and bonds have been timely paid and the Company is otherwise in compliance with the terms of such policies and bonds. All such policies and bonds remain in full force and effect, and the Company has no knowledge of any threatened termination of, or material premium increase with respect to, any of such policies. The Company has not ever maintained, established, sponsored, participated in or contributed to any self-insurance plan.

2.15 Tax Returns and Payments.

(a) The Company has filed all income and other material Tax Returns required to be filed under applicable Legal Requirements. All such Tax Returns are true and complete in all material respects. The Company has paid all material Taxes and other assessments it is required to pay (whether or not shown on any Tax Return). The Company has not requested any extension of time within which to file any Tax Return other than automatic extensions of the due date for filing a U.S. federal or state income Tax Return obtained in the ordinary course of business of no more than six months. The Company has no material Liability for any Tax to be imposed upon it as of the Closing Date that is not adequately provided for in the Company Financial Statements (other than those arising as a result of the transactions contemplated by this Agreement). The Company has withheld or collected from each payment made to each of its employees and other Persons all Taxes required to be withheld or collected therefrom under applicable Legal Requirements, including but not limited to, U.S. federal, state income and excise taxes, Federal Insurance Contribution Act taxes and Federal Unemployment Tax Act taxes, and has paid the same to the proper Tax Authority or authorized depositories.

(b) The Company has not received any written notice of any Tax deficiency that is outstanding, assessed or proposed against the Company, which has not been finally resolved and fully paid. The Company has not executed any outstanding waiver of any statute of limitations on or extension of the period for the assessment or collection of any Tax (other than by reason of an automatic extension of the due date for filing a U.S. federal or state income Tax Return obtained in the ordinary course of business of no more than six months) nor has any request been made in writing for any such waiver or extension. No audit or other examination of any Tax Return of the Company is presently in progress, nor has the Company been notified of any pending or threatened request for such an audit or other examination. No adjustment relating to any Tax Return filed by the Company has been proposed in writing by any Tax Authority to the Company or any representative thereof. The Company has not received any written claim from a Tax Authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction.

(c) The Company had no material Liabilities for unpaid Taxes as of the Balance Sheet Date that had not been accrued or reserved on the Company Financial Statements, whether asserted or unasserted, contingent or otherwise, and the Company has not incurred any Liability for Taxes since the Balance Sheet Date other than in the ordinary course of business or otherwise inconsistent with past custom and practice.

(d) The Company has made available to Acquiror or its legal counsel or accountants copies of all federal and state income and all other material Tax Returns for the Company filed for all taxable years ending on or after December 31, 2016.

(e) There are (and immediately following the Effective Time there will be) no Encumbrances on the assets of the Company relating to or attributable to Taxes other than statutory liens for current Taxes not yet due and payable.

(f) The Company is not, nor has it been at any time during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code, a "United States Real Property Holding Corporation"

within the meaning of Section 897(c)(2) of the Code. The Company is not a shareholder of any "controlled foreign corporation" as defined in Section 957 of the Code (or any similar provision of state, local or foreign law) nor does it own any equity interest in a "passive foreign investment company" within the meaning of Section 1297 of the Code.

(g) The Company has not ever (i) been a member of an affiliated group (within the meaning of Section 1504(a) of the Code) filing a consolidated federal income Tax Return (other than a group the common parent of which was Company), (ii) been a party to any Tax sharing, indemnification or allocation agreement (excluding customary provisions in agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes), (iii) had any Liability for the Taxes of any person under Treas. Reg. § 1.1502-6 (or any similar provision of state, local or non-U.S. law, including any arrangement for group or consortium relief or similar arrangement), as a transferee or successor, by Contract (excluding customary provisions in agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes), or by operation of any Legal Requirements or (iv) been a party to any joint venture, partnership or other agreement treated as a partnership for Tax purposes.

(h) Within the last two years, the Company has not constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code.

(i) The Company has not entered into a "listed transaction" under Section 6011 of the Code and the Treasury Regulations promulgated thereunder.

(j) The Company uses the accrual method of accounting for income Tax purposes.

(k) The Company is in compliance in all material respects with all terms and conditions of any Tax exemption, Tax holiday or other Tax reduction agreement or order (each, a "***Tax Incentive***"), and the consummation of the transactions contemplated by this Agreement will not have any adverse effect on the continued validity and effectiveness of any such Tax Incentive.

(l) The Company has not engaged in a trade or business, had a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise become subject to Tax in any country other than its country of incorporation or formation.

(m) The prices for any property or services (or for the use of any property) provided by or to the Company are arm's length prices for purposes of all applicable transfer pricing Legal Requirements, including Treasury Regulations promulgated under Section 482 of the Code.

(n) The Company will not be required to include any income or gain or exclude any deduction or loss from income for any taxable period or portion thereof beginning after the Closing as a result of any (i) change in method of accounting made prior to the Closing or the use of an incorrect method of accounting prior to the Closing, (ii) closing agreement under Section 7121 of the Code executed prior to the Closing, (iii) deferred intercompany gain or excess loss account under Treasury Regulations under Section 1502 of the Code in connection with a transaction consummated prior to the Closing (or in the case of each of (ii) and (iii), under any similar provision of applicable Legal Requirements), (iv) installment sale or open transaction disposition consummated prior to the Closing, (v) prepaid amount received prior to the Closing or (vi) election pursuant to Section 108(i) of the Code made prior to the Closing.

(o) The Company has not participated in an international boycott within the meaning of Section 999 of the Code.

(p) There is no agreement, plan, arrangement or other Contract covering any current or former employee or other service provider of the Company or to which the Company is a party or by which the Company is bound that, considered individually or considered collectively with any other such agreements, plans, arrangements or other Contracts, will, or could reasonably be expected to, as a result of the transactions contemplated hereby (whether alone or upon the occurrence of any additional or subsequent events), give rise directly or indirectly to the payment of any amount that could reasonably be characterized as a "parachute payment" within the meaning of Section 280G of the Code (or any corresponding or similar provision of state, local or foreign Tax law).

(q) The Company is not party to, or otherwise obligated under, any Contract, agreement, plan or arrangement that provides for the Company to pay a Tax gross-up, equalization or reimbursement payment to any service provider with respect to any Tax-related payments under Sections 280G, 4999 or 409A of the Code. Each Company Employee Plan and each other Contract, agreement, plan, program and arrangement maintained, established or entered into by the Company that constitutes a "nonqualified deferred compensation plan" (as defined in Section 409A(d)(1) of the Code) is and has been in documentary and operational compliance, in all material respects, with Section 409A of the Code or an available exemption therefrom. Neither the Company nor the Acquiror has incurred or will incur any Liability or obligation to withhold or report taxes under Section 409A of the Code with respect to any Company Options or any amounts deemed to be compensation subject to Section 409A of the Code and that are not compliant with or otherwise exempt from the application of Section 409A of the Code.

(r) (i) Each Company Option was granted with a per share exercise price that is at least equal to the fair market value of the Company Common Stock on the date such Company Option was granted as determined in a manner not inconsistent with Section 409A of the Code, (ii) no Company Option has a feature for the deferral of compensation other than the deferral of recognition of income until the later of exercise or disposition of such Company Option, stock appreciation right or other similar right within the meaning of Section 409A of the Code and the proposed or final regulations or other Internal Revenue Service guidance issued with respect thereto; and (iii) each Company Option was granted with respect to a class of stock of the Company that is "service recipient stock" (within the meaning of Section 409A of the Code and the proposed or final regulations or other Internal Revenue Service guidance issued with respect thereto).

(s) Notwithstanding anything to the contrary in this Section 2.15, the Company makes no representation as to the amount or availability in a Tax period beginning after the Closing Date of any net operating loss carryforwards of the Company arising in a Pre-Closing Tax Period.

2.16 Company Material Agreements.

(a) Section 2.16(a) of the Company Disclosure Schedule (which shall be organized in accordance with each of the clauses below) contains a complete list of all Contracts to which the Company is a party or is bound (any Contract of a nature described below (whether or not set forth in the Company Disclosure Schedule), being referred to herein as a "***Company Material Agreement***" and, collectively, as the "***Company Material Agreements***") that involve, or constitute, any of the following:

(i) any Contract governing transactions between the Company and any of its officers, directors, employees, Affiliates or any Affiliate thereof, or any other Interested Party, other than standard Contracts relating to employment of employees that may be terminated at will without penalty or Liability, including any offer letters, proprietary information and inventions assignment agreements or indemnification agreements entered into in the ordinary course of business on the Company's standard form;

(ii) any Contract whereby the Company is purchasing from another Person any materials, supplies, goods, services (including for the marketing and advertising of the Company), equipment or other assets providing for either (a) annual payments by or to the Company of $50,000 or more (excluding compensation paid to employees of the Company in the ordinary course of employment) or (b) aggregate payments by or to the Company of $150,000 or more;

(iii) any Contract related to Company Debt (whether incurred, assumed, guaranteed or secured by any asset and including any agreements or commitments for future loans, credit or financing);

(iv) any Contract with any Material Customer or Material Supplier requiring aggregate payments to or from the Company in excess of $50,000;

(v) any Contract with any Governmental Entity;

(vi) any Contract relating to any derivative or hedging transaction, including Contracts relating to any equity, interest rate, currency or commodity derivatives or hedging transactions;

(vii) any Contract relating to the acquisition, issuance or transfer of any equity securities of the Company, excluding the Company Stock Plan, award Contracts thereunder and other Contracts relating to equity compensation of employees and other individual service providers of the Company which have been executed on the Company's standard form agreement, as made available to Acquiror;

(viii) Company Intellectual Property Agreements;

(ix) the grant of rights to reproduce, license, market, or sell Company Products or the Company's services to any other Person or relating to the advertising or promotion of the business of the Company;

(x) any Contract which contains any provisions requiring the Company to indemnify any other Person (excluding indemnities contained in agreements for the purchase, sale or license of Company Owned Intellectual Property in the ordinary course of business consistent with past practice);

(xi) any merger, acquisition, consolidation, sale or other business combination or divestiture transaction involving the Company;

(xii) any Contract relating to the disposition or acquisition of assets (including any Intellectual Property Rights or Technology) outside the ordinary course of business not consistent with past practice;

(xiii) any agreement pursuant to which any other party is granted a right of first refusal, right of first negotiation or exclusive rights or "most favored party" rights of any type or scope with respect to any of its products, Technology, Intellectual Property Rights or business, or containing any non-competition or non-solicitation covenants or other restrictions relating to the Company's business activities; or limits the freedom of the Company to engage or participate, or compete with any other Person, in any line of business, market or geographic area, or to make use of any Company Owned Intellectual Property;

(xiv) any Contract providing for the development of any software, other Technology or of any Intellectual Property Rights, independently or jointly, (A) by or (B) for the Company

(other than Employee Proprietary Information Agreement and Consultant Proprietary Information Agreement with Authors, copies of which have been made available to Acquiror);

(xv) all licenses, sublicenses and other Contracts relating to the hosting of the Company website;

(xvi) any Contract creating or relating to any partnership or joint venture or any sharing of revenues, profits, losses, costs or Liabilities or for joint research, development, marketing or distribution;

(xvii) any Contracts relating to the membership of, or participation by, the Company in, or the affiliation of the Company with, any industry standards group or association;

(xviii) any Contract that includes a covenant not to sue or involves the settlement of any Action;

(xix) any Contract relating to the creation of any Encumbrance (other than Permitted Encumbrances) with respect to any asset (including any Intellectual Property Rights or Technology) of the Company;

(xx) any Contract pursuant to which rights of any Person are triggered or become exercisable, or under which any other consequence, result or effect arises, in connection with or as a result of the execution of this Agreement or the consummation of the Mergers or other transactions contemplated hereunder, either alone or in combination with any other event;

(xxi) any employment, severance or change in control or other management agreement or Contract with any director, officer, employee or consultant of the Company or any other agreement with any officer, employee or consultant of the Company that (A) is not immediately terminable by the Company without cost or Liability to the Company, (B) provides annual aggregate compensation and benefits (whether cash or otherwise) that may exceed $150,000, or (C) provides for the payment of any cash or other compensation or benefits upon the consummation of the transactions contemplated by this Agreement;

(xxii) any collective bargaining agreement or other contract with any labor union or works council;

(xxiii) any Contract that cannot be terminated without penalty on 60 days' or shorter notice;

(xxiv) any Contract relating to the PPP Debt; and

(xxv) any other Contract material to the Company's consolidated business, properties (tangible and intangible), financial condition, results of operations or prospects.

(b) The Company has made available to Acquiror accurate and completes copies of all written Company Material Agreements, including all amendments thereto. Section 2.16(b) of the Company Disclosure Schedule provides an accurate description of the terms of each Company Material Agreement that is not in written form.

(c) No Breach. Each Company Material Agreement is a valid and binding agreement of the Company and each other party thereto, enforceable in accordance with its terms, and is in full force

and effect with respect to the Company and each other party thereto, subject to (i) applicable bankruptcy and other similar Legal Requirements affecting the rights of creditors generally and (ii) Legal Requirements governing specific performance, injunctive relief and other equitable remedies. The Company is in compliance with and has not breached, violated or defaulted under, or received notice that it has breached, violated or defaulted under, any of the terms or conditions of any Company Material Agreement to which it is party, nor to the knowledge of the Company is any party obligated to the Company pursuant to any Company Material Agreement responsible for any breach, violation or default thereunder, nor does the Company have knowledge of any presently existing facts or circumstances that, with the lapse of time, giving of notice, or both would reasonably be expected to constitute such a breach, violation or default by the Company or any such other party.

2.17 Minute Books; Books and Records. The minute books of the Company, true, complete and correct copies of which have been made available to Acquiror, contain, in all material respects, a complete summary of all meetings and true, complete and correct copies of all consents of the Company Board, Company Stockholders and equivalent bodies or parties of the Company since the time of incorporation. The Books and Records, true, complete and correct copies of which have been made available to Acquiror, (a) are in all material respects true, complete and correct, (b) have been maintained in accordance with the Company's business practices on a basis consistent with prior years, and (c) are stated in reasonable detail and fairly reflect in all material respects the transactions and dispositions of the assets of the Company.

2.18 Employee Benefit Plans and Compensation.

(a) Section 2.18(a) of the Company Disclosure Schedule contains a complete and accurate list of each employment, consulting, compensation, incentive or deferred compensation, severance, relocation, retention, transaction, change in control, termination, retirement, pension, supplemental retirement, deferred compensation, excess benefit, profit-sharing, bonus, incentive, performance award, stock option, restricted stock, deferred stock, phantom stock or other equity or equity-linked, savings, life, vacation, paid-time-off, cafeteria, insurance, flex spending, tuition, medical, health, welfare, disability, death, fringe benefit or other employee compensation or benefit plan, program, policy, practice, commitment, agreement, arrangement or Contract, including, in each case, each "employee benefit plan" within the meaning of Section 3(3) of the ERISA (whether or not subject to ERISA) which is or has been maintained, contributed to, participated in, sponsored by or required to be contributed to by the Company or with respect to which the Company has or would reasonably be expected to have any Liability or obligation, whether actual or contingent (collectively, the "***Company Employee Plans***"), *provided* that with respect to any Company Employee Plans that are employment agreements, offer letters, consulting agreement or similar agreements, that are terminable without penalty and without severance or change in control benefits, only forms thereof need be listed on Section 2.18(a) of the Company Disclosure Schedule.

(b) The Company has made available to Acquiror true, correct and complete copies, as applicable, of (i) each Company Employee Plan including all amendments thereto and all related trust documents (and descriptions of the material terms of any such plan that is not in writing), (ii) the three most recent annual reports (Form Series 5500 and all schedules and financial statements attached thereto), if any, required to be filed in connection with each Company Employee Plan, (iii) if the Company Employee Plan is funded, the most recent annual and periodic accounting of such Company Employee Plan assets, (iv) the most recent summary plan description together with the summary(ies) of material modifications thereto, if any, (v) all material written agreements and contracts relating to each Company Employee Plan, including administrative service agreements and group insurance contracts, (vi) all correspondence to or from any Governmental Entity relating to any Company Employee Plan other than routine correspondence in the normal course of operations of such Company Employee Plan, (vii) all forms of COBRA notices, (viii) policies pertaining to fiduciary liability insurance covering the fiduciaries for each Company Employee Plan, (ix) all discrimination tests for each Company Employee Plan for the three most recent plan years, (x)

material communications to any Employee or Employees relating to any Company Employee Plan, including all material communications relating to any amendments, termination, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any material Liability to the Company, and (xi) the most recent Internal Revenue Service (or any other applicable Tax Authority) determination or opinion letter issued with respect to each Company Employee Plan, if applicable.

(c) The Company has, in all material respects, performed all obligations required to be performed by it under, is not in material default or violation of, any Company Employee Plan, and each Company Employee Plan (including any related trusts) has been established and maintained in accordance with its terms and in material compliance with all applicable laws, statutes, orders, rules and regulations, including ERISA and the Code, in each case, in all material respects. No lien has been imposed under the Code or ERISA with respect to any Company Employee Plan. No "prohibited transaction," within the meaning of Section 4975 of the Code or Sections 406 and 407 of ERISA, and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Company Employee Plan that would reasonably be expected to result in material Liability to the Company. Subject to the Company's statutory and contractual obligations to pay earned and vested benefits or provide notice, each Company Employee Plan can be amended, terminated or otherwise discontinued after the Effective Time in accordance with its terms, without Liability to Acquiror, the Company or any of their respective Subsidiaries (other than ordinary administration expenses). There are no actions, suits or claims pending or, to the knowledge of the Company, threatened or reasonably anticipated (other than routine claims for benefits) against any Company Employee Plan or against the assets of any Company Employee Plan. There are no audits, inquiries or proceedings pending or, to the knowledge of the Company, threatened by any Governmental Entity with respect to any Company Employee Plan. None of the Company nor any of its ERISA Affiliates is subject to any penalty or Tax with respect to any Company Employee Plan under Section 502(i) of ERISA or Sections 4975 through 4980 of the Code. The Company has made all contributions and other payments required by and due under the terms of each Company Employee Plan on or before their respective due dates.

(d) Other than as expressly contemplated by this Agreement, the execution of this Agreement and the consummation of the Mergers and other transactions contemplated herein will not (either alone or upon the occurrence of any additional or subsequent events) result in or entitle any Person to any payment, acceleration, forgiveness of indebtedness, vesting, distribution, increase in compensation or benefits or obligation to fund benefits.

(e) No Company Employee Plan is, and none of the Company nor any of its ERISA Affiliates has ever maintained, established, sponsored, participated in, or contributed to a pension plan subject to Part 3 of Subtitle B of Title I of ERISA, Title IV of ERISA or Section 412 of the Code. None of the Company nor any of its ERISA Affiliate has incurred or could reasonably be expected to incur any Liability pursuant to Title I or Title IV of ERISA (including any controlled group Liability). Each Company Employee Plan that is intended to be qualified under Section 401(a) of the Code has obtained a favorable determination letter (or opinion letter, if applicable) as to its qualified status under the Code, including all currently effective amendments to the Code, and the corresponding related exemption of its trust from U.S. federal income taxation under Section 501(a) of the Code is so exempt, and, to the knowledge of the Company, nothing has occurred since the date of such determination or opinion letter that would be reasonably expected to result in the loss of such qualification or exemption.

(f) The Company has never maintained, established, sponsored, participated in or contributed to any self-insured plan that provides medical or life insurance benefits to Employees (including any such plan pursuant to which a stop loss policy or contract applies). The obligations of all Company Employee Plans that provide health, welfare or similar insurance are fully insured by bona fide third-party

insurers. No Company Employee Plan is maintained through a human resources and benefits outsourcing entity, professional employer organization, or other similar vendor or provider.

(g) No Company Employee Plan is, and at no time has the Company or any ERISA Affiliate contributed to or been obligated to contribute to a multiemployer plan (as defined in Section 3(37) of ERISA). No Company Employee Plan is, and none of the Company nor any of its ERISA Affiliate has at any time ever maintained, established, sponsored, participated in or contributed to (i) a multiple employer plan or to any other plan described in Section 413 of the Code or (ii) a multiple employer welfare arrangement (within the meaning of Section 3(40) of ERISA).

(h) None of the Company nor any of its ERISA Affiliates has any obligation or Liability to provide, whether under any Company Employee Plan or otherwise, any post termination or retiree life insurance, health or other employee welfare benefits to any Person for any reason, except as may be required by COBRA or other applicable Legal Requirements.

(i) The Company has no International Employee Plans.

(j) The Company is in material compliance with all applicable Legal Requirements, judgments or arbitration awards of any court, arbitrator or any Governmental Entity, extension orders and binding customs respecting labor and employment, including Legal Requirements relating to employment practices, terms and conditions of employment, discrimination, disability, fair labor standards, workers compensation, wrongful discharge, immigration, occupational safety and health, family and medical leave, wages and hours (including overtime wages), worker classification, equal opportunity, pay equity, meal and rest periods, and employee terminations, and in each case, with respect to any current employee, consultant, independent contractor or director of the Company (each, an "***Employee***"): (i) has withheld and reported all material amounts required by Legal Requirement or by agreement to be withheld and reported with respect to wages, salaries and other payments to Employees, (ii) is not liable for any arrears of wages, severance pay or any Taxes or any penalty for failure to comply with any of the foregoing, and (iii) is not liable for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Entity, with respect to unemployment compensation benefits, social security or other benefits or obligations for Employees (other than routine payments to be made in the normal course of business and consistent with past practice). There are no actions, suits, claims or administrative matters pending, threatened or reasonably anticipated against the Company or any of their Employees relating to any Employee or Company Employee Plan. There are no pending or threatened or reasonably anticipated claims or actions against the Company or the Company trustee under any worker's compensation policy or long term disability policy. The Company is not party to a conciliation agreement, consent decree or other agreement or order with any Governmental Entity with respect to employment practices. The services provided by each of the Employees are terminable at the will of the Company, and any such termination would result in no Liability to the Company. The Company has no material Liability with respect to any misclassification of (x) any Person or Employee as an independent contractor rather than as an employee; (y) any Employee leased from another employer; or (z) any Employee currently or formerly classified as exempt from overtime wages.

(k) The Company is not, nor ever has been, a party to any collective bargaining agreements, works council contract or union contract with respect to Employees, and there are no labor unions, works council or other organizations representing, purporting to represent or attempting to represent, any Employee. No collective bargaining agreement is being negotiated by the Company. Since September 1, 2017, the Company has not experienced any strikes, labor disputes, concerted refusal to work overtime, slowdowns, work stoppages, lockouts, or, to the Company's knowledge, threats thereof, by or with respect to any Employees and to the Company's knowledge such conduct has not been threatened and is not reasonably anticipated. The Company has not engaged in any unfair labor practices within the

meaning of the National Labor Relations Act. The Company has no knowledge of any activities or proceedings of any labor union, works council or similar organization to organize any Employees. There are no actions, suits, claims, labor disputes or grievances pending or threatened or reasonably anticipated relating to any labor matters involving any Employee, including charges of unfair labor practices.

(l) In the three years prior to the Agreement Date, the Company has not taken any action which would constitute a "plant closing" or "mass layoff" within the meaning of the Worker Administration and Retraining Notification Act ("***WARN***") or similar state or local law, issued any notification of a plant closing or mass layoff required by WARN or similar state or local law, or incurred any Liability or obligation under WARN or any similar state or local law that remains unsatisfied. No terminations prior to the Closing would trigger any notice or other obligations under WARN or any similar state or local law.

(m) Section 2.18(m) of the Company Disclosure Schedule contains a complete and accurate list of the current employees of the Company as of the Agreement Date and shows with respect to each such employee (i) the employee's name (or employee identification number for any non-U.S. employees), position held, work location, employing entity, base salary or hourly wage rate, as applicable, including each U.S. employee's designation as either exempt or non-exempt from the overtime requirements of the Fair Labor Standards Act and applicable state and local wage laws, and all other remuneration payable and other benefits provided or which the Company is bound to provide (whether at present or in the future) to each such employee, or any Person connected with any such person, and includes, if any, particulars of all profit sharing, incentive and bonus arrangements to which the Company is a party, whether legally binding or not, (ii) the date of hire, (iii) leave status (including type of leave, expected return date for non-disability related leaves and expiration dates for disability leaves), (iv) visa status, (v) the name of any union, collective bargaining agreement, works council agreement or other similar labor agreement covering such employee, (vi) relevant prior notice period required in the event of termination, and (vii) any severance or termination payment (in cash or otherwise) to which any employee could be entitled. To the knowledge of the Company, no employee listed on Section 2.18(m) of the Company Disclosure Schedule intends to terminate his or her employment for any reason.

(n) Section 2.18(n) of the Company Disclosure Schedule contains a true, correct and complete list of (i) all current independent contractors, and Persons that have a consulting or advisory relationship with the Company; (ii) the location at which such independent contractors, consultants and advisors have been or are providing services; (iii) the rate of all regular, bonus or any other compensation payable to such independent contractors, consultants and advisors; and (iv) the start and termination date of any agreement binding any Person that has a consulting or advisory relationship with the Company. All independent contractors, consultants and advisors to the Company can be terminated immediately and without notice or Liability on the part of the Company.

2.19 Environmental and Safety Legal Requirements. To the Company's knowledge it has not released any material amount of any Hazardous Material. To the Company's knowledge, no Hazardous Materials are present in, on or under any property, including the land and the improvements, ground water and surface water thereof, that the Company has at any time owned, operated or leased. The Company has not, to its knowledge, transported, stored, used, manufactured, disposed of, released or exposed their employees or others to Hazardous Materials in violation of any Legal Requirement or in a manner that would result in material Liability to the Company, nor has the Company, to its knowledge, disposed of, transported, sold, or manufactured any product containing a Hazardous Material (any or all of the foregoing being collectively referred to herein as "***Hazardous Materials Activities***") in violation of any rule, regulation, treaty or statute promulgated by any Governmental Entity to prohibit, regulate or control Hazardous Materials or any Hazardous Material Activity.

2.20 Anti-Corruption Compliance. The Company has not, nor, to the Company's knowledge, any of its officers, directors, agents, Employees or other Person while acting on the Company's behalf, has, directly or indirectly, (a) taken any action which would cause it to be in violation of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any rules or regulations thereunder, or any similar anti-corruption or anti-bribery Legal Requirements applicable to the Company in any jurisdictions other than the United States (in each case, as in effect at the time of such action) (collectively, the "***Anti-Corruption Requirements***") (b) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (c) made, offered or authorized any unlawful payment to foreign or domestic government officials or employees, whether directly or indirectly or (d) made, offered or authorized any bribe, improper rebate, payoff, influence payment, kickback or other similar unlawful payment, whether directly or indirectly. The Company has established internal controls and procedures to ensure compliance with the Anti-Corruption Requirements and has made available all of such documentation.

2.21 Export Control Legal Requirements. The Company has at all times conducted its export and re-export transactions in accordance with (x) all applicable U.S. export and re-export control Legal Requirements, including the Export Administration Regulations maintained by the U.S. Department of Commerce, trade and economic sanctions maintained by the Treasury Department's Office of Foreign Assets Control, and the International Traffic in Arms Regulations maintained by the Department of State and (y) all other applicable import/export controls in other countries in which the Company conducts business. Without limiting the foregoing, (i) the Company has obtained all export and import licenses, license exceptions and other consents, notices, waivers, approvals, orders, authorizations, and registrations from any Governmental Entity required for (A) the export, import and re-export of products, services, software and technologies and (B) releases of technologies and software to foreign nationals located in the United States and abroad ("***Export Approvals***"); (ii) the Company is in compliance with the terms of all applicable Export Approvals; (iii) there are no pending or, to the knowledge of the Company, threatened claims against the Company with respect to such Export Approvals or export or re-export transactions; and (iv) no Export Approvals for the transfer of export licenses to Acquiror, the First-Step Surviving Corporation or Surviving Entity are required, or if required, such Export Approvals can be obtained expeditiously without material cost.

2.22 Interested Party Transactions.

(a) No officer, director, Key Employee or, to the knowledge of the Company, stockholder, of the Company (nor, to the knowledge of the Company, any ancestor, sibling, descendant or spouse of any of such persons, or any trust, partnership or corporation in which any of such persons has or has had an interest) (each, an "***Interested Party***"), has or has had, directly or indirectly, (i) any interest in any entity which furnished or sold, or furnishes or sells, services, products, Technology or Intellectual Property Rights that the Company furnishes or sells, or proposes to furnish or sell, (ii) any interest in any Person that purchases from or sells or furnishes to the Company any goods or services or (iii) any interest in, or is a party to, any Contract to which the Company is a party; *provided*, *however*, that ownership of no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation shall not be deemed to be an "interest in any entity" for purposes of this Section 2.22.

(b) All transactions pursuant to which any Interested Party has purchased any services, products, or technology from, or sold or furnished any services, products or technology to, the Company that were entered into on or after the inception of the Company have been on an arms-length basis on terms no less favorable to the Company than would be available from an unaffiliated party.

2.23 Bank Accounts. Section 2.23 of the Company Disclosure Schedule sets forth a complete and correct list of (a) all banks or other financial institutions with which the Company has an account or

maintains a safe deposit box, showing the account numbers and names of the persons authorized as signatories with respect thereto and (b) the names of all Persons holding powers of attorney from the Company, complete and correct copies of which have been made available to Acquiror.

2.24 Customers and Suppliers.

(a) Section 2.24(a) of the Company Disclosure Schedule sets forth a complete and correct list of the top 10 customers of the Company measured by dollar volume of revenue during the twelve (12) month period ending on the Balance Sheet Date (collectively, "***Material Customers***") during the twelve (12) month period ending on the Balance Sheet Date and the amount of revenue attributable to each such Material Customer during such period.

(b) Section 2.24(b) of the Company Disclosure Schedule sets forth a complete and correct list of the suppliers, vendors, service providers and other similar business relations of the Company which the Company has paid, or otherwise be obligated in respect of, in excess of $50,000 (collectively, "***Material Suppliers***") during the twelve (12) month period ending on the Balance Sheet Date and the amount of expenses attributable to each such Material Supplier during such period.

(c) The Company has not received any written notice or, to its knowledge, any other communication in writing or otherwise (i) that any of the Material Customers or Material Suppliers intends to terminate or adversely modify their arrangements with the Company, or intends to reduce the volume of business transacted, or (ii) of any material price increases in any of the Company's inputs or material price or volume decreases in any of the Company's outputs. Since the Balance Sheet Date, there has not been any termination of, or modification, amendment or change to, any business relationship maintained by the Company with any Material Customers or Material Suppliers. The Company has no outstanding disputes with any Material Customer or Material Supplier.

2.25 Representations Complete. To the knowledge of the Company, (a) none of the representations or warranties made by the Company (as modified by the Company Disclosure Schedule) in this Agreement, and (b) none of the statements made in any exhibit, schedule or certificate furnished by the Company pursuant to this Agreement contains, or will contain at the Effective Time, any untrue statement of a material fact, or omits or will omit at the Effective Time to state any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which made, not misleading.

2.26 No Other Representations or Warranties. The Company and each Company Equityholder (by signing the Stockholder Joinder and Release Agreement and/or Optionholder Release Agreement) acknowledges and agrees that, except as expressly set forth in Article III and the other Acquiror Related Agreements, none of Acquiror, any of its Affiliates or any other Person has made, or is making, and neither the Company nor any Company Equityholder has relied on (including in making its decision to enter into this Agreement and the other agreements contemplated hereby and to consummate the transactions contemplated hereby or thereby), any representation or warranty, written or oral, express or implied, at law or in equity, in respect of Acquiror or its business or in connection with the transactions contemplated by this Agreement, including any representations or warranties about the accuracy or completeness of any information or documents previously provided, and any other such representations and warranties are hereby expressly disclaimed by the Company and each Company Equityholder.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF ACQUIROR

Acquiror, Sub I and Sub II make the following representations and warranties, as applicable to such Person, to the Company as of the Agreement Date and as of the Closing Date (except to the extent any such representation or warranty refers to a specific date and then as of such date only):

3.1 Organization and Standing. Each of Acquiror and Sub I is a corporation duly organized, validly existing and in good standing under the laws of Delaware. Sub II is a limited liability company duly formed, validly existing and in good standing under the laws of Delaware. Acquiror has the requisite corporate power and authority to own and operate its properties and assets and to carry on its business as currently conducted. Acquiror is duly qualified and is authorized to transact business and is in good standing as a foreign corporation in each jurisdiction in which the failure so to qualify would have a Material Adverse Effect with respect to Acquiror.

3.2 Due Authorization. Each of Acquiror, Sub I and Sub II has all requisite corporate or limited liability company power and authority to enter into this Agreement and the other agreements required to be entered into and performed by Acquiror under this Agreement (the "***Acquiror Related Agreements***"), to perform their obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Company and each of the Merger Subs of this Agreement and the Acquiror Related Agreements to which it is a party, the performance of their respective obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate or limited liability company action on the part of Acquiror and the Merger Subs. This Agreement has been duly executed and delivered by Acquiror and the Merger Subs and constitutes the valid and binding obligation of Acquiror and the Merger Subs, enforceable against Acquiror and the Merger Subs in accordance with its terms, subject only to the effect, if any, of (i) applicable bankruptcy and other similar Legal Requirements affecting the rights of creditors generally and (ii) Legal Requirements governing specific performance, injunctive relief and other equitable remedies.

3.3 Valid Issuance. The shares of Acquiror Stock to be issued to Company Stockholders in exchange for their shares of Company Stock pursuant to the terms hereof, when issued as provided in this Agreement, will be duly authorized and validly issued, fully paid and nonassessable.

3.4 Cash Resources. At the Closing, Acquiror will have sufficient cash resources to pay the Aggregate Cash Consideration.

3.5 Governmental Consents. The execution, delivery and performance by Acquiror and Merger Subs of this Agreement and the consummation by Acquiror and Sub I of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Entity, other than (i) the filing of the Certificate of Merger or Second Certificate of Merger, as applicable, with the Delaware Secretary of State, (ii) compliance with any applicable requirements of the Securities Act, the Exchange Act and any other U.S. state or federal securities laws or the regulations of any national securities exchange and (iii) any actions or filings the absence of which would not be reasonably expected to materially impair the ability of Acquiror or Merger Subs to consummate the transactions contemplated by this Agreement.

3.6 Operations of Merger Subs. Each of Sub I and Sub II is wholly owned directly by Acquiror, was formed solely for the purpose of effecting the Mergers and has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby. Sub II is disregarded as an entity separate from Acquiror for U.S. federal income tax purposes.

3.7 No Conflict. The execution and delivery by each of Acquiror, Sub I and Sub II of this Agreement and any Acquiror Related Agreement to which such entity is a party, and the consummation by each of Acquiror, Sub I and Sub II of the transactions contemplated hereby and thereby, shall not conflict with or result in any violation of or default under (with or without notice or lapse of time, or both) (a) any provision of the certificate of incorporation, bylaws or similar governing documents of Acquiror, Sub I and Sub II or (b) any Legal Requirement applicable to Acquiror, Sub I or Sub II, other than, in the case of this clause (b), such conflicts, violations or defaults as would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the consummation of the Mergers and the other transactions contemplated by this Agreement.

3.8 Acquiror SEC Reports. Acquiror has filed all Acquiror SEC Reports required to be filed by it with the Securities and Exchange Commission (the "***SEC***") since September 12, 2019. The Acquiror SEC Reports (after giving effect to all amendments thereto), at the time filed (in the case of documents filed pursuant to the Exchange Act) or when declared effective by the SEC (in the case of registration statements filed under the Securities Act) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder.

3.9 No Other Representations or Warranties. Each of Acquiror, Sub I and Sub II acknowledge and agree that, except as expressly set forth in Article II and the other Company Related Agreements, none of the Company, any Indemnifying Persons or any other Person has made, or is making, and none of Acquiror, Sub I or Sub II has relied on (including in making its decision to enter into this Agreement and the other agreements contemplated hereby and to consummate the transactions contemplated hereby or thereby), any representation or warranty, written or oral, express or implied, at law or in equity, in respect of the Company or its business or in connection with the transactions contemplated by this Agreement, including any representations or warranties about the accuracy or completeness of any information or documents previously provided, and any other such representations and warranties are hereby expressly disclaimed by Acquiror, Sub I and Sub II.

ARTICLE IV
AGREEMENTS PERTAINING TO THE ACQUIROR STOCK

4.1 Restrictions on Acquiror Stock. The Acquiror Stock issued pursuant to the terms of this Agreement will be issued in a transaction exempt from registration under the Securities Act (by reason of Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated under the Securities Act) and therefore may not be re-offered or resold other than in conformity with the registration requirements of the Securities Act and such other applicable rules and regulations or pursuant to an exemption therefrom. The Acquiror Stock to be issued pursuant to the terms of this Agreement will be "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged, assigned or otherwise transferred unless (A) a registration statement with respect thereto is effective under the Securities Act and any applicable state securities laws or (B) an exemption from such registration exists and either Acquiror receives an opinion of counsel to the holder of such securities, which counsel and opinion are reasonably satisfactory to Acquiror, that such securities may be offered, sold, pledged, assigned or transferred in the manner contemplated without an effective registration statement under the Securities Act or applicable state securities laws. The Acquiror Stock issued hereunder shall, if certificated, bear an appropriate legend (or if held in book entry form, will be noted) with respect to such restrictions.

4.2 Shelf Registration. Promptly (and in any event within three (3) days, or the first Business Day thereafter if the third day is not a Business Day) following the later of (a) Acquiror qualifying to register the resale of Registrable Securities on a Form S-3 registration statement or (b) the Closing, Acquiror shall file with the SEC, and use commercially reasonable efforts to cause to be declared effective as soon

as reasonable practicable after filing, a shelf registration statement on Form S-3 (including any amendments or supplements, the "***Registration Statement***") and the prospectus (including any amendments or supplements, the "***Prospectus***") forming part of the Registration Statement in compliance with Rule 415 under the Securities Act covering the resale on a continuous basis of all of the Registrable Securities. Such Registration Statement shall be an "automatic resale registration statement" as defined pursuant to Rule 462(e) if the Acquiror so qualifies.

4.3 Holders of Registrable Securities. As a condition to its obligations under Section 4.2, Acquiror may require each Holder of Registrable Securities as to which any registration is being effected to (i) furnish Acquiror with such information regarding such Person that is necessary to satisfy the disclosure requirements relating to the registration and the distribution of such securities under the Securities Act and the rules and regulations promulgated thereunder as Acquiror may from time to time reasonably request in writing, including a properly completed and executed Selling Holder Questionnaire and (ii) promptly notify Acquiror in writing of any changes in the information set forth in the applicable Registration Statement after it is prepared regarding the Holder of Registrable Securities. None of the information supplied (or to be supplied) by or on behalf of any of the Holders of Registrable Securities for inclusion or incorporation by reference in the applicable Registration Statement or Prospectus will, at the time the Registration Statement is declared effective under the Securities Act (or with respect to any post-effective amendments or supplements thereto, at the time such post-effective amendments or supplements become effective under the Securities Act), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading. For the purposes of this Section 4.3, a "***Holder of Registrable Securities***" refers solely to a holder of Registrable Securities as of or following the Closing Date.

4.4 Blackout Periods. Subject to the last sentence of this Section 4.4, Acquiror may, by two (2) days prior written notice to all the Holders of Registrable Securities (each, a "***Blackout Notice***"), (a) delay the filing of the Registration Statement or a request for acceleration of the effective date for a period not to exceed sixty (60) days, which delay cannot occur more than three times in any one-year period, or (b) suspend the Registration Statement after effectiveness and require that the Holders of Registrable Securities immediately cease sales of shares pursuant to any Registration Statement in the event that (i) Acquiror is engaged in any activity or transaction or preparations or negotiations for any activity or transaction that Acquiror desires to keep confidential for business reasons, if Acquiror determines in good faith that the public disclosure requirements imposed on Acquiror under the Securities Act in connection with such Registration Statement would require at that time disclosure of such activity, transaction, preparations or negotiations and such disclosure could result in imminent and material harm to Acquiror or (ii) any other event occurs that makes any statement of a material fact made in such Registration Statement, including any document incorporated by reference therein, untrue or that requires the making of any additions or changes in such Registration Statement in order to make the statements therein not misleading. If Acquiror suspends the Registration Statement and requires the Holders of Registrable Securities to cease sales of shares pursuant to this Section 4.4, Acquiror shall, as promptly as reasonably practicable following the termination of the circumstance which entitled Acquiror to do so, take such actions as may be reasonably necessary to file or reinstate the effectiveness of such Registration Statement and give written notice to all Holders of Registrable Securities authorizing them to resume sales pursuant to such Registration Statement. If as a result thereof the Prospectus included in any Registration Statement has been amended to comply with the requirements of the Securities Act, Acquiror shall enclose such revised Prospectus with the notice to Holders of Registrable Securities given pursuant to this Section 4.4, and the Holders of Registrable Securities shall make no offers or sales of shares pursuant to such Registration Statement other than by means of such revised Prospectus. Acquiror need not specify the nature of the event giving rise to any delay or suspension in any notice to Holders of Registrable Securities. Notwithstanding the forgoing, (a) Acquiror will not take any action within the Acquiror's control and discretion that causes (i) a delay of the filing of

the Registration Statement or the request for acceleration of the effective date or (ii) the suspension of the Registration Statement as provided above during a period beginning as of the effective date of such Registration Statement and ending at the end of trading hours on November 2, 2020 or (b) all suspensions of the Registration Statement under this Section 4.4 in the aggregate may not exceed sixty (60) days in the aggregate.

ARTICLE V
CONDUCT PRIOR TO THE EFFECTIVE TIME

5.1 Affirmative Conduct of Company Business.

(a) During the period from the Agreement Date and continuing until the earlier of the termination of this Agreement in accordance with its terms and the Effective Time (the "***Interim Period***"), the Company shall conduct its business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted (subject to the restrictions on business contained herein), pay its debts and Taxes when due (subject to Acquiror's review and consent to the filing of any Tax Return), pay or perform other obligations when due, and use commercially reasonable efforts to (i) preserve intact the present business organizations of the Company, (ii) maintain in effect all of its Company Authorizations, (iii) keep available the services of the present officers and Key Employees of the Company and (iv) preserve the relationships of the Company with customers, suppliers, distributors, licensors, licensees and others having business dealings with them. The Company shall collect accounts receivable, sell inventory and pay accounts payable and commissions in the ordinary course of business consistent with past practice and not intentionally accelerate, delay or postpone payment of any accounts payable or commissions, or enter into any agreement or negotiation with any party to alter the payment date of any accounts payable or commissions, or accelerate or delay the collection of (or discount) any accounts receivable. During the Interim Period, the Company shall use its commercially reasonable efforts to cause the conditions set forth in Section 7.1 and Section 7.2 to be satisfied in a timely manner.

(b) Without limiting the generality of Section 5.1(a) and except as expressly contemplated by this Agreement or pursuant to the written consent of Acquiror (such consent not to be unreasonably withheld, conditioned or delayed), during the Interim Period, the Company shall not, except as set forth on Section 5.1(b) of the Company Disclosure Schedule:

(i) amend its certificate of incorporation, bylaws or other equivalent constituents documents (whether by merger, consolidation or otherwise), except as otherwise required by Legal Requirement;

(ii) declare, set aside or pay any dividend or other distribution (whether in cash, stock, debt or property or any combination thereof) in respect of any equity securities of the Company, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any equity securities of the Company;

(iii) issue, transfer, deliver, sell, pledge or otherwise encumber any shares of any Company Voting Debt or any equity securities of the Company (except for issuances of Company Common Stock upon exercise of vested Company Options outstanding on the Agreement Date);

(iv) amend any term of any equity securities of the Company (whether by merger, consolidation or otherwise), including an amendment to provide for acceleration of vesting as a result of the Mergers or a termination of employment or service related to the Mergers;

(v) make any expenditures or incur any obligations or liabilities in respect thereof, except for expenditures not to exceed $25,000 individually or $100,000 in the aggregate;

(vi) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any securities, interests, businesses or material assets or properties, or otherwise relinquish any material right;

(vii) sell, lease, license (other than non-exclusive grants of licenses to Intellectual Property Rights in the ordinary course of business consistent with past practice), dispose of, or otherwise transfer, or create, incur, assume or suffer to exist any Encumbrance (other than Permitted Encumbrances) on, any of the assets, securities, properties, interests or businesses of the Company (including Company Owned Intellectual Property and other intangible assets);

(viii) make any loans, advances or capital contributions to, or investments in, any other Person, except advances for travel and other normal business expenses to officers and employees in the ordinary course of business;

(ix) (A) incur any Company Debt, (B) incur any other Liabilities exceeding $25,000 individually or $100,000 in the aggregate, or (C) create any Encumbrance (other than Permitted Encumbrances) on any of its assets;

(x) revalue any of its assets (whether tangible or intangible), including writing off notes or accounts receivable, settling, discounting or compromising any accounts receivable, or reverse any reserves other than in the ordinary course of business and consistent with past practice;

(xi) pay, discharge, waive or satisfy, in an amount in excess of $25,000 in any one case, or $100,000 in the aggregate, any claim, Liability, loan or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business of Liabilities reflected or reserved against in the Current Balance Sheet;

(xii) make any payments to any officer, director, employee or agent of the Company (other than salary or bonus payments in the ordinary course of business consistent with past practice);

(xiii) enter into any transactions with any of its officers, directors or employees or any entity controlled by any of such individuals;

(xiv) modify or amend (in any material respect), cancel, terminate or waive any material rights under any Company Material Agreement, enter into any Contract that would have been a Company Material Agreement had it been entered into prior to the Agreement Date, or otherwise waive, release or assign any material rights, claims or benefits of the Company;

(xv) other than as required by any applicable Legal Requirement or pursuant to Contracts in effect on the Agreement Date: (a) grant or increase in any form of compensation or benefits payable to any officer, director, employee, consultant or advisor of the Company, including pursuant to any Company Employee Plan; (b) adopt, enter into, modify or terminate any Company Employee Plan (other than renewals of such health and welfare plans in the ordinary course of business); (c) accelerate the vesting or payment of any compensation or benefits under any Company Employee Plan; (d) grant any equity or equity-linked awards or other bonus, commission or other incentive compensation to any officer, director, employee, consultant or advisor of the Company or (e) hire, promote or terminate any officer, director,

employee, consultant or advisor of the Company (other than for cause, in which case the Company shall notify Acquiror as soon as practicable following such termination for cause);

(xvi) fail to maintain, or allow to lapse, dispose of or abandon, including by failure to pay the required fees in any jurisdiction, any Intellectual Property Rights used in or held for use in the business of the Company, or grant permission to enter into the public domain any material trade secrets included in the Company Owned Intellectual Property;

(xvii) sell any Company Products or enter into any agreements with new customers for use of Company Products, including any pilots without the prior written consent of Acquiror;

(xviii) transfer or license from any Person any rights to any Technology (other than Standard Software) or any Intellectual Property Right other than to a customer on a non-exclusive basis in the ordinary course of business, with a contract term not to exceed one year;

(xix) take any action that could reasonably be expected to trigger the release of the source code or other proprietary software of the Company to any third party;

(xx) change the Company's methods of accounting or accounting practices, except as required by any changes in GAAP or applicable Legal Requirement;

(xxi) commence, settle, or offer or propose to settle, (a) any Action involving or against the Company, (b) any equityholder litigation or dispute against the Company or any of its officers, directors or employees or (c) any Action that relates to the transactions contemplated by this Agreement or the documents referenced herein;

(xxii) (a) make or change any material Tax election, (b) settle or compromise any claim, notice, audit report or assessment in respect of Taxes, (c) enter into any Tax allocation agreement, Tax sharing agreement, or Tax indemnity agreement, in each case, other than customary provisions in agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes, (d) enter into any pre-filing agreement, advance pricing agreement, cost sharing agreement or closing agreement relating to any Tax, (e) amend any Tax Return, (f) file any federal or state income tax return or any other material Tax Return, or (g) consent to any extension or waiver of the statute of limitations period applicable to any Tax claim or assessment;

(xxiii) form or acquire any Subsidiaries;

(xxiv) liquidate, dissolve or effect a recapitalization or reorganization in any form of transaction; or

(xxv) authorize or agree to do any of the foregoing.

5.2 No Solicitation.

(a) During the Interim Period, the Company shall not, nor will it instruct, authorize or permit any of its Representatives to, directly or indirectly: (i) solicit, seek, initiate, encourage, support, induce, or facilitate, or take any action to solicit, seek, initiate, encourage, support, induce, or facilitate any inquiry, expression of interest, proposal or offer relating to, or the making of any submission, proposal or offer that constitutes, or would reasonably be expected to lead to, an Alternative Proposal; (ii) disclose to any Person any nonpublic information relating to Company in connection with, or enter into, participate in, maintain or continue any discussions or negotiations regarding, any inquiry, expression of interest, proposal

or offer that constitutes, or would reasonably be expected to lead to, an Alternative Proposal; (iii) agree to accept, recommend or endorse (or publicly propose or announce any intention or desire to agree to, accept, recommend or endorse), or enter into any agreement, letter of intent, memorandum of understanding or other instrument, arrangement or understanding (whether binding or non-binding, written or oral) in connection with, any Alternative Proposal; or (iv) submit any Alternative Proposal or any matter related thereto to the vote of the Company Stockholders.

(b) The Company shall, and shall instruct each of its Representatives to, immediately cease and cause to be terminated (and will not resume or otherwise continue) any and all existing activities, discussions or negotiations with any Persons (other than with Acquiror) conducted heretofore with respect to, or that could reasonably be expected to lead to, any Alternative Proposal.

(c) In the event that the Company or any of the Company's Affiliates shall receive an Alternative Proposal from any Person other than the Acquiror (the "***Other Interested Party***"), or any request for disclosure as referenced in clause (ii) of Section 5.2(a) hereof, the Company shall (i) not engage in, and immediately suspend, any discussions with such offeror or party with regard to such Alternative Proposal or requests and (ii) promptly thereafter (and in any event not later than 24 hours after receipt of such Alternative Proposal or request) provide Acquiror with the following (to the extent not prohibited by non-disclosure agreements in place between the Company and such Other Interested Party as of the Agreement Date): (a) an oral and a written description of any inquiry, expression of interest, proposal or offer relating to a possible Alternative Proposal, or any request for information that would reasonably be expected to be used for the purpose of formulating any inquiry, expression of interest, proposal or offer regarding an Alternative Proposal, that is received by the Company or any of its Representatives from the Other Interested Party, including in such description the identity of the Other Interested Party, the pricing, terms, conditions and other material provisions of such Alternative Proposal; and (b) a copy of each written communication and a complete summary of each other communication (1) transmitted on behalf of the Other Interested Party or any of the Other Interested Party's Representatives to the Company or any of its Representatives or (2) transmitted on behalf of the Company or any of its Representatives to the Other Interested Party or any of the Other Interested Party's Representatives.

(d) Promptly following the execution of this Agreement, the Company shall deliver written notices to request the return or destruction of all confidential information to all Persons (except for Acquiror and current Company Stockholders) with such return or destroy obligations under non-disclosure or similar agreements (except for such non-disclosure or similar agreements that do not relate to a potential Alternative Proposal, financing of the Company or similar transaction) with the Company. From and following the Agreement Date, the Company further agrees not to release any Persons described in the preceding sentence from any obligations under such non-disclosure or similar agreements without the prior written consent of Acquiror.

ARTICLE VI
ADDITIONAL AGREEMENTS

6.1 Required Stockholder Approval; Information Statement; Joinder and Release Agreements.

(a) Promptly following the execution and delivery of this Agreement (and in any event within six (6) hours after such execution and delivery), the Company shall duly take all lawful action to obtain the Required Stockholder Approval pursuant to the Stockholder Written Consents. The Company Board shall make the Company Board Recommendation and shall not (i) withdraw, modify or qualify in any manner adverse to Acquiror such recommendation, or (ii) take any action or make any statement in connection with obtaining the Stockholder Written Consents inconsistent with such recommendation (any of the foregoing a "***Change in the Company Recommendation***"); *provided, however,* that the Company

Board may evaluate whether to make and may make a Change in the Company Recommendation prior to execution and delivery of the Stockholder Written Consents, as applicable, and may make any statement required by applicable Legal Requirements, if the Company Board determines in good faith, after consultation with outside legal counsel, that a Change in the Company Recommendation is necessary in order to comply with its fiduciary duties under applicable Legal Requirements. Promptly following receipt of the Stockholder Written Consents representing the Required Stockholder Approval, the Company shall cause its corporate Secretary to deliver a copy of such Stockholder Written Consents to Acquiror, together with a certificate executed on behalf of the Company by its corporate Secretary certifying that such Stockholder Written Consents reflect the Required Stockholder Approval.

(b) No later than two (2) Business Days after the receipt by the Company of the Required Stockholder Approval pursuant to the Stockholder Written Consents (and in any event prior to the Closing Date), the Company shall deliver notice thereof to all Company Stockholders who did not execute a Stockholder Written Consent in compliance with Sections 228(e) and 262 of the DGCL, including an information statement regarding the Company, the terms of this Agreement and the First Merger (the "***Information Statement***"). Prior to delivering any correspondence to the Company Stockholders, the Company shall provide drafts thereof to Acquiror, shall give Acquiror reasonable time to review and comment thereon and shall include any reasonable comments made by Acquiror on such correspondence. The Company shall cause the Information Statement to include the Change in the Company Recommendation, and the Company agrees that information included in the Information Statement will not, on the date the Information Statement is first sent or furnished to the Company Stockholders, contain any statement which, at such time, is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not false or misleading. The Company shall update, amend and supplement the Information Statement from time to time as may be required by applicable Legal Requirements.

(c) The Company shall (i) obtain from each Person who would reasonably be expected to receive any payments and/or benefits referred to in this Section 6.1(c) an executed 280G Waiver, substantially in the form attached hereto as Exhibit G (each, a "***280G Waiver***") and (ii) submit to the Company Stockholders for approval (in a manner satisfactory to Acquiror) by such number of Company Stockholders as is required by the terms of Section 280G(b)(5)(B) of the Code, any such waived payments and/or benefits that may, separately or in the aggregate, constitute "parachute payments" within the meaning of Section 280G of the Code and the regulations promulgated thereunder (which determination shall be made by Acquiror), such that such payments and benefits shall not be deemed to be "parachute payments" under Section 280G of the Code. Prior to the Closing, the Company shall deliver to Acquiror evidence satisfactory to Acquiror (i) that a Company Stockholder vote was solicited in conformance with Section 280G and the regulations promulgated thereunder, and (ii) either (A) the requisite Company Stockholder approval was obtained with respect to any payments and/or benefits that were subject to the Company Stockholder vote (the "***280G Approval***"), or (B) the 280G Approval was not obtained and as a consequence, that such "parachute payments" shall not be made or provided, pursuant to the 280G Waiver described herein. The form of 280G Waiver and all materials to be submitted to the Company Stockholders pursuant to this Section 6.1(c) shall be subject to prior review and approval by Acquiror, which shall not be unreasonably withheld, conditioned or delayed. Further, prior to soliciting the 280G Waivers and seeking the 280G Approval, Acquiror shall provide in writing to the Company the relevant details of all payments, benefits and arrangements, if any, to be entered into with or otherwise provided to any "disqualified individual" by Acquiror or any Affiliate or Subsidiary of Acquiror, in each case, prior to or on the Closing Date and that could reasonably be expected to be taken into account in determining whether any payments and benefits constitute "parachute payment" pursuant to Section 280G of the Code with respect to any such Person in connection with the transactions contemplated by this Agreement.

6.2 Payoff Letters and Invoices. The Company shall obtain and deliver to Acquiror no later than three (3) Business Days prior to the Closing Date, an accurate and complete copy of: (a) a payoff letter, dated no more than three (3) Business Days prior to the Closing Date, with respect to all Company Debt stating the amount required to be paid to each lender thereof in order to satisfy and fully discharge such Company Debt as of the Closing and terminate and release any Encumbrances related thereto and (b) an invoice from each advisor or other service provider to the Company, dated no more than three (3) Business Days prior to the Closing Date, with respect to all Unpaid Transaction Expenses that are due and payable to such advisor or other service provider, as the case may be, as of the Closing Date.

6.3 Consideration Spreadsheet. The Company shall prepare and deliver to Acquiror, a spreadsheet (the "***Consideration Spreadsheet***") in form and substance reasonably satisfactory to Acquiror, which spreadsheet shall be dated as of the Closing Date and shall set forth all of the information described on Exhibit H attached hereto, accurate as of immediately prior to the Closing. At least four (4) Business Days prior to the Closing, the Company shall deliver to Acquiror a draft Consideration Spreadsheet setting forth in reasonable detail the Company's good-faith estimates of the information therein requested as of the Effective Time and shall be prepared in accordance with the applicable provisions of the Charter Documents and this Agreement. At least two (2) Business Days prior to Closing the Company shall deliver to Acquiror the final form of Consideration Spreadsheet accurately setting forth the information requested as of the Effective Time and prepared in accordance with the applicable provisions of the Charter Documents and this Agreement and taking into account any reasonable comments provided by Acquiror. All amounts and allocations set forth in the Consideration Spreadsheet shall be conclusive and binding upon the Company and the Company Equityholders and neither Acquiror, Sub I, Sub II nor, after the Closing, the Surviving Entity shall have any obligation to verify the accuracy of the Consideration Spreadsheet.

6.4 Further Actions. Upon the terms and subject to the conditions of this Agreement, each of the parties hereto (other than the Securityholders' Agent) shall use commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Legal Requirements to consummate and make effective the Mergers and the other transactions contemplated hereby, including using commercially reasonable efforts to obtain all permits, consents, approvals, authorizations, qualifications and orders of Governmental Entities as are necessary for the consummation of the Mergers and to take such other actions to cause all of the conditions of the other party or parties hereto to consummate the First Merger set forth in Article VII to be satisfied promptly.

6.5 Tax Matters.

(a) Preparation and Filing of Tax Returns. Acquiror shall prepare and file, or shall cause to be prepared and filed, all Tax Returns of the Company that are first due after the Closing Date and that relate in whole or in part to a Pre-Closing Tax Period (each, an "Acquiror Prepared Return"). To the extent relating to a Pre-Closing Tax Period, each such Acquiror Prepared Return shall be prepared in a manner consistent with the past practice of the Company except as required by Legal Requirements. In the event that any Acquiror Prepared Return reflects a material amount of Taxes for which the Indemnifying Persons will indemnify the Indemnified Persons under Section 9.2, Acquiror will provide a copy of the portion of such Acquiror Prepared Return relating to the Pre-Closing Tax Period to the Securityholders' Agent for review and comment at least 30 days prior to the due date for filing such Acquiror Prepared Return (or, if such due date is within 60 days following the Closing Date, as promptly as reasonably practicable following the Closing Date), will consider in good faith any reasonable comments received in writing from the Securityholders' Agent at least 15 days prior to the due date for such Acquiror Prepared Return.

(b) Apportionment of Straddle Period Taxes. For all purposes of this Agreement, with respect to Taxes of the Company relating to a Straddle Period, the portion of any Tax that is allocable to the Pre-Closing Tax Period will be determined as follows: (i) in the case of Property Taxes, the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days of such Straddle Period in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) in the case of all other Taxes, determined as though the taxable year of the Company terminated at the close of business on the Closing Date.

(c) Cooperation on Tax Matters. After the Closing, Acquiror, the Company, the Securityholders' Agent, and the Indemnifying Persons shall cooperate, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Agreement and any action, suit, demand or other proceeding with respect to Taxes. All books and records with respect to Tax matters pertinent to the Company relating to any Taxable period beginning before the Closing Date shall be transferred to Acquiror at the Closing and shall be retained by Acquiror after the Closing until the expiration of the applicable statute of limitations.

(d) FIRPTA. At the Closing, the Company shall deliver to Acquiror (i) a notice to the Internal Revenue Service, in accordance with the requirements of Treasury Regulation Section 1.897-2(h)(2), in substantially the form attached hereto as Exhibit I, dated as of the Closing Date and executed by the Company (the "***IRS Notice***"), and (ii) a FIRPTA Notification Letter, in substantially the form attached hereto as Exhibit J, dated as of the Closing Date and executed by the Company (the "***FIRPTA Notice***"). Acquiror shall cause the FIRPTA Notice to be correctly and timely filed with the Internal Revenue Service.

(e) Post-Closing Actions. Without the prior written consent of the Securityholders' Agent (such consent not to be unreasonably withheld, conditioned or delayed) or except as required by Legal Requirements, Acquiror will not: (i) amend any previously filed Tax Return of the Company relating to a taxable period (or portion thereof) ending on or prior to the Closing Date; or (ii) make or change any Tax election (including any Tax election relating to Tax accounting methods) of the Company with retroactive effect to a taxable period (or portion thereof) ending on or prior to the Closing Date, in each case, to the extent that such action would have the effect of increasing the amount of Taxes for which the Indemnifying Persons will be required to indemnify the Indemnified Persons under Section 9.2.

(f) Tax Claims. After the Closing, Acquiror will control any Action involving a Governmental Entity with respect to any Tax Return or Taxes of the Company that relates solely to one or more taxable periods ending on or prior to the Closing Date (each, a "***Tax Claim***"). Acquiror shall not settle any Tax Claim in a manner that affects the Indemnifying Persons' indemnification obligations under Section 9.2 for Pre-Closing Taxes without the Securityholders' Agent's consent, not to be unreasonably withheld, conditioned or delayed. In the event of any conflict between the provisions of this Section 6.5(f), and the provisions of Section 9.9, the provisions of this Section 6.5(f), shall control.

(g) Refunds. In the event Acquiror or its Subsidiaries (including the Company after the Closing) receives, after the Closing, a refund of payroll Taxes paid by the Company with respect to its 2018 and 2019 Tax years by utilizing research and development Tax credits of the Company arising in the Pre-Closing Tax Period, the amount of such refund (net of (i) any out-of-pocket costs incurred by Acquiror or its Affiliates in obtaining such refund and (ii) any Tax costs resulting from the receipt or realization of such refund) shall offset the amount of any Indemnifiable Damages that the Indemnified Persons would otherwise be entitled to recover pursuant to Section 9.2(i) (relating to Pre-Closing Taxes) which Indemnifiable Damages are incurred after the date of the receipt of such refund; *provided*, *however*, that Acquiror and its Subsidiaries shall have no obligation to obtain such refund and may determine in their sole discretion whether or not to utilize such credits, and, for the avoidance of doubt, nothing in this Section

6.5(g) shall be construed as providing for any right of the Securityholders' Agent to request, obtain or review any Tax Returns, Tax workpapers, or other information relating to Taxes of Acquiror and its Subsidiaries.

(h) Stock Transfer Taxes. Any stock transfer Taxes incurred in connection with the Mergers ("Transfer Taxes") will be borne fifty percent (50%) by Acquiror and fifty percent (50%) shall be considered a Transaction Expense.

(i) Tax Designation. Prior to the Closing, Acquiror and the Company shall use commercially reasonable efforts to cooperate with the Exchange Agent to enable Company Stockholders to designate, in the Letter of Transmittal or a separate attachment thereto, shares of Company Stock (on a per share or per lot basis) that will be exchanged for cash consideration and stock consideration and the proportions thereof for purposes of Treasury Regulation Section 1.356-1(b), *provided* that the aggregate proportion and amount of cash and stock consideration payable to a Company Stockholder and the terms of this Agreement shall not be changed.

6.6 Confidentiality.

(a) The parties hereto acknowledge that Acquiror and the Company have previously executed the Confidentiality Agreement which shall continue in full force and effect in accordance with its terms, and the parties hereby agree that the information obtained in any investigation, negotiation and execution of this Agreement or the effectuation of the transactions contemplated hereby, shall be governed by the terms of that certain Nondisclosure Agreement dated September 17, 2020 between the Company and the Securityholders' Agent (the "***SRS NDA***"), which the parties hereto acknowledge and agree shall be enforceable by Acquiror after the Closing. The Securityholders' Agent hereby agrees to be bound by the terms and conditions of the SRS NDA to the same extent as if the Acquiror were an original party thereto and a "Discloser" of "Confidential Information" thereunder. With respect to the Securityholders' Agent, as used in the SRS NDA the term "Confidential Information" shall include information relating to the Mergers or this Agreement received by the Securityholders' Agent after the Closing or relating to the period after the Closing, including in respect of any claim for indemnification under Article IX hereof.

(b) During the Interim Period, the Company shall not, and the Company shall cause each of its Representatives not to, directly or indirectly, issue any statement or communication to any Person (other than its agents that are bound by confidentiality restrictions) regarding the subject matter of this Agreement or the transactions contemplated hereby, including, if applicable, the termination of this Agreement and the reasons therefor or any disputes or arbitration proceedings relating hereto, or use Acquiror's name or refer to Acquiror directly or indirectly in connection with Acquiror's relationship with the Company, whether or not in response to an inquiry, without the prior written consent of Acquiror. From the execution of this Agreement until delivery of the Required Stockholder Approval, each of Acquiror, Sub I and Sub II shall, and shall cause each of their respective Representatives not to, directly or indirectly, issue any statement or communication to any Person (other than its agents that are bound by confidentiality restrictions) regarding the subject matter of this Agreement or the transactions contemplated hereby; *provided*, that Acquiror reserves the right, without the Company's prior consent, to make any public disclosure it reasonably believes is required by applicable securities Legal Requirements or securities listing standards.

6.7 Director and Officer Indemnification.

(a) From and after the Effective Time, and until the sixth (6^{th}) anniversary of the Effective Time, Acquiror shall cause the First-Step Surviving Corporation and Surviving Entity to fulfill and honor in all respects the obligations of the Company, to Persons who on or prior to the Effective Time

are or were directors and/or officers of the Company (the "***Company Indemnified Parties***"), pursuant to any indemnification provisions under the Charter Documents as in effect on the Agreement Date and pursuant to any indemnification agreements between the Company and such Company Indemnified Parties existing as of the Agreement Date, in each case which have been disclosed on the Company Disclosure Schedule and true and complete copies of which have been made available to Acquiror (the "***Company Indemnification Obligations***"), with respect to claims arising out of matters occurring at or prior to the Effective Time; *provided*, *however*, that (i) the foregoing obligations shall be subject to any limitation imposed by applicable Legal Requirements, and (ii) no Company Indemnified Party shall have any right of contribution, indemnification or right of advancement from Acquiror, the First-Step Surviving Corporation, the Surviving Entity or their respective successors with respect to any Indemnifiable Damages claimed by any of the Indemnified Persons against such Company Indemnified Party in his or her capacity as a Indemnifying Person pursuant to this Agreement.

(b) Acquiror shall be under no obligation to maintain the existence of the Surviving Entity for any specified period following the Second Effective Time. In the event that, following the Second Effective Time, the Surviving Entity (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successor of the Surviving Entity or its properties and assets, as applicable, shall assume the obligations set forth in this Section 6.7.

(c) At or prior to the Closing Date, in consultation with Acquiror, the Company shall obtain and fully pay for a six-year "tail" insurance policy with respect to directors' and officers' liability insurance (the "***Company D&O Tail Policy***"). The Company D&O Tail Policy will be obtained from an insurance carrier with the same or better credit rating as the Company's current insurance carrier with respect to directors' and officers' liability insurance and the amount and scope of coverage under the Company D&O Tail Policy will be at least as favorable as the Company's existing directors' and officers' liability policies with respect to the matters existing or occurring at or prior to the Effective Time. The Company D&O Tail Policy will be the primary obligor for any claims by the Company Indemnified Parties under this Section 6.7, and the Company Indemnified Parties shall seek recovery from the Company D&O Tail Policy (if and to the extent available) prior to seeking recourse from Acquiror, the First-Step Surviving Corporation or the Surviving Entity pursuant to the Company Indemnification Obligations.

(d) Any amounts paid by Acquiror, the First-Step Surviving Corporation or the Surviving Entity, or any of their respective successors or assigns, to any Company Indemnified Party in respect of the Company Indemnification Obligations (such amounts, "***Company Indemnification Expenses***") shall be recoverable out of the Holdback Fund or, if the Holdback Fund shall be insufficient to satisfy such Company Indemnification Expenses, from the Indemnifying Persons directly pursuant to, and subject to the limitations set forth in, Article IX hereof.

6.8 Access to Information. During the Interim Period, the Company shall (a) give Acquiror and its Representatives reasonable access to the offices, properties, books and records of the Company, (b) furnish to Acquiror and its Representatives such financial and operating data and other information relating to the Company as Acquiror and its Representatives may reasonably request and (c) instruct the employees, counsel and other agents of the Company to reasonably cooperate with Acquiror in its investigation of the Company. Any investigation pursuant to this Section 6.8 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the Company.

6.9 Resignation of Officers and Directors. Prior to the Effective Time, the Company shall cause each director and/or officer of the Company to execute a resignation and release letter in the form attached hereto as Exhibit K, in each case to be effective as of immediately prior to the Effective Time.

6.10 Termination of 401(k) Plan. The Company shall adopt resolutions (and take any other reasonably necessary action, including delivery of any required notices or plan amendments) to terminate, effective as of no later than the day before the Closing Date, any defined contribution plans that include a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code (and a related trust exempt from tax under Section 501(a) of the Code) (as applicable, the "***Company 401(k) Plan***"). The Company shall provide Acquiror with a copy of such resolutions prepared to effectuate the termination of the Company 401(k) Plans in advance and give Acquiror a reasonable opportunity to comment on such documents (which comments shall be considered in good faith), and prior to the Closing Date, the Company shall provide Acquiror with the final documentation evidencing that the Company 401(k) Plans have been terminated pursuant to such resolutions.

6.11 Notices of Certain Events. During the Interim Period, the Company shall promptly notify Acquiror, and Acquiror shall promptly notify the Company of:

(a) any written notice or other written communication (including email) from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement or the documents referenced herein;

(b) any notice or other communication from any Governmental Entity (i) delivered in connection with the transactions contemplated by this Agreement or the documents referenced herein or (ii) indicating that a Company Authorization has been revoked or is about to be revoked or that a Company Authorization is required in any jurisdiction in which such Company Authorization has not been obtained;

(c) any Action commenced or, to its knowledge, threatened in writing against, relating to or involving or otherwise affecting the Company, that, if pending on the Agreement Date, would have been required to have been disclosed pursuant to Section 2.6, or that relates to the consummations of the transactions contemplated by this Agreement or the documents referenced herein; and

(d) any event, condition, fact or circumstance that would make the timely satisfaction of any of the conditions set forth in Article VII impossible or unlikely.

No such notice shall be deemed to supplement or amend the Company Disclosure Schedule for the purpose of (i) determining the accuracy of any of the representations and warranties made by the Company in this Agreement, or (ii) determining whether any of the conditions set forth in Article VII have been satisfied.

6.12 Employee Matters.

(a) As of the Closing Date, and through December 31, 2020 (or until termination of employment, if earlier), Acquiror shall provide, or shall cause the Surviving Entity or one of Acquiror's other Subsidiaries or Affiliates to provide, to each Employee who continues as an employee of Acquiror, the Surviving Entity or any of their respective Subsidiaries or Affiliates (each, a "***Continuing Employee***") (i) an annual base salary or an hourly wage rate, as applicable, that is not less than that provided to such Continuing Employee immediately prior to the Closing, (ii) target cash incentive compensation opportunities that are not less favorable than those provided to such Continuing Employee by the Company immediately prior to Closing (pro-rated from the day after the Effective Time through December 31, 2020), provided that any such cash incentive compensation shall be payable through (and subject to the terms and conditions of) the Acquiror's annual bonus program, and (iii) employee health and welfare benefits that are substantially comparable, in the aggregate, to those provided to such Continuing Employee by the Company and its Subsidiaries immediately prior to the Closing. Acquiror, the Surviving Entity and their respective Subsidiaries and Affiliates shall treat, and shall cause each employee benefit plan, program, arrangement, agreement, policy or commitment sponsored or maintained by Acquiror, the Surviving Entity or any of

their respective Subsidiaries or Affiliates following the Closing and in which any Continuing Employee (or the spouse, domestic partner or any dependent of any Continuing Employee) participates or is eligible to participate (each, a "***Acquiror Benefit Plan***") to treat, for all purposes (including eligibility to participate, vesting and level and accrual of benefits, other than credit for service under any annual bonus or similar cash incentive compensation scheme for the year in which the Closing occurs, vesting under any equity or equity-like compensation plan or agreement or accrual of benefits under any "defined benefit plan," as defined in Section 3(35) of ERISA), all service with the Company and its Subsidiaries (and predecessor employers to the extent that the Company or its Subsidiary or any Company Employee Plan provides past service credit) as service with Acquiror, the Surviving Entity and their respective Subsidiaries and Affiliates (except that no such credit shall be provided to the extent that such credit would result in any duplication of benefits for the same period of service). Acquiror, the Surviving Entity and their respective Subsidiaries and Affiliates shall use commercially reasonable efforts to cause each Acquiror Benefit Plan that is a welfare benefit plan, within the meaning of Section 3(1) of ERISA, (i) to waive any and all eligibility waiting periods, actively-at-work requirements, evidence of insurability requirements, pre-existing condition limitations and other exclusions and limitations with respect to the Continuing Employees and their spouses, domestic partners and dependents to the extent waived, satisfied or not included under the corresponding Company Employee Plan, and (ii) to recognize for each Continuing Employee for purposes of applying annual deductible, co-payment and out-of-pocket maximums under such Acquiror Benefit Plan any deductible, co-payment and out-of-pocket expenses paid by the Continuing Employee and his or her spouse, domestic partner and dependents under the corresponding Employee Benefit Plan during the plan year in which occurs the later of the Closing Date and the date on which the Continuing Employee begins participating in such Acquiror Benefit Plan.

(b) Effective as of immediately prior to the Effective Time, the Company shall terminate the Company's Annual Bonus Plan and any similar cash incentive compensation arrangement, plan or agreement in effect as of immediately prior to the Effective Time.

(c) This Section 6.12 shall be binding upon and inure solely to the benefit of each of the parties to this Agreement, and nothing in this Section 6.12, express or implied, shall confer upon any other Person, including any Continuing Employee, any rights or remedies of any nature whatsoever under or by reason of this Section 6.12. Nothing contained herein, express or implied, shall be construed to establish, amend or modify any Company Employee Plan or any other plan, program, arrangement, agreement, policy or commitment. The parties hereto acknowledge and agree that the terms set forth in this Section 6.12 shall not create any right in any Continuing Employee or any other Person to continued employment with the Company, Acquiror, the Surviving Entity or any of their respective Subsidiaries or Affiliates.

ARTICLE VII
CONDITIONS AND REQUIRED DELIVERIES IN CONNECTION WITH THE FIRST MERGER

7.1 Conditions to the Obligations of Each Party to Effect the First Merger. The respective obligations of the Company, Acquiror and Merger Subs to effect the First Merger shall be subject to the satisfaction (or mutual waiver by each such party), at or prior to the Closing, of the following conditions:

(a) No Order; Injunctions; Restraints; Illegality. No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction, order or other legal restraint (whether temporary, preliminary or permanent) which is in effect and which has the effect of making the First Merger illegal or otherwise prohibiting or preventing consummation of the First Merger.

(b) Government Approvals. All notices to, filings with and consents of Governmental Entities required to be made or obtained under any applicable Legal Requirement in connection with the execution, delivery and performance of this Agreement and the consummation of the First Merger and the other transactions contemplated by this Agreement and the documents referenced herein shall have been made or obtained and be in full force and effect.

(c) Required Stockholder Approval. The Required Stockholder Approval shall have been obtained.

7.2 Conditions to the Obligations of Acquiror and Sub I. The obligations of Acquiror and Sub I to effect the First Merger shall be subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any of which may be waived, in writing, exclusively by Acquiror and Sub I:

(a) Representations and Warranties. Each of (i) the Fundamental Representations shall have been true and correct as of the Agreement Date and shall be true and correct as of the Closing Date as if made on the Closing Date (except for Fundamental Representations that speak as of a particular date, which shall be true and correct in all respects as of such date); (ii) the representations and warranties made by the Company in this Agreement (other than the Fundamental Representations) that are qualified as to materiality or Material Adverse Effect shall have been true and correct as of the Agreement Date and shall be true and correct as of the Closing Date as if made by the Company on and as of the Closing Date (except to the extent such representations and warranties refer to a specific date, in which case such representations and warranties shall be true and correct in all respects as of such date); and (iii) all representations and warranties of the Company (to the extent not covered by clauses (i) and (ii) above) shall have been be true and correct in all material respects as of the Agreement Date and shall be true and correct in all material respects as of the Closing Date as if made by the Company on and as of the Closing Date (except to the extent such representations and warranties refer to a specific date, which shall be true and correct in all material respects as of such date).

(b) Covenants. Each of the covenants and obligations that the Company is required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

(c) No Material Adverse Effect. Since the Agreement Date, there shall not have occurred any event or condition of any kind or character (that is still occurring as of the Closing Date) that has had or would be reasonably expected to have, either individually or in the aggregate with all such other events or conditions, a Material Adverse Effect with respect to the Company.

(d) 280G Stockholder Approval. Provided Acquiror has complied with its obligations under Section 6.1(c), with respect to any payments and/or benefits that Acquiror determines may constitute "parachute payments" under Section 280G of the Code with respect to any employees, the Company Stockholders shall have (x) approved, pursuant to the method provided for in the regulations promulgated under Section 280G of the Code, any such "parachute payments" or (y) shall have voted upon and disapproved such parachute payments, and, as a consequence, such "parachute payments" shall not be paid or provided for in any manner and Acquiror and its Subsidiaries shall not have any Liabilities with respect to such "parachute payments."

(e) Litigation. There shall be no Action pending or overly threatened against the Company, its properties or any of its officers, directors or Subsidiaries (x) by any Person arising out of, or in any way connected with, the Mergers or the other transactions contemplated by the terms of this Agreement or (y) by any Governmental Entity arising out of, or in any way connected with, the Mergers or

the other transactions contemplated by the terms of this Agreement, including any such action, suit, claim, investigation or proceeding seeking an Action or divestiture.

(f) Third Party Contracts.

(i) *Required Consents*. The Company shall have delivered to Acquiror all necessary consents, waivers and approvals of parties to any Contract set forth on Schedule 7.2(f)(i) hereto in form and substance satisfactory to Acquiror.

(ii) *Required Amendments*. The Company shall have delivered to Acquiror all necessary modifications by parties to the Contracts set forth on Schedule 7.2(f)(ii) hereto in form and substance satisfactory to Acquiror.

(iii) *Required Terminations*. The Company shall have terminated each of those Contracts set forth on Schedule 7.2(f)(iii) hereto.

(iv) *Required Cancellations*. The Company shall have sent the cancellation notices set forth on Schedule 7.2(f)(iv) hereto in form and substance satisfactory to Acquiror.

(v) *Required Notices*. The Company shall have sent the notices set forth on Schedule 7.2(f)(v) hereto in form and substance satisfactory to Acquiror.

(g) Agreements and Continued Employment. (i) Each of the Non-Competition Agreements executed and delivered concurrently with the execution and delivery of this Agreement shall be in full force and effect, (ii) all of the Key Employees shall remain employed by the Company as of immediately prior to the Closing, (iii) none of the Key Employees have expressed an intention to leave the employ of Acquiror or any of its Subsidiaries (including the Company, the First-Step Surviving Corporation or the Surviving Entity) following the Closing and (iv) at least eighty percent (80%) of all other employees of the Company shall remain employed by the Company and shall not have evidenced any intention to terminate employment with the Acquiror or any of its Subsidiaries (including the Company, the First-Step Surviving Corporation or the Surviving Entity) following the Closing.

(h) Reserved.

(i) Joinder Agreements. Acquiror shall have received executed Stockholder Joinder and Release Agreements from Company Stockholders representing not less than 95% of the outstanding capital stock and voting power of the Company (calculated on an as converted to Company Common Stock basis). Acquiror shall have received executed Optionholder Release Agreements from Company Optionholders representing not less than 95% of the outstanding vested Company Options.

(j) Certificate of the Company. Acquiror shall have received a certificate from the Company in form and substance satisfactory to Acquiror, validly executed by the Chief Executive Officer and Chief Financial Officer of the Company for and on the Company's behalf, certifying as to the matters set forth in Section 7.2(a), Section 7.2(b) and Section 7.2(c).

(k) Certificate of Secretary of Company. Acquiror shall have received a certificate in form and substance satisfactory to Acquiror, validly executed by the Secretary of the Company, certifying (i) as to the terms and effectiveness of the Charter Documents, (ii) as to the valid adoption of resolutions of the Company Board whereby the First Merger and the transactions contemplated hereunder were unanimously approved by the Company Board, and (iii) that the Required Stockholder Approval has been

obtained and (iv) as to the occurrence and outcome of the vote on "parachute payments" under Section 280G of the Code as contemplated by Section 7.2(d).

(l) Certificate of Good Standing. Acquiror shall have received a certificate of good standing from the Secretary of State of the State of Delaware and the Secretary of State of the Commonwealth of Massachusetts which is dated within five (5) Business Days prior to Closing with respect to the Company.

(m) FIRPTA Documentation. Acquiror shall have received the FIRPTA documentation from the Company, including the IRS Notice and the FIRPTA Notice.

(n) Investor Questionnaires. Company Stockholders representing not less than 95% of the outstanding capital stock and voting power of the Company (calculated on an as converted to Company Common Stock basis) shall have executed and delivered to Acquiror an Investor Questionnaire demonstrating that such Company Stockholder is an "accredited investor" (within the meaning of Regulation D under the Securities Act), together with a properly completed and executed Selling Holder Questionnaire.

(o) Related Party Transactions. Except as notified by Acquiror to the Company in writing at least three (3) Business Days prior to the Closing, all Contracts between the Company, on the one hand, and any Related Person, on the other hand, (other than ordinary course agreements relating to employee compensation and benefits that have been provided to Acquiror prior to the date of this Agreement) shall have been terminated.

(p) Needed Auditor Consent. The Company shall have delivered to Acquiror the Needed Auditor Consent in form and substance satisfactory to Acquiror.

7.3 Conditions to the Obligations of the Company. The obligations of the Company to effect the First Merger shall be subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any of which may be waived, in writing, exclusively by the Company:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of Acquiror, Sub I and Sub II in this Agreement that are qualified as to materiality or Material Adverse Effect shall have been true and correct as of the Agreement Date and shall be true and correct as of the Closing Date as if made by Acquiror, Sub I or Sub II on and as of the Closing Date (except to the extent such representations and warranties refer to a specific date, in which case such representations and warranties shall be true and correct as of such date); and all representations and warranties of Acquiror, Sub I or Sub II that are not so qualified shall have been true and correct in all material respects as of the Agreement Date and shall be true and correct in all material respects as of the Closing Date as if made by Acquiror, Sub I or Sub II on and as of the Closing Date (except to the extent such representations and warranties refer to a specific date, which shall be true and correct in all material respects as of such date).

(b) Covenants. Each of the covenants and obligations that Acquiror and Sub I are required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

(c) Certificate of Acquiror. The Company shall have received a certificate executed by an authorized officer of Acquiror for and on behalf of Acquiror certifying as to the matters set forth in Section 7.3(a) and Section 7.3(b).

(d) Lock-Up Waiver. The certain letter agreement by and among Acquiror and J.P. Morgan Securities LLC and BofA Securities, Inc. dated as of October 1, 2020 related to the waiver of the requirement set forth in Section 4(h) of the Underwriting Agreement (as defined therein) has not been amended or terminated and remains in full force and effect as of the Closing.

ARTICLE VIII
TERMINATION, AMENDMENT AND WAIVER

8.1 Termination. At any time prior to the Effective Time, this Agreement may be terminated and the Mergers abandoned by authorized action taken by the terminating party, whether before or after the Required Stockholder Approval:

(a) by mutual written consent of Acquiror and the Company;

(b) by either Acquiror or the Company, if the First Merger shall not have been consummated on or before December 4, 2020 or such other date that Acquiror and the Company may agree upon in writing (the "***Termination Date***"); *provided*, *however*, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose breach of this Agreement has been a principal cause of or resulted in the failure of the First Merger to be consummated by such time;

(c) by Acquiror at any time before the Required Stockholder Approval is obtained; *provided*, *however* that Acquiror shall not be permitted to terminate this Agreement under this Section 8.1(c) within the first 6 hours after the execution and delivery of this Agreement by the parties hereto;

(d) by either Acquiror or the Company, if any Governmental Entity shall have enacted, issued, promulgated, enforced or entered any Legal Requirement which has become final and non-appealable and which has the effect of restraining, enjoining or otherwise prohibiting the Mergers or any other transaction contemplated by this Agreement;

(e) by Acquiror, if (i) any representation or warranty of the Company contained in this Agreement shall be inaccurate such that the condition set forth in Section 7.2(a) would not be satisfied, or (ii) the covenants or obligations of the Company contained in this Agreement shall have been breached in any material respect such that the condition set forth in Section 7.2(b) would not be satisfied; *provided*, *however*, that if an inaccuracy or breach is curable by the Company during the 30-day period after Acquiror notifies the Company in writing of the existence of such inaccuracy or breach (the "***Company Cure Period***"), then Acquiror may not terminate this Agreement under this Section 8.1(e) as a result of such inaccuracy or breach prior to the expiration of the Company Cure Period unless the Company is no longer continuing to exercise commercially reasonable efforts to cure such inaccuracy or breach; or

(f) by the Company, if (i) any representation or warranty of Acquiror contained in this Agreement shall be inaccurate such that the condition set forth in Section 7.3(a) would not be satisfied, or (ii) the covenants or obligations of Acquiror and Sub I contained in this Agreement shall have been breached in any material respect such that the condition set forth in Section 7.3(b) would not be satisfied; *provided*, *however*, that if an inaccuracy or breach is curable by Acquiror during the 30-day period after the Company notifies Acquiror in writing of the existence of such inaccuracy or breach (the "***Acquiror Cure Period***"), then the Company may not terminate this Agreement under this Section 8.1(f) as a result of such inaccuracy or breach prior to the expiration of the Acquiror Cure Period unless Acquiror is no longer continuing to exercise commercially reasonable efforts to cure such inaccuracy or breach.

8.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no Liability or obligation on the part of Acquiror, Merger Subs, the Company or their respective Representatives; *provided*, *however*, that (a) the provisions of Section 6.6 (Confidentiality), this Section 8.2 (Effect of Termination), Section 9.8 (Securityholders' Agent), Article X (General Provisions) and the Confidentiality Agreement shall remain in full force and effect and survive any termination of this Agreement, and (b) the termination of this Agreement shall not relieve any party hereto from Liability in connection with any material or intentional breach by such party of any provision of this Agreement that occurred prior to such termination.

ARTICLE IX
INDEMNIFICATION

9.1 Survival.

(a) The representations and warranties of the Company contained in this Agreement, the Company Disclosure Schedule (including any exhibit or schedule to the Company Disclosure Schedule), and the certificates contemplated hereby (and the indemnification obligations of the Indemnifying Persons relating thereto) shall survive the Closing and remain in full force and effect, regardless of any investigation or disclosure made by or on behalf of any of the parties to this Agreement, until the date that is twelve (12) months following the Closing Date (such date, the "***General Survival Date***"); *provided*, *however* that (i) the Fundamental Representations shall survive from the Closing Date until the expiration of the applicable statute of limitations (after giving effect to all extensions, waivers, tolling or mitigation thereof) (such date, the "***Fundamental Survival Date***") and (ii) the IP Ownership Representations shall survive from the Closing Date for a period of thirty (30) months (such date, the "***IP Survival Date***" and each of the General Survival Date, Fundamental Survival Date and IP Survival Date, a "***Survival Date***"); *provided*, *further*, that if a Survival Date is not a Business Day, such Survival Date shall be the first Business Day thereafter. Notwithstanding anything to the contrary herein, if at any time prior to the expiration of a Survival Date, any Indemnified Person delivers a written notice alleging the existence of an inaccuracy in or breach of any representation or warranty and asserting a claim for recovery under Section 9.2 based on such alleged inaccuracy or breach, then the claim asserted in such notice shall survive until such time as such claim is fully and finally resolved.

(b) The representations and warranties of Acquiror contained in this Agreement or in any certificate or other instrument delivered pursuant to this Agreement shall terminate at the Closing, except for the representations and warranties of Acquiror contained in Section 3.3 (subject to the proviso at the end of Section 10.4), which shall survive until the expiration of the applicable statute of limitations.

9.2 Indemnification. Subject to the limitations and exceptions set forth in this Article IX, the Indemnifying Persons (severally, but not jointly, in accordance with the Indemnifying Persons' respective Pro Rata Shares for amounts in excess of the Holdback Fund) shall indemnify and hold harmless Acquiror and each of its Subsidiaries (including the First-Step Surviving Corporation and the Surviving Entity) and their respective officers, directors, agents and employees, and each Person, if any, who controls or may control Acquiror or any such Subsidiary within the meaning of the Securities Act (each of the foregoing being referred to individually as an "***Indemnified Person***" and collectively as "***Indemnified Persons***") from and against any and all Indemnifiable Damages, directly or indirectly, whether or not due to a Third Party Claim, arising out of, resulting from or in connection with:

(a) any failure of any representation or warranty made by the Company in this Agreement or the Company Disclosure Schedule to be true and correct as of the Agreement Date and as of the Closing Date as if made at the Closing Date (in each case, other than any representation or warranty that by its terms is made as of a specific earlier date, in which case as of such specific earlier date);

(b) any failure of any certification, representation or warranty made by the Company in any certificate or other instrument delivered to Acquiror pursuant to any provision of this Agreement to be true and correct;

(c) any breach of or default in connection with any of the covenants or agreements made by the Company (and to be performed at, in connection with or prior to the Closing) in this Agreement;

(d) any inaccuracy in the Consideration Spreadsheet, including any failure to allocate the Total Consideration Value in accordance with the Charter Documents, applicable Legal Requirements, this Agreement or any Contract governing or relating to any Company Stocks or Company Options (including any claim or allegation made by or on behalf of any current or former holder or purported or alleged holder of any Company Stock or Company Options challenging, disputing or objecting to the amount of the Total Consideration Value received or to be received by such current or former holder or purported or alleged holder of any Company Stock or Company Options);

(e) any failure of any Company Stockholder to execute a Stockholder Joinder and Release Agreement, or the failure of any holder of vested Company Options to execute an Optionholder Release Agreement;

(f) any Unpaid Transaction Expenses or Closing Company Debt, to the extent not accounted for in the determination of the Total Consideration Value or the Adjustment Amount;

(g) any Equityholder Matters;

(h) any fraud by the Company in connection with transactions contemplated hereby; and

(i) any Pre-Closing Taxes.

For the purpose of this Article IX only, when determining whether a breach, inaccuracy or failure of any representations or warranties (other than Section 2.12(t)) to be true has occurred and the amount of Indemnifiable Damages suffered by an Indemnified Person as a result of any breach or inaccuracy of a representation or warranty of the Company or any failure by the Company or any Indemnifying Person to perform or comply with any covenant or agreement applicable to it that is qualified or limited in scope as to materiality or Material Adverse Effect, such representation, warranty, covenant or agreement shall be deemed to be made without such qualification or limitation. Acquiror's right to recover Indemnifiable Damages under this Agreement shall in no way be affected by any investigation by or knowledge of Acquiror, whether prior to or after the Agreement Date.

9.3 Recourse for Indemnification Claims; Limitations.

(a) If the First Merger is consummated:

(i) the indemnification obligations of the Indemnifying Persons under this Article IX shall constitute the sole and exclusive rights, claims and remedies of all Indemnified Persons under this Agreement against the Indemnifying Persons, except in the case of fraud and equitable remedies; and

(ii) recovery in an amount not to exceed the Holdback Amount (which recovery shall first be against the Holdback Fund (including recovery of Holdback Shares by the

Indemnified Persons)) shall be the exclusive remedy for indemnification obligations under Section 9.2(a) or Section 9.2(b) of this Agreement, except in the case of (i) any failure of any of the Fundamental Representations to be true and correct as of the Agreement Date and as of the Closing Date as if made on the Closing Date, (ii) any failure of the IP Ownership Representations to be true and correct as of the Agreement Date and as of the Closing Date as if made on the Closing Date, (iii) fraud and (iv) any Third Party Claim arising out of, resulting from or in connection with any of the matters for which any Indemnified Person is entitled to be indemnified under clauses (i) – (iii) of this sentence (clauses (i) through (iv) of this sentence, collectively, the "***Special Matters***").

(b) With respect to the Special Matters, the Indemnifying Persons shall be liable for, and Acquiror and any other Indemnified Person shall be entitled to recover both from the Holdback Fund and directly from the Indemnifying Persons, any and all Indemnifiable Damages arising out of, resulting from or in connection with such Special Matters, *provided*, *however*, that, (i) with respect to any failure of the Fundamental Representations to be true and correct as of the Agreement Date and as of the Closing Date as if made on the Closing Date, the aggregate liability of the Indemnifying Persons for such failure shall be capped at the Total Consideration Value (as adjusted by the Adjustment Amount), (ii) with respect to any failure of the IP Ownership Representations to be true and correct as of the Agreement Date and as of the Closing Date as if made on the Closing Date, the aggregate liability of the Indemnifying Persons for such failure shall be capped at twenty-five percent (25%) of the Total Consideration Value (as adjusted by the Adjustment Amount) inclusive of the Holdback Fund, (iii) nothing in this Agreement shall limit an Indemnifying Person's liability in the case of such Indemnifying Person's own fraud; *provided* that no Indemnifying Person shall be liable for the fraud committed by any other Indemnifying Person, and (iv) except with respect to an Indemnifying Person's own fraud, no Indemnifying Person will be liable under this Agreement in an amount in excess of such Indemnifying Person's proceeds received.

(c) The Indemnifying Persons shall not be required to make any indemnification payment pursuant to Section 9.2(a) or Section 9.2(b) for any failure of any representation or warranty made by the Company in this Agreement to be true and correct (i) with respect to each individual claim pursuant to which materiality or Material Adverse Effect is read out pursuant to the last paragraph of Section 9.2 unless and until the amount of Indemnifiable Damages with respect to such claim is $50,000 or greater (the "***Threshold***") and (ii) unless and until the aggregate amount of the Indemnifiable Damages with respect to all such indemnification claims exceeds $3,000,000, at which point, subject to clause (i), Indemnified Persons may recover all such Indemnifiable Damages in excess of $1,500,000; *provided* that (A) the foregoing limitation in clause (ii) shall not apply with respect to any failure of any Fundamental Representation or IP Ownership Representation to be true and correct and (B) the foregoing limitations in clauses (i) and (ii) shall not apply in the event of fraud.

9.4 Other Limitations; Valuation of Holdback Shares.

(a) The Indemnifying Persons shall not have any right of contribution, indemnification or right of advancement from the First-Step Surviving Corporation, Surviving Entity or Acquiror with respect to any Indemnifiable Damage claimed by an Indemnified Person.

(b) For purposes of this Article IX, shares of Acquiror Stock held as Holdback Shares or received pursuant to the terms of this Agreement shall be valued at the Acquiror Stock Price.

(c) For so long as any portion of the Holdback Fund has not been released in accordance with the terms of this Agreement, the Holdback Fund shall be exhausted before recovery may be obtained directly from any Indemnifying Person for indemnification under Section 9.2; *provided*, *that*, if any Shortfall Amount, Company Indemnification Expenses under Section 6.7(d) or any claims for indemnification under Section 9.2 (other than under Section 9.2(a) or Section 9.2(b)) are recovered from

and thereby reduce the Holdback Fund, claims for indemnification under Section 9.2(a) or Section 9.2(b) that would otherwise be limited to recovery from Holdback Funds may instead be recovered to the extent of the amount of such reduction(s) (but still subject, when viewed in the aggregate with all claims for indemnification under Section 9.2(a) or Section 9.2(b) that are not Special Matters, to a cap equal to the Holdback Amount prior to any reduction thereof) from the respective Indemnifying Persons; *provided*, *further*, that claims for fraud may, at Acquiror's discretion, be asserted directly against the Person who committed such fraud.

(d) Nothing in this Article IX shall limit the liability of any party hereto for any material or intentional breach of any representation, warranty, covenant or agreement contained in this Agreement or any Company Related Agreement if the First Merger does not close.

9.5 Holdback; Period for Claims; Releases; Distribution.

(a) The Holdback Fund shall be held by Acquiror in accordance with the terms of this Agreement and be available to compensate the Indemnified Persons for any claims by such parties for any Indemnifiable Damages suffered or incurred by them and for which they are entitled to recovery under this Article IX. Each claim for Indemnifiable Damages that is to be satisfied from the Holdback Fund pursuant to this Article IX shall be satisfied by forfeiture by the Company Stockholders of Holdback Shares and forfeiture by Company Optionholders of Holdback Cash in an amount equal to the Indemnifiable Damages.

(b) Except as set forth below, the period during which claims for Indemnifiable Damages to be recovered from the Holdback Shares may be made under this Agreement shall commence at the Closing and terminate at 11:59 pm ET on the General Survival Date (the "***Holdback Period***").

(c) Promptly, and in any event within ten (10) Business Days, following the end of the Holdback Period, the undistributed Holdback Fund, less any amount of actual or estimated Indemnifiable Damages in respect of any resolved claims that have yet to be satisfied or any unresolved and pending claims specified in any Officer's Certificate ("***Unresolved Claims***") delivered to the Securityholders' Agent in accordance with Section 9.6 on or prior to the end of the Holdback Period, shall be distributed to the Company Stockholders and Company Optionholders in accordance with clause (e) of this Section 9.5.

(d) In the event that there exist Unresolved Claims as of the expiration of the Holdback Period, as soon as all such Unresolved Claims have been resolved, the Acquiror shall promptly, and in any event within twenty (20) Business Days following the resolution or satisfaction of such Unresolved Claims, deliver in accordance with clause (e) of this Section 9.5, the portion of the Holdback Fund, if any, that was retained for purposes of satisfying such claims that was not needed to satisfy such claims.

(e) Delivery of the Holdback Shares or any portion thereof to the Company Stockholders pursuant to this Section 9.5 shall be made by the Acquiror based on each Indemnifying Person's Proportionate Holdback Contribution. The amount of any shares of Acquiror Stock so delivered to any Company Stockholder shall be rounded down to the nearest whole number of shares of Acquiror Stock. Delivery of the Holdback Cash or any portion thereof to the Company Optionholders pursuant to this Section 9.5 shall be made by (i) Acquiror for all such persons who, as of the Closing Date, are current or former employees of the Company, through payroll and (ii) the Exchange Agent for all other such persons, in each case as promptly as reasonably practicable.

(f) The Securityholders' Agent hereby agrees to deliver any written notices or instructions requested by the Acquiror in order to effectuate any delivery or release of the Holdback Fund to Acquiror, on behalf of the Indemnified Persons, or to the Company Stockholders, as the case may be, that is to be made in accordance with the terms hereof.

9.6 Claims.

(a) In the event any Indemnified Person wishes to assert a claim for indemnification under this Article IX against the Holdback Fund or directly against individual Indemnifying Persons, Acquiror shall deliver to the Securityholders' Agent, a certificate signed by any officer of Acquiror (an "***Officer's Certificate***"):

(i) stating that an Indemnified Person has incurred, paid, reserved or accrued, or reasonably anticipates that it may incur, pay, reserve or accrue, Indemnifiable Damages (or that with respect to any Tax matters, that any Tax Authority may raise such matter in audit of Acquiror or its subsidiaries, which could give rise to Indemnifiable Damages);

(ii) stating the estimated amount of such Indemnifiable Damages to the extent reasonably estimable (which, in the case of Indemnifiable Damages not yet incurred, paid, reserved or accrued, may be the maximum amount reasonably anticipated by Acquiror to be incurred, paid, reserved or accrued); and

(iii) specifying in reasonable detail (based upon the information then possessed by Acquiror) the nature of the claim (and the relevant provisions of this Agreement) to which such Indemnifiable Damages are related.

The date of such delivery of an Officer's Certificate is referred to herein as the "***Claim Date***" of such Officer's Certificate (and the claims for indemnification contained therein). Acquiror may update any Officer's Certificate from time to time to reflect any changes in the actual or estimated amount of Indemnifiable Damages set forth therein or other information contained therein, by delivery of such updated Officer's Certificate to the Securityholders' Agent.

(b) The Securityholders' Agent may object to a claim for indemnification set forth in an Officer's Certificate, whether made against the Holdback Fund or directly against Indemnifying Persons, by delivering to Acquiror a written statement of objection to the claim made in the Officer's Certificate (an "***Objection Notice***"), *provided* that, to be effective, such Objection Notice must (i) be delivered to Acquiror prior to 5:00 p.m. (California time) on the thirtieth (30^{th}) day following the Claim Date of the Officer's Certificate (such deadline, the "***Objection Deadline***" for such Officer's Certificate and the claims for indemnification contained therein) and (ii) set forth in reasonable detail the nature of the objections to the claims in respect of which the objection is made.

(c) If the Securityholders' Agent does not object in writing (as provided in Section 9.6(b)) to the claims contained in an Officer's Certificate prior to the Objection Deadline for such Officer's Certificate, such failure to so object shall be an irrevocable acknowledgment by the Securityholders' Agent on behalf of the Indemnifying Persons that the applicable Indemnified Persons are entitled to the full amount of Indemnifiable Damages with respect to the claims set forth in such Officer's Certificate (and such entitlement shall be conclusively and irrefutably established) (any such claim, an "***Unobjected Claim***"), and the Indemnifying Persons shall be deemed to have released to Acquiror, on behalf of the applicable Indemnified Persons, the amount of the Indemnifiable Damages set forth in such Officer's Certificate in accordance with the terms of this Agreement. In the event the amount to be paid to Acquiror on behalf of the Indemnified Persons in respect of any such Unobjected Claim exceeds the value of the undistributed Holdback Fund, or if such Unobjected Claim relates to a claim for recovery directly from the Indemnifying Persons, Acquiror (or at the request of Acquiror, the Securityholders' Agent) shall use commercially reasonable efforts to, within five (5) Business Days after the Objection Deadline or as promptly as reasonably practicable thereafter, notify the Indemnifying Persons of their indemnification obligations with respect to such Unobjected Claim, and each such Indemnifying Person shall promptly, and

in no event later than ten (10) Business Days after delivery of any such notice by Acquiror (or the Securityholders' Agent, if applicable) to such Indemnifying Person, wire transfer to Acquiror, on behalf of the applicable Indemnified Persons, an amount of cash equal to the amount so owed by such Indemnifying Person.

9.7 Resolution of Objections to Claims.

(a) If the Securityholders' Agent objects in writing to any claim or claims by Acquiror made in an Officer's Certificate by delivering an effective Objection Notice prior to the Objection Deadline, Acquiror and the Securityholders' Agent shall attempt in good faith for thirty (30) days after Acquiror's receipt of such written objection to resolve such objection. If Acquiror and the Securityholders' Agent shall so agree, a memorandum setting forth such agreement (the "***Settlement Memorandum***") shall be prepared and signed by both parties, which Settlement Memorandum shall be final and conclusive and binding on the Indemnifying Persons. In the event the amount to be paid to Acquiror on behalf of the Indemnified Persons under the terms of any such Settlement Memorandum exceeds the value of the undistributed Holdback Fund, or if such Settlement Memorandum relates to a claim for recovery directly from the Indemnifying Persons, Acquiror (or at the request of Acquiror, the Securityholders' Agent) shall use commercially reasonable efforts to, within five (5) Business Days after the date of the Settlement Memorandum or as promptly as reasonably practicable thereafter, notify the Indemnifying Persons of their indemnification obligations with respect to such Unobjected Claim, and each such Indemnifying Person shall promptly, and in no event later than ten (10) Business Days after delivery of any such notice by Acquiror (or the Securityholders' Agent, if applicable) to such Indemnifying Person, wire transfer to Acquiror, on behalf of the applicable Indemnified Persons, an amount of cash equal to the amount so owed by such Indemnifying Person.

(b) Dispute Resolution. If no agreement can be reached pursuant to Section 9.7(a) during the 30-day period for good faith negotiation, but in any event upon the expiration of such 30-day period, either Acquiror or the Securityholders' Agent may bring suit to resolve the dispute (each such dispute, a "***Dispute***") in accordance with Sections 10.10 and 10.12. The decision of the trial court as to the validity and amount of any claim in such Dispute shall be nonappealable, binding and conclusive upon the applicable Indemnified Persons, Acquiror and the Securityholders' Agent. In the event the amount to be paid to Acquiror on behalf of the Indemnified Persons under the terms of any such decision exceeds the value of the undistributed Holdback Fund, or if such Dispute relates to a claim for recovery directly from the Indemnifying Persons, Acquiror (or at the request of Acquiror, the Securityholders' Agent) shall use commercially reasonable efforts to, within five (5) Business Days after the date of the decision of the trial court or as promptly as reasonably practicable thereafter, notify the Indemnifying Persons of their indemnification obligations with respect to such Dispute, and each such Indemnifying Person shall promptly, and in no event later than ten (10) Business Days after delivery of any such notice by Acquiror (or the Securityholders' Agent, if applicable) to such Indemnifying Person, wire transfer to Acquiror, on behalf of the applicable Indemnified Persons, an amount of cash equal to the amount so owed by such Indemnifying Person.

9.8 Securityholders' Agent.

(a) By voting in favor of the adoption of this Agreement, the approval of the principal terms of the Merger and the consummation of the Merger, and execution of a Stockholder Joinder and Release Agreement and/or Optionholder Release Agreement, or participating in the Merger and receiving the benefits thereof, including the right to receive the consideration payable in connection with the Merger, each Indemnifying Person shall be deemed to have approved the designation of, and hereby designates, Shareholder Representative Services LLC as the Securityholders' Agent, to act as the representative, exclusive agent and attorney-in-fact of the Indemnifying Persons for all purposes in connection with this

Agreement and the agreements ancillary hereto including without limitation to: (i) give and receive notices and communications to or from Acquiror (on behalf of itself or any other Indemnified Person) relating to this Agreement or any of the transactions and other matters contemplated hereby or thereby (except to the extent that this Agreement expressly contemplates that any such notice or communication shall be given or received by an Indemnifying Person individually); (ii) authorize the Acquiror to effect the release of all or any portion of the Holdback Fund (on behalf of itself or any other Indemnified Person, including by not objecting to such claims); (iii) object to any claims for indemnification under this Article IX, whether against the Holdback Fund or directly against Indemnifying Persons, pursuant to Section 9.6(b); (iv) consent or agree to, negotiate, enter into settlements and compromises of, demand arbitration of and represent the interests of the Indemnifying Persons in the arbitration of any Dispute relating to, and comply with orders of courts or arbitrators with respect to, any claims for indemnification under this Article IX, whether against the Holdback Fund or directly against Indemnifying Persons; (v) subject to the terms and conditions hereof, consent or agree to any amendment to, or waiver of any provision of, this Agreement on behalf of the Indemnifying Persons; and (vi) take all actions necessary or appropriate in the judgment of the Securityholders' Agent for the accomplishment of the foregoing, in each case without having to seek or obtain the consent of any Person under any circumstance. The Securityholders' Agent may resign at any time (subject to the terms and conditions set forth in the engagement letter by and among the Securityholders Agent, certain of the Indemnifying Persons and, subject to the prior written consent of Acquiror, the Company (the "***SRS Letter***")). The Person serving as the Securityholders' Agent may be replaced from time to time by a vote of the Company Stockholders holding a majority in interest of the Holdback Fund as of the Closing Date (valuing the shares of Acquiror Stock at the Acquiror Stock Price). No bond shall be required of the Securityholders' Agent, and the Securityholders' Agent shall receive no compensation for his services except pursuant to the SRS Letter.

(b) The Securityholders' Agent shall not be liable to any Indemnifying Person for any act done or omitted in connection with the Securityholders' Agent's services pursuant to this Agreement and any agreements ancillary hereto while acting in good faith (and any act done or omitted pursuant to the advice of counsel shall be conclusive evidence of such good faith), except in the event of liability directly resulting from the Securityholders' Agent's gross negligence, willful misconduct or bad faith. The Securityholders' Agent shall not be liable for any action or omission pursuant to the advice of counsel. The Indemnifying Persons shall severally and not jointly and in accordance with their respective Pro Rata Share indemnify the Securityholders' Agent and hold the Securityholders' Agent harmless from and against any and all losses, liabilities, damages, claims, penalties, fines, forfeitures, actions, fees, costs and expenses (including the reasonable and documented fees and expenses of counsel and experts and their staffs and all expense of document location, duplication and shipment) arising out of or in connection with the Securityholders' Agent's acceptance or administration of this Agreement and any agreements ancillary hereto (collectively, "***Agent Losses***"), in each case as such Agent Loss is suffered or incurred; *provided*, that in the event that any such Agent Loss is finally adjudicated to have been directly caused by the gross negligence, willful misconduct or bad faith of the Securityholders' Agent, the Securityholders' Agent will reimburse the Indemnifying Persons the amount of such indemnified Agent Loss to the extent attributable to such gross negligence or willful misconduct.

(c) If not paid directly to the Securityholders' Agent by the Indemnifying Persons, the Agent Losses shall be satisfied (i) from the Expense Fund Amount and (ii) the Holdback Fund at such time as the remaining amounts would otherwise be distributable to the Indemnifying Persons and (iii) to the extent the amount of the Agent Losses exceeds amounts available to the Securityholders' Agent under (i), from each Indemnifying Person, severally and not jointly and in proportion to its Pro Rata Share; *provided*, that while this section allows the Securityholders' Agent to be paid from the Expense Fund Amount and the Holdback Fund, this does not relieve the Indemnifying Persons from their obligation to promptly pay such Agent Losses as they are suffered or incurred, nor does it prevent the Securityholders' Agent from seeking any remedies available to it at law or otherwise. For the avoidance of doubt, in no event shall the

Securityholders' Agent be required to wait for future releases of funds prior to recovering Agent Losses directly from the Indemnifying Persons. In no event will the Securityholders' Agent be required to advance its own funds on behalf of the Indemnifying Persons or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitations on liability or indemnification obligations of, or provisions limiting the recourse against non-parties otherwise applicable to, the Indemnifying Persons set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Securityholders' Agent under this section. The Indemnifying Persons acknowledge and agree that the foregoing indemnities will survive the resignation or removal of the Securityholders' Agent or the termination of this Agreement. As soon as practicable after the date on which the final obligations of the Securityholders' Agent under this Agreement have been discharged, the Securityholders' Agent shall remit any amounts remaining in the Expense Fund Amount to the Exchange Agent (or directly to Acquiror if so instructed) for further distribution to the Indemnifying Persons based on their respective Pro Rata Share. Upon deposit of the Expense Fund Amount with the Securityholders' Agent in accordance with Article I, for Tax purposes, Acquiror shall be deemed to have paid each Company Stockholder its, his or her share of the Expense Fund Amount and then each Company Stockholder shall be deemed to have voluntarily contributed such amount to the Expense Fund Amount held by the Securityholders' Agent. The Indemnifying Persons will not receive any interest or earnings on the Expense Fund Amount and irrevocably transfer and assign to the Securityholders' Agent any ownership right that they may otherwise have had in any such interest or earnings. The Securityholders' Agent will not be liable for any loss of principal of the Expense Fund Amount other than as a result of its gross negligence or willful misconduct. The Securityholders' Agent will hold these funds separate from its corporate funds, will not use these funds for its operating expenses or any other corporate purposes and will not voluntarily make these funds available to its creditors in the event of bankruptcy.

(d) Any notice or communication given or received by, and any decision, action, failure to act (whether or not within a designated period of time), agreement, consent, settlement, resolution or instruction of, the Securityholders' Agent that is within the scope of the Securityholders' Agent's authority under Section 9.8(a) shall constitute a notice or communication to or by, or a decision, action, failure to act (whether or not within a designated period of time), agreement, consent, settlement, resolution or instruction of all the Indemnifying Persons and shall be final, binding and conclusive upon each such Indemnifying Person; and each Indemnified Person shall be entitled to rely upon any such notice, communication, decision, action, failure to act (whether or not within a designated period of time), agreement, consent, settlement, resolution or instruction as being a notice or communication to or by, or a decision, action, failure to act within a designated period of time, agreement, consent, settlement, resolution or instruction of each and every such Indemnifying Person.

9.9 Third-Party Claims. In the event that Acquiror becomes aware of a third-party Action which constitutes a matter for which either (a) an Indemnified Person is entitled to indemnification under Section 9.2 or (b) if determined adversely to Acquiror or any other Indemnified Person, would provide a basis for a claim for indemnification under any of clauses (a) through (i) of Section 9.2 (each such claim, a "***Third Party Claim***"), Acquiror shall have the right in its sole discretion to conduct the defense of and to settle or resolve any such claim. The Securityholders' Agent shall have the right to receive copies of all pleadings, notices and communications with respect to any Third Party Claim to the extent that receipt of such documents does not affect any privilege relating to any Indemnified Person and shall be entitled, at the Indemnifying Persons' expense, to participate in, but not to determine or conduct, any defense of the Third Party Claim or settlement negotiations with respect to the Third Party Claim. However, except with the consent of the Securityholders' Agent (which may be withheld in the Securityholders' Agent's sole discretion), and which shall be deemed to have been given unless the Securityholders' Agent shall have objected within thirty (30) days after a written request for such consent by Acquiror, the amount paid in the settlement or resolution of any such claim to the third-party claimant shall not be determinative of the existence of or amount of Indemnifiable Damages relating to such matter. In the event that the

Securityholders' Agent has consented (or deemed to have consented) to any such settlement or resolution, neither the Securityholders' Agent nor the Indemnifying Persons shall have any power or authority to object under Section 9.6(b) or any other provision of this Article IX to the amount of any claim for Indemnifiable Damages (including costs of investigation and defense and reasonable fees and expenses of lawyers, experts and other professionals) by or on behalf of any Indemnified Person against the Holdback Shares or directly against such Indemnifying Persons for indemnity with respect to such settlement or resolution.

9.10 Tax Treatment. Any payment under Article IX of this Agreement shall be treated by the parties for U.S. federal, state, local and non-U.S. income Tax purposes as a purchase price adjustment unless otherwise required by applicable Legal Requirements.

9.11 Treatment of Insurance. With respect to each claim for indemnification hereunder, the Acquiror shall use commercially reasonable efforts to assert claims under applicable insurance policies (it being understood that such efforts shall not be a condition precedent to recovery for indemnification hereunder), and any Indemnifiable Damages that may be recovered by an Indemnified Person with respect to such claim shall be net of any insurance proceeds actually received by such Indemnified Person with respect to the Indemnifiable Damages to which such claim relates (net of any deductible or retention amount or any other third-party costs or expenses incurred by the Indemnified Person in obtaining such recovery, including any increased insurance premiums). To the extent that insurance proceeds are actually received by an Indemnified Person after an indemnification claim has been settled, the Indemnified Person shall restore the Indemnifying Persons to the same economic position as would have existed had such insurance proceeds been actually received prior to the settlement of such claim.

9.12 No Duplication of Recovery. Notwithstanding anything contained herein to the contrary, (a) if and solely to the extent that an amount of any Indemnifiable Damages resulting from any breach of any representation or warranty of the Company under Article II was already taken into account in connection with the calculation of Unpaid Transaction Expenses or Closing Company Debt and therefore the determination of the Total Consideration Value or the Adjustment Amount (as finally determined hereunder), the same amount of such Indemnifiable Damages may not be recovered under this Article IX and (b) no Indemnified Person may recover duplicative Indemnifiable Damages in respect of a single set of facts or circumstances under more than one representation or warranty in this Agreement solely due to such facts or circumstances giving rise to a breach of more than one representation or warranty in this Agreement (it being understood and agreed, however, that Indemnified Persons shall have the right to assert claims for indemnification under or in respect of more than one provision of this Agreement in respect of any single fact or circumstance).

9.13 Duty to Mitigate. Nothing in this Agreement shall be deemed to relieve or abrogate any Indemnified Person of its duty to mitigate its damages under common law, pursuant to the laws of the state of Delaware.

ARTICLE X
GENERAL PROVISIONS

10.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered electronically via email, personally or by commercial messenger or courier service, or mailed by registered or certified mail (return receipt requested) to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice); *provided* that notices sent by mail will not be deemed given until received:

(a) if to Acquiror or Merger Subs, to:

10x Genomics, Inc.
6230 Stoneridge Mall Road
Pleasanton, CA 94588
Attn: General Counsel
Email: gc@10xgenomics.com

with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
140 Scott Drive
Menlo Park, CA 94025
Attn: Mark M. Bekheit
Email: mark.bekheit@lw.com

(b) if to the Company, to:

ReadCoor, Inc.
840 Memorial Drive
Cambridge, MA 02139
Attn: Chief Executive Officer
Email: rich@readcoor.com

with a copy (which shall not constitute notice) to:

Cooley LLP
500 Boylston Street, 14th Floor
Boston, MA 02116
Attn: Mark Tanoury
Miguel J. Vega
Email: mtanoury@cooley.com
mvega@cooley.com

(c) If to the Securityholders' Agent, to:

Shareholder Representative Services LLC
950 17th Street, Suite 1400
Denver, CO 80202
Attention: Managing Director
Telephone No.: (303) 648-4085
Email: deals@srsacquiom.com

10.2 Interpretation. When a reference is made in this Agreement to Articles, Sections, Schedules or Exhibits, such reference shall be to an Article or Section of, or a Schedule or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." Unless the context of this Agreement otherwise requires (i) words of any gender include each other gender, (ii) words using the singular or plural number also include the plural or singular number respectively, (iii) the terms "hereof," "herein," "hereunder," and derivative or similar words refer to this entire Agreement and (iv) references to any statute shall refer to the statute, as amended, and include the rules and regulations promulgated thereunder. The use of "or" is not intended to be

exclusive unless expressly indicated otherwise. All references in this Agreement to the Subsidiaries of a legal entity shall be deemed to include all direct and indirect Subsidiaries of such entity. Whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

10.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be an original, but all of which shall be considered one and the same instrument. Any such counterpart, to the extent delivered by .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail (any such delivery, an "***Electronic Delivery***") shall be treated in all manners and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each such party forever waives any such defense, except to the extent that such defense relates to lack of authenticity.

10.4 Entire Agreement; Nonassignability; Parties in Interest. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto, including all the exhibits attached hereto, the Schedules, including the Company Disclosure Schedule, (a) constitute the entire agreement among the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof, except for the Confidentiality Agreement, which shall continue in full force and effect, and shall survive any termination of this Agreement, in accordance with its terms, and (b) are not intended to confer, and shall not be construed as conferring, upon any Person other than the parties hereto any rights or remedies hereunder (except that Section 6.7 is intended to benefit the Company Indemnified Parties and Article IX is intended to benefit Indemnified Persons); *provided*, *however*, that Section 3.3 is only intended to be for the benefit of, and, following the Closing, only enforceable by, Accredited Investors who comply with the requirements of this Agreement in order to receive Acquiror Stock hereunder and solely in respect of Acquiror Stock received in connection with this Agreement with respect to which Section 3.3 is breached and not remedied.

10.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of the other parties hereto, and any such assignment without such prior written consent shall be null and void. Notwithstanding the foregoing, (i) Acquiror may assign this Agreement and any of its rights, interests or obligations hereunder, in connection with a merger, acquisition, sale or all or substantially all of its assets or other change in control transaction, (ii) Acquiror may assign its rights and delegate its obligations hereunder to its Affiliates as long as Acquiror remains ultimately liable for all of Acquiror's obligations hereunder, and (iii) Acquiror, the First-Step Surviving Corporation and Surviving Entity may assign their obligations under Section 6.7 in accordance with Section 6.7(d).

10.6 Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and shall be interpreted so as reasonably to affect the intent of the parties hereto. The parties hereto shall use all reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

10.7 Amendment. Subject to the provisions of applicable Legal Requirements, the parties hereto may amend this Agreement by authorized action at any time prior to the Closing pursuant to an instrument in writing signed on behalf of the Acquiror and the Company, and, with respect to Section 9.8 only, the Securityholders' Agent. To the extent permitted by applicable Legal Requirements, Acquiror and the Securityholders' Agent may cause this Agreement to be amended at any time after the Closing by execution of an instrument in writing signed on behalf of Acquiror and the Securityholders' Agent.

10.8 Extension; Waiver. At any time at or prior to the Closing, any party hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. At any time after the Closing, the Securityholders' Agent and Acquiror may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions for the benefit of such Person contained herein. Without limiting the generality or effect of the preceding sentence, no delay in exercising any right under this Agreement shall constitute a waiver of such right, and no waiver of any breach or default shall be deemed a waiver of any other breach or default of the same or any other provision in this Agreement. Any extensions or waivers by any party or by the Securityholders' Agent and Acquiror under this Section 10.8 shall be in writing.

10.9 Remedies Cumulative; Specific Performance.

(a) Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party hereto shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party hereto of any one remedy shall not preclude the exercise of any other remedy and nothing in this Agreement shall be deemed a waiver by any party of any right to specific performance or injunctive relief.

(b) The parties hereto agree that, in the event of any breach or threatened breach by the other party or parties hereto or any Company Equityholder or the Securityholder's Agent of any covenant, obligation or other agreement set forth in this Agreement, (i) each party shall be entitled, without any proof of actual damages (and in addition to any other remedy that may be available to it), to a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other agreement and an injunction preventing or restraining such breach or threatened breach, and (ii) no party hereto shall be required to provide or post any bond or other security or collateral in connection with any such decree, order or injunction or in connection with any related Action.

10.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to such state's principles of conflicts of law. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware (or, in the case of a federal claim as to which federal courts have exclusive jurisdiction, the Federal Court of the United States of America) in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of Delaware for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process. Each party agrees not to commence any legal proceedings related hereto except in such courts.

10.11 Rules of Construction. The parties hereto have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, hereby waive, with respect to this Agreement, each Schedule and each Exhibit attached hereto, the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

10.12 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

10.13 Continued Representation; Attorney-Client Privilege. Each of the parties hereto acknowledges and agrees that Cooley LLP ("***Cooley***") has acted as counsel to the Company in connection with the negotiation of this Agreement and consummation of the Mergers. Each of the parties hereto agrees that, from and after the Effective Time, Acquiror will not, and will cause each of its Affiliates (including the First-Step Surviving Corporation and the Surviving Entity) not to, (i) seek to disqualify Cooley from acting and continuing to act as counsel to any of the Company Equityholders or the Securityholders' Agent on the grounds of a conflict of interest arising from Cooley's prior representation of the Company either in the event of a dispute hereunder or in the course of the defense or prosecution of any claim relating to the Mergers or (ii) use any legal advice provided by Cooley to the Company, the Securityholders' Agent and/or any Company Equityholder (to the extent such communications belong to the Company) prior to the Closing relating to the transactions contemplated by this Agreement which is subject to attorney-client privilege ("***Privileged Company Legal Advice***") in connection with any indemnification claim hereunder. For the avoidance of doubt, nothing in this Agreement shall be deemed to be a waiver of any applicable privileges or protections that can or may be asserted to prevent disclosure of any client communications to any third party.

[SIGNATURE PAGE NEXT]

IN WITNESS WHEREOF, Acquiror, Sub I, Sub II, the Company and the Securityholders' Agent have each caused this Agreement to be executed and delivered individually or by their respective officers thereunto duly authorized, all as of the date first written above.

10X GENOMICS, INC.

By: _____
Name: Justin J. McAnear
Title: Chief Financial Officer

LIBRARY ACQUISITION CORP.

By: _____
Name: Justin J. McAnear
Title: Treasurer

LIBRARY MERGER SUB, LLC

By: _____
Name: Justin J. McAnear
Title: Treasurer

IN WITNESS WHEREOF, Acquiror, Sub I, Sub II, the Company and the Securityholders' Agent have each caused this Agreement to be executed and delivered individually or by their respective officers thereunto duly authorized, all as of the date first written above.

READCOOR, INC.

By: Richard Terry
Name: Richard Terry
Title: Chief Executive Officer

ANNEX A

INDEX OF DEFINED TERMS

EXHIBIT 10.7

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT
AWARD NOTICE

Participant has been granted Restricted Stock Units with the terms set forth in this Award Notice, and subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement to which this Award Notice is attached. Capitalized terms used and not defined in this Award Notice will have the meanings set forth in the Restricted Stock Unit Agreement and the Plan.

Participant:

Date of Grant:

Number of Restricted Stock Units Granted:

Vesting Commencement Date:

Vesting Schedule:

Subject to Participant's continued employment with, or service to, the Company Group through the applicable vesting date, _____ of the Number of Restricted Stock Units Granted (set forth above in this Award Notice) shall vest on the ____ anniversary of the Vesting Commencement Date and _____ of the Number of Restricted Stock Units Granted shall vest on the each subsequent quarterly installment date defined as February 21, May 21, August 21 and November 21 thereafter. The award shall also be governed by the 10x Genomics, Inc. Change in Control Severance Policy.

Additional Terms and Acknowledgements:

If the number of Shares is not evenly divisible, then no fractional Share will vest and the installments will be as equal as possible with the smaller installment(s) vesting first. Each such right of issuance will be cumulative and will continue, unless sooner terminated as herein provided.

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

(U.S. and Non-U.S. Participants)

This RESTRICTED STOCK UNIT AGREEMENT, effective as of the Date of Grant (as defined below), is made by and between 10x Genomics, Inc., a Delaware corporation (the "**Company**"), and Participant (as defined below). Capitalized terms have the meaning set forth in Section 1 hereof, or, if not otherwise defined herein, in the 10x Genomics, Inc. 2019 Omnibus Incentive Plan (as it may be amended from time to time, the "**Plan**").

1. Definitions. The following terms have the following meanings for purposes of this Agreement:

(a) "**Agreement**" means this Restricted Stock Unit Agreement, including (unless the context otherwise requires) the Award Notice and any special terms and conditions for Participant's country included in any appendices attached hereto.

(b) "**Award Notice**" means the award notice to Participant.

(c) "**Date of Grant**" means the "Date of Grant" listed in the Award Notice.

(d) "**Officer**" means "officer" as defined under Rule 16a-1(f) of the Exchange Act.

(e) "**Participant**" means the "Participant" listed in the Award Notice.

(f) "**Restrictive Covenant Violation**" means Participant's breach of any restrictive covenant or any similar provision applicable to or agreed to by Participant.

(g) "**Shares**" means the underlying shares of Class A Common Stock received upon settlement of a Restricted Stock Unit, as adjusted in accordance with the Plan.

2. Grant of Restricted Stock Units.

(a) Effective as of the Date of Grant but subject to Section 24 hereof, the Company hereby irrevocably grants to Participant the number of Restricted Stock Units listed in the Award Notice as "Number of Restricted Stock Units Granted" (the "**RSU Award**"), which represents the right to receive Shares upon the settlement of Restricted Stock Units, subject to, and in accordance with, the terms, conditions and restrictions set forth in the Plan, the Award Notice and this Agreement. The RSU Award shall vest and become nonforfeitable in accordance with the "Vesting Schedule" set forth on the Award Notice.

(b) The RSU Award granted hereunder is subject to the Plan and the terms of the Plan are hereby incorporated into this Agreement. By accepting the RSU Award, Participant acknowledges that Participant has received and read the Plan and agrees to be bound by the terms, conditions and restrictions set forth in the Plan, this Agreement and the Company's policies, as in effect from time to time, relating to the Plan. In the event of any conflict between one or more of this Agreement, the Award

Notice and the Plan, the Plan will govern this Agreement and the Award Notice, and the Agreement (to the extent not in conflict with the Plan) will govern the Award Notice.

3. Settlement of Restricted Stock Units.

(a) Any Restricted Stock Unit which has become vested in accordance with this Agreement shall be settled as soon as reasonably practicable following the vesting of such Restricted Stock Unit (and, in any event, no later than the date which is two and one-half months following the end of the calendar year in which the Restricted Stock Unit vested).

(b) Upon the settlement of a vested Restricted Stock Unit, the Company shall pay to Participant an amount equal to one (1) Share. As determined by the Committee, the Company shall pay such amount in (x) cash, (y) Shares or (z) any combination thereof. Any fractional Shares may be settled in cash, at the Committee's election.

(c) Notwithstanding anything in this Agreement to the contrary, the Company shall not have any obligation to issue or transfer any Shares as contemplated by this Agreement unless and until such issuance or transfer complies with all relevant provisions of law. As a condition to the settlement of any portion of the RSU Award evidenced by this Agreement, Participant may be required to deliver certain documentation to the Company.

(d) Participant will not be deemed to be the holder of, or to have any of the rights and privileges of a stockholder of the Company (including the right to vote or receive dividends) in respect of, Shares received upon the settlement of Restricted Stock Units until (i) the Company has issued the Shares in connection with such settlement pursuant to the terms of this Agreement and (ii) Participant has paid any applicable withholding taxes in accordance with Section 4 below.

4. Withholding.

(a) ***The following provisions shall only apply to Participant if Participant resides in the United States:*** Participant may be required to pay to the Company or any Affiliate and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Restricted Stock Units, their vesting or settlement or any payment or transfer with respect to the Restricted Stock Units at the minimum applicable statutory rates, and to take such action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes. The Committee may, in its sole discretion, permit Participant to satisfy such withholding tax obligations, in whole or in part, by delivering Shares, including Shares received upon settlement of Restricted Stock Units pursuant to this Agreement.

(b) ***The following provisions shall only apply to Participant if Participant resides outside the United States:***

(i) **In General**. Regardless of any action taken by the Company or any other Subsidiary with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding (the "**Tax Obligations**"), Participant acknowledges that the ultimate liability for all Tax Obligations legally due by Participant is and remains Participant's responsibility and that the Company (a) makes no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Restricted Stock Unit, including the grant, vesting and settlement of the Restricted Stock Unit, the subsequent sale of

Shares acquired pursuant to such exercise, or the receipt of any dividends and (b) does not commit to structure the terms of the grant or any other aspect of the Restricted Stock Unit to reduce or eliminate Participant's liability for Tax Obligations. At the time of settlement of the Restricted Stock Unit, Participant shall pay or make adequate arrangements satisfactory to the Company to satisfy all withholding obligations of the Company and any other Subsidiary. In this regard, at the time the Restricted Stock Unit is vested, in whole or in part, or at any time thereafter as requested by the Company or any other Subsidiary, Participant hereby authorizes withholding of all applicable Tax Obligations from payroll and any other amounts payable to Participant, and otherwise agrees to make adequate provision for withholding of all applicable Tax Obligations, if any, by each Subsidiary which arise in connection with the Restricted Stock Unit. The Company shall have no obligation to deliver Shares until the Tax Obligations as described in this Section have been satisfied by Participant.

(ii) **Withholding in or Directed Sale of Shares**. The Company shall have the right, but not the obligation, to require Participant to satisfy all or any portion of a Subsidiary's Tax Obligations upon settlement of the Restricted Stock Unit by deducting from the Shares otherwise issuable to Participant a number of whole Shares having a Fair Market Value, as determined by the Company as of the date of vesting, not in excess of the amount of such Tax Obligations determined by the applicable minimum statutory withholding rates. The Company may require Participant to direct a broker, upon the vesting of the Restricted Stock Unit, to sell a portion of the Shares subject to the Restricted Stock Units determined by the Company in its discretion to be sufficient to cover the Tax Obligations of any Subsidiary and to remit an amount equal to such Tax Obligations to the Company in cash.

5. Termination of Employment or Service.

(a) In the event that Participant's employment with, or service to, the Company Group terminates for any reason, any unvested portion of the RSU Award will be forfeited and all of Participant's rights under this Agreement will terminate as of the effective date of Termination (the "**Termination Date**") (unless otherwise provided for by the Committee in accordance with the Plan).

(b) Participant's rights with respect to the RSU Award will not be affected by any change in the nature of Participant's employment or service so long as Participant continues to be an employee, consultant or director of the Company Group. Whether (and the circumstances under which) employment or service has terminated and the determination of the Termination Date for the purposes of this Agreement will be determined by the Committee (or, with respect to any Participant who is not a director or Officer, its designee, whose good faith determination will be final, binding and conclusive; provided, that such designee may not make any such determination with respect to the designee's own employment for purposes of the RSU Award).

6. Restrictions on Transfer.

(a) Participant may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Stock Units or Participant's right under the RSU Award to receive Shares, other than in accordance with Section 13(b) of the Plan.

(b) Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of Shares in compliance with the Securities Act and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any

option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Shares, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of any Shares subject to this Agreement without the prior written consent of the underwriter(s) or its representative(s).

7. Repayment of Proceeds; Clawback Policy.

The Shares underlying the RSU Award and all proceeds related to such Shares are subject to the clawback and repayment terms set forth in Sections 13(v) and 13(x) of the Plan and the Company's clawback policy, as in effect from time to time, to the extent Participant is a director or Officer. In addition, if a Restrictive Covenant Violation occurs, Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within ten (10) business days of the Company's request to Participant therefor, an amount equal to the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) Participant received either in cash in respect of the settlement of Restricted Stock Units, or upon the sale or other disposition of, or dividends or distributions in respect of, Shares received upon the settlement of Restricted Stock Units.

8. No Right to Continued Employment or Service. Neither the Plan nor this Agreement nor Participant's receipt of the Restricted Stock Units hereunder shall impose any obligation on the Company or any Affiliate to continue the employment or service of Participant. Further, the Company or any Affiliate (as applicable) may at any time terminate the employment or service of Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

9. Service Conditions. ***The following provisions shall only apply to Participant if Participant resides outside the United States:*** In accepting the Restricted Stock Units hereunder, Participant acknowledges that:

(a) Any notice period mandated under local law shall not be treated as service for the purpose of determining the vesting of the Restricted Stock Units; and Participant's right to vest the Restricted Stock Units after termination of service, if any, will be measured by the date of termination of Participant's active service and will not be extended by any notice period mandated under local law. Subject to the foregoing and the provisions of the Plan, the Company, in its sole discretion, shall determine whether Participant's service has terminated and the effective date of such termination.

(b) The vesting of the Restricted Stock Units shall cease upon, and no Shares shall become vested following, Participant's termination of service for any reason except as may be explicitly provided by the Plan or this Agreement.

(c) The Plan is established voluntarily by the Company. It is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.

(d) The grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past.

(e) All decisions with respect to future Restricted Stock Units grants, if any, will be at the

sole discretion of the Company.

(f) Participant's participation in the Plan shall not create a right to further service with the Company or any Subsidiary and shall not interfere with the ability of any Subsidiary to terminate Participant's service at any time, with or without cause subject to applicable law.

(g) Participant is voluntarily participating in the Plan.

(h) The Restricted Stock Units grant is an extraordinary item that does not constitute compensation of any kind for service of any kind rendered to any Subsidiary, and which is outside the scope of Participant's employment contract, if any.

(i) The Restricted Stock Unit is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

(j) In the event that Participant is not an employee of the Company or Subsidiary, the Restricted Stock Units grant will not be interpreted to form an employment contract or relationship with the Company or Subsidiary; and furthermore the Restricted Stock Units grant will not be interpreted to form an employment contract with any other Subsidiary.

(k) The future value of the underlying Shares is unknown and cannot be predicted with certainty. If the underlying Shares do not increase in value, the Restricted Stock Units will have no value. If Participant obtains Shares after vesting of Restricted Stock Units, the value of those Shares acquired may increase or decrease in value.

(l) No claim or entitlement to compensation or damages arises from termination of the Restricted Stock Units or diminution in value of the Restricted Stock Units or Shares granted after the Restricted Stock Units vesting resulting from termination of Participant's service (for any reason whether or not in breach of local law) and Participant irrevocably releases the Company and each other Subsidiary from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen then, by signing this Agreement, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue such a claim.

10. Adjustments. The terms of this Agreement, including, without limitation, the number of Shares underlying the Restricted Stock Units, will be subject to adjustment in accordance with Section 11 of the Plan.

11. Securities Laws; Cooperation. Upon the vesting of any unvested Restricted Stock Units, Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws, the Plan or this Agreement. Participant further agrees to cooperate with the Company in taking any action reasonably necessary or advisable to consummate the transactions contemplated by this Agreement.

12. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice

shall be deemed effective upon receipt thereof by the addressee.

13. Governing Law; Venue; Jury Trial Waiver; Language. This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereto hereby submit and consent to the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States located in California and no other courts. Each of Participant, the Company and any transferees who hold a portion of the RSU Award pursuant to a valid assignment hereby irrevocably waives any right to a jury trial. If Participant has received a copy of this Agreement (or the Plan or any other document related hereto or thereto) translated into a language other than English, such translated copy is qualified in its entirety by reference to the English version thereof, and in the event of any conflict the English version will govern. Participant acknowledges that Participant is sufficiently proficient in English to understand the terms and conditions of this Agreement.

14. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement will not be affected by such holding and will continue in full force in accordance with their terms.

15. Successors in Interest. Any successor to the Company will have the benefits of the Company under, and be entitled to enforce, this Agreement. Likewise, Participant's legal representative will have the benefits of Participant under, and be entitled to enforce, this Agreement. All obligations imposed upon Participant and all rights granted to the Company under this Agreement will be final, binding and conclusive upon Participant's heirs, executors, administrators and successors.

16. Data Privacy Acknowledgement.

The following provisions shall only apply to Participant if he or she resides outside the United States and the European Economic Area:

*(a) **General**. Participant hereby explicitly and unambiguously acknowledges and agrees to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, Participant's employer or contracting party (the "**Service Recipient**") and the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. If Participant does not choose to participate in the Plan, his or her employment status or service with the Company Group will not be adversely affected. Participant understands that the Company may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, work location and phone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, hire date, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing Participant's participation in the Plan ("**Personal Data**").*

*(b) **Use of Personal Data; Retention**. Participant understands that Personal Data may be transferred to Fidelity or any other third parties assisting in the implementation, administration and*

management of the Plan, now or in the future, that these recipients may be located in Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant understands that Participant may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.

*(c) **Withdrawal of Consent**. Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's employment status or service with the Service Recipient will not be affected; the only consequence of Participant's refusing or withdrawing Participant's consent is that the Company would not be able to grant Restricted Stock Units or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local human resources representative.*

The following provisions shall only apply to Participant if he or she resides in the European Economic Area or the United Kingdom or Switzerland:

*(a) **Data Collected and Purposes of Collection**. Participant understands that the Company, acting as controller, as well as the employer, may collect, to the extent permissible under applicable law, certain personal information about Participant, including name, home address and telephone number, information necessary to process the awards (e.g., mailing address for a check payment or bank account wire transfer information), date of birth, social insurance number or other identification number, salary, nationality, job title, employment location, any capital shares or directorships held in the Company (but only where needed for legal or tax compliance), any other information necessary to process mandatory tax withholding and reporting, details of all awards granted, canceled, vested, unvested or outstanding in Participant's favor, and where applicable service termination date and reason for termination (all such personal information is referred to as "**Data**"). The Data is collected from Participant, the Subsidiary, and from the Company, for the exclusive purpose of implementing, administering and managing the Plan pursuant to the terms of this Agreement. The legal basis (that is, the legal justification) for processing the Data is to perform this Agreement. The Data must be provided in order for Participant to participate in the Plan and for the parties to this Agreement to perform their respective obligations thereunder. If Participant does not provide Data, he or she will not be able to participate in the Plan and become a party to this Agreement.*

*(b) **Transfers and Retention of Data**. Participant understands that the employer Subsidiary will transfer Data to the Company for purposes of plan administration. The Company and the employer or a Subsidiary may also transfer Participant's Data to other service providers (such as accounting firms, payroll processing firms or tax firms), as may be selected by the Company in the future, to assist the Company with the implementation, administration and management of this Agreement.*

Participant understands that the recipients of the Data may be located in the United States, a country that does not benefit from an adequacy decision issued by the European Commission and is not listed by the Swiss supervisory authority as a country with adequate data protection legislation. Where a recipient is located in a country that does not benefit from an adequacy decision or adequacy listing, the transfer of the Data to that recipient will be made pursuant to European Commission-approved standard contractual clauses, a copy of which may be obtained at gc@10xgenomics.com. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's rights and obligations under this Agreement, and for the duration of the relevant statutes of limitations, which may be longer than the term of this Agreement.

*(c) **Participant's Rights in Respect of Data**. The Company will take steps in accordance with applicable legislation to keep Data accurate, complete and up-to-date. Participant is entitled to have any inadequate, incomplete or incorrect Data corrected (that is, rectified). Participant also has the right to request access to his or her Data as well as additional information about the processing of that Data. Further, Participant is entitled to object to the processing of Data or have Participant's Data erased, under certain circumstances. As from May 25, 2018, and subject to conditions set forth in applicable law, Participant also is entitled to (i) restrict the processing of his or her Data so that it is stored but not actively processed (e.g., while the Company assesses whether Participant is entitled to have Data erased) and (ii) receive a copy of the Data provided pursuant to this Agreement or generated by Participant, in a common machine-readable format. To exercise his or her rights, Participant may contact the local human resources representative. Participant may also contact the relevant data protection supervisory authority, as he or she has the right to lodge a complaint. The data protection officer may be contacted at gc@10xgenomics.com.*

17. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By accepting this Agreement and the grant of the Restricted Stock Units evidenced hereby, Participant expressly acknowledges that (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be suspended or terminated by the Company at any time to the extent permitted by the Plan; (b) the grant of the Restricted Stock Units is exceptional, voluntary and occasional and it does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past; (c) all determinations with respect to future restricted stock unit grants, if any, including the grant date and the number of restricted stock units granted, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary and not a condition of employment, and Participant may decline to accept the RSU Award without adverse consequences to Participant's continued employment relationship with the Company Group; (e) the value of the Restricted Stock Unit is an extraordinary item that is outside the scope of Participant's employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) Restricted Stock Units and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, Participant waives any claim on such basis and, for the avoidance of doubt, the Restricted Stock Units will not constitute an "acquired right" under the applicable law of any jurisdiction; (g) if the underlying Shares do not increase in value, the Restricted Stock Units will have no value; (h) if Participant settles the Restricted Stock Units and acquires Shares, the value of such Shares may increase or decrease in value; and (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, Participant understands, acknowledges and agrees that Participant will have no rights to

compensation or damages related to Restricted Stock Unit proceeds in consequence of the termination of Participant's employment for any reason whatsoever and whether or not in breach of contract.

18. Book Entry; Certificates. Upon the settlement of any portion of the RSU Award in Shares pursuant to this Agreement, the Company shall recognize Participant's ownership of such Shares through uncertificated book entry. If elected by the Company, certificates evidencing the Shares may be issued by the Company and any such certificates shall be registered in Participant's name on the stock transfer books of the Company promptly after the date hereof, but shall remain in the physical custody of the Company or its designee at all times prior to the later of (a) the settlement of any portion of the RSU Award pursuant to this Agreement and (b) the expiration of any transfer restrictions set forth in this Agreement or otherwise applicable to the Shares. As soon as practicable following such time, any certificates for the Shares shall be delivered to Participant or to Participant's legal guardian or representative along with the stock powers relating thereto. However, the Company shall not be liable to Participant for damages relating to any delays in issuing the certificates (if any) to Participant, any loss by Participant of the certificates, or any mistakes or errors in the issuance of the certificates or in the certificates themselves.

19. Legend. To the extent applicable, all book entries (or certificates, if any) representing the Shares delivered to Participant as contemplated by Section 3 above shall be subject to the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Company may cause notations to be made next to the book entries (or a legend or legends put on certificates, if any) to make appropriate reference to such restrictions. Any such book entry notations (or legends on certificates, if any) shall include a description to the effect of the restrictions set forth in Sections 2 and 6 hereof.

20. Award Administrator. The Company may from time to time designate a third party administrator to assist the Company in the implementation, administration and management of the Plan and any Restricted Stock Units granted thereunder, including by sending award notices on behalf of the Company to Participants, and by facilitating through electronic means acceptance of Agreement by Participants and settlements of Restricted Stock Units.

21. Amendment. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of Participant hereunder without the consent of Participant.

22. Section 409A. It is intended that the Restricted Stock Units granted hereunder shall be exempt from Section 409A of the Code pursuant to the "short-term deferral" rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.

23. Electronic Delivery and Acceptance. This Agreement may be executed electronically and in counterparts. The Company may, in its sole discretion, decide to deliver any documents related to the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

24. Acceptance and Agreement by Participant; Forfeiture upon Failure to Accept. The grant of Restricted Stock Units hereunder will lapse ninety (90) days from the Date of Grant, and the RSU Award granted hereunder will be forfeited on such date if Participant has not accepted this Agreement by such date. For the avoidance of doubt, Participant's failure to accept this Agreement will not affect Participant's continuing obligations under any other agreement between the Company and Participant. If the attempted electronic delivery of such documents fails, Participant will be provided with a paper copy of the documents. Participant acknowledges that he or she may receive from the Company a paper copy of any documents that were delivered electronically at no cost to him or her by contacting the Company by telephone or in writing. Participant may revoke his or her consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Participant agrees that the foregoing online or electronic participation in the Plan shall have the same force and effect as documentation executed in hardcopy written form. Finally, Participant understands that he or she is not required to consent to electronic delivery of documents.

25. No Advice Regarding Grant. Notwithstanding anything herein to the contrary, Participant acknowledges and agrees that the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares received upon settlement of the Restricted Stock Units. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

26. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan and on any Shares received upon settlement of Restricted Stock Units under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

27. Language. If Participant has received this Agreement, or any other document related to the Restricted Stock Units and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

28. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

29. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

30. Country-Specific Terms and Conditions. ***The following provisions shall only apply to Participant if Participant resides outside the United States:*** Notwithstanding any provisions of this Agreement to the contrary, the Restricted Stock Units grant shall be subject to any special terms and

conditions applicable for Participant's country of residence (and country of employment, if different) as respectively set forth in an appendix to this Agreement (an "**Appendix**"). Further, if Participant transfers his or her residence and/or employment to another country reflected in an Appendix to this Agreement at the time of transfer, the special terms and conditions for such country will apply to Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate Participant's transfer). In all circumstances, any applicable section(s) of the Appendix shall constitute part of this Agreement.

31. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant in the Plan.

APPENDIX TO

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

FOR NON-UNITED STATES PARTICIPANTS

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Restricted Stock Units granted to Participant under the Plan if he or she resides in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the main body of the Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Appendix as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time Participant vests in the Shares or sells the Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws of Participant's country may apply to his or her situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working or transfers to another country after the grant of the Restricted Stock Units, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner. In addition, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant under these circumstances.

AUSTRALIA

Terms and Conditions

Offer of Stock Awards. The Board, in its absolute discretion, may make a written offer to an eligible Participant who is an Australian resident it chooses to accept Restricted Stock Units.

The offer shall specify the maximum number of Restricted Stock Units subject to a stock award which Participant may accept, the date of grant, the expiration date, the vesting conditions (if any), any applicable holding period and any disposal restrictions attaching to the Restricted Stock Units or the resultant shares (all of which may be set by the Board in its absolute discretion).

The offer is intended to receive tax deferred treatment under Subdivision 83A-C of the Income Tax Assessment Act 1997(Cth).

The offer shall be accompanied by an acceptance form and a copy of the Plan and the Agreement or, alternatively, details on how Participant may obtain a copy of the Plan and the Agreement.

Grant of Awards. If Participant validly accept the Board's offer of Restricted Stock Units, the Board must grant Participant the Restricted Stock Units for the number of shares for which the Restricted Stock Units were accepted. However, the Board must not do so if Participant has ceased to be an eligible person at the date when the Restricted Stock Units are to be granted or the Company is otherwise prohibited from doing so under the Corporations Act 2001(Cth) (the "Corporations Act") without a disclosure document, product disclosure statement or similar document.

The Company must provide a stock award agreement in respect of the stock award granted to Participant to be executed by Participant as soon as practicable after the date of grant.

Stock awards granted to Participant under this Appendix that are Restricted Stock Units must not have an Expiration Date exceeding fifteen (15) years from the date of grant.

Tax Deferred Treatment.

Ordinary Shares. Restricted Stock Units issued to Participant under this Appendix must relate to ordinary shares. For the purpose of this Appendix, ordinary shares shall be defined in accordance with its ordinary meaning under Australian law.

Predominant business of the Company. Restricted Stock Units must not be issued where those Restricted Stock Units relate to shares in a company that has a predominant business of the acquisition, sale or holding of shares, securities or other investments.

Real risk of forfeiture. Stock awards that are Restricted Stock Units issued to Participant must have a real risk of forfeiture, the vesting conditions by which this risk is achieved is to be determined by the Board in its absolute discretion.

10% limit on shareholding and voting power. Immediately after Participant acquires the RSU, Participant must not: (i) hold a beneficial interest in more than 10% of the shares in the Company; or (ii) be in a position to cast, or control the casting of, more than 10% of the maximum number of votes that might be

cast at a general meeting of the Company. For the purposes of these thresholds, stock awards that are Restricted Stock Units are treated as if they have been vested and converted into common stock.

Notifications

Securities Law Information

The offering and resale of Shares acquired under the Plan to a person or entity resident in Australia may be subject to disclosure requirements under Australian law. Participant should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

Exchange Control Information

Australian residents must report inbound and/or outbound cash transactions exceeding A$10,000 and inbound and/or outbound international fund transfers of any value if the transfers do not involve an Australian bank.

AUSTRIA

Notifications

Securities Law Information

The grant of Restricted Stock Units under the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Austria.

Consumer Protection Information

Participant may be entitled to revoke this Agreement on the basis of the Austrian Consumer Protection Act (the "***Act***") under the conditions listed below, if the Act is considered to be applicable to this Agreement and the Plan:

(i) The revocation must be made within one week after the acceptance of this Agreement.

(ii) The revocation must be in written form to be valid. It is sufficient if Participant returns this Agreement to the Company or the Company's representative with language that can be understood as Participant's refusal to conclude or honor this Agreement, provided the revocation is sent within the period discussed above.

Exchange Control Information

If Participant holds securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares and any cash dividends) outside of Austria (even if Participant holds them outside of Austria at a branch of an Austrian bank), Participant may be required to report certain information to the Austrian National Bank if certain thresholds are exceeded. Participant is encouraged to consult his/her personal legal or tax advisor to understand how these rules apply to Participant's particular situation.

CANADA

Terms and Conditions

Termination of Continuous Service Status

Notwithstanding any provision of the Plan or the Agreement, the following provision shall apply to Participants employed in Canada on the date on which notification of termination (for any reason, with or without cause) or resignation from service is delivered:

> For purposes of this Agreement, Participant's Termination Date shall mean the later of (i) the date upon which Participant ceases to perform services for the Participant's local employer following the provision of such notification of termination or resignation from service and (ii) the end of any minimum period of notice of termination (if any) required by applicable employment or labour standards legislation. For clarity, unless otherwise expressly provided in this Agreement or determined by the Participant's local employer, no Restricted Stock Units will vest under the Plan following Participant's Termination Date, and the Termination Date will not be extended by any period of deemed notice of termination under contract or at common or civil law in respect of which Participant may receive pay in lieu of notice of termination or damages in lieu of such notice. Participant will not be entitled to any further payments in respect of the value of any Restricted Stock Units that have not yet vested as of Participant's Termination Date and no Restricted Stock Units or any pro-rated portion thereof shall be included in any entitlement to any pay in lieu of notice of termination or damages in lieu of such notice. Subject to any applicable statutory notice period, the Award Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the grant of Restricted Stock Units.

Settlement of Award

Notwithstanding anything in this Agreement or the Plan to the contrary, the Restricted Stock Units will only be settled in shares and not in cash.

The following provision apply if Participant is a resident of Quebec:

> **Language Consent**
>
> The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.
>
> *Les parties reconnaissent avoir expressement souhaité que la convention ["Agreement"], ainsi que tous les documents, avis et procédures judiciaries, éxecutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

Authorization of Release and Transfer Necessary Personal Information

This provision supplements Section 16 of the Agreement:

Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company, any Subsidiary and the Award Administrator of the Plan to disclose and discuss the Plan with his or her advisors. Participant further authorizes the Company, any Subsidiary to record such information and to keep such information in the employee file.

Notifications

Securities Law Information

Participant is permitted to sell Shares acquired through the Plan through the designated broker appointed by the Company, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed.

Foreign Asset/Account Reporting Information

Canadian residents are required to report any foreign property (e.g., Shares acquired under the Plan and possibly unvested Restricted Stock Units) on form T1135 (Foreign Income Verification Statement) if the total cost of their foreign property exceeds C$100,000 at any time in the year. It is Participant's responsibility to comply with these reporting obligations, and Participant should consult his or her own personal tax advisor in this regard.

CHINA

Terms and Conditions

State Administration of Foreign Exchange (SAFE) Compliance

The grant of the Restricted Stock Units and Participant's ability to sell the Shares shall all be contingent upon the Company or its Subsidiaries obtaining approval from SAFE for the related foreign exchange transaction and the establishment of a SAFE-approved bank account. The receipt of funds by Participant from the sale of the Shares and the conversion of those funds to the local currency must be approved by SAFE. In order to comply with the SAFE regulations, the proceeds from the sale of the Shares must be repatriated into China through a SAFE-approved bank account set up and monitored by the Company. Participant may contact his or her local HR office for more details about the SAFE approved bank account.

Foreign Asset/Account Reporting Information

Participant may be required to report to SAFE all details of his or her foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents. Under these rules, Participant may be subject to reporting obligations for the Restricted Stock Units, Shares acquired under the Plan, the receipt of any dividends and the sale of Shares.

Compulsory Post-Termination Sale

In accordance with Section 5 of the Agreement, if Participant's employment with, or service to, the Company Group terminates for any reason, all vested Restricted Stock Units shall be settled and all Shares

issued in settlement of vested Restricted Stock Units shall be sold within three months from the termination of Participant's employment subject to the following:

- Upon the end of the aforesaid three-month period, if there are any unsettled Restricted Stock Units, on the first trading day following the expiry of the three-month period, all such Restricted Stock Units will automatically be settled and all Shares subject to such Restricted Stock Units will automatically be sold on behalf of Participant.

- Upon the end of the aforesaid three-month period, if there are any remaining Shares issued to Participant in settlement of the vested Restricted Stock Units, all such Shares will automatically be sold on behalf of Participant on the first trading day after the expiry of the three-month period.

10x Genomics, Inc. reserves the right to shorten or eliminate the aforesaid post-termination settlement/sale period if required by local law or otherwise as it deems appropriate at its sole discretion.

DENMARK

Terms and Conditions

This provision substitutes Section 4 of the Agreement:

> ***Tax Withholding***. The Company or any Subsidiary (as determined by the Award Administrator) shall have the power and right to deduct, withhold or collect any tax, social security contribution, payroll tax or other amount other tax-related withholding obligations required by law or regulation to be withheld with respect to any taxable event arising with respect to the granting or vesting of Restricted Stock Units (collectively, the "**Withholding Amount**"). This Withholding Amount may be: (a) withheld from other amounts due to Participant; (b) withheld from the value of any vested Restricted Stock Units being settled; or (iii) collected directly from Participant. The Withholding Amount may relate to amounts due in more than one jurisdiction and in all cases shall be as determined by the Company or the applicable Subsidiary in its discretion.

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Denmark.

IMPORTANT – STATEMENT UNDER SECTION 3(1) OF THE ACT ON STOCK OPTIONS

> Pursuant to Section 3(1) of the Act on Stock Options in employment relations (the "Stock Option Act"), Participant, who is employed by an entity within the Company Group, is entitled to receive information regarding the Plan in a separate written statement.
>
> The full statement containing the information about Participant's rights under the Plan and the Stock Option Act is attached as a separate written statement to this Agreement.

Notifications

Exchange Control Information

If Participant establishes an account holding cash outside Denmark, Participant must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. (Please note that these obligations are separate from and in addition to the obligations described below.)

FRANCE

Terms and Conditions

Language Consent

In accepting the grant of the Restricted Stock Units and this Agreement which provides for the terms and conditions of the Restricted Stock Units, Participant confirms that he or she has read and understood the documents relating to the Restricted Stock Units (the Plan and this Agreement), which were provided in the English language. Participant accepts the terms of these documents accordingly.

Consentement Relatif à la Langue Utilisée

En acceptant cette attribution gratuite d'actions et ce contrat qui contient les termes et conditions de cette attribution gratuite d'actions, l'employé confirme ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat d'Attribution) qui lui ont été communiqués en langue anglaise. L'employé en accepte les termes en connaissance de cause.

Notifications

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in France.

Awards Not Tax-Qualified

The Restricted Stock Unit is **not** intended to be a tax-qualified or tax-preferred award, including without limitation, under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code. Participant is encouraged to consult with a personal tax advisor to understand the tax and social insurance implications of the Restricted Stock Units.

Foreign Asset / Account Reporting Information

Participant may hold Shares acquired upon vesting / settlement of the Restricted Stock Units, any proceeds resulting from the sale of Shares or any dividends paid on such Shares outside of France, provided Participant declares all foreign bank and brokerage accounts (including any accounts that were opened or closed during the tax year) on his or her annual income tax return. Failure to complete this reporting may trigger penalties.

GERMANY

Notifications

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Germany.

Exchange Control Information

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). In the event that Participant makes or receives a payment in excess of this amount, he or she is required to report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (**www.bundesbank.de**).

Terms and Conditions

Prohibition on Insider Dealing

Participant should be aware of the insider dealing rules of the Regulation (EU) No 596/2014 of the European Parliament and Council (Market Abuse Regulation) apply in Germany, which may affect transactions under the Plan such as e.g. the subscription or participation, the suspension, the cancellation or an amending order, the acquisition or sale of Shares acquired under the Plan, if Participant has inside information regarding the Company. Participant is advised to determine carefully whether he or she has inside information in respect of the Company and whether and to what extend insider dealing rules can apply to him or her. In case of uncertainty, the Company recommends that Participant consults with a legal advisor.

Limitation of Liability

Participant is responsible for compliance with any laws to be observed by Participant in person in conjunction with the participation in the Plan. The Company cannot be held liable if Participant violates German law or any other applicable rules to be complied with by Participant in conjunction with the participation in the Plan including but not limited to insider dealing restrictions under the Market Abuse Regulation.

HONG KONG

Terms and Conditions

Sale of Shares

Any Shares received at vesting are accepted as a personal investment. In the event that any portion of these Restricted Stock Units vest within six months of the grant date, Participant agrees that he or she will not offer to the public or otherwise dispose of the Shares acquired prior to the six-month anniversary of the grant date.

Notifications

Securities Law Notice

WARNING: The Restricted Stock Units and the Shares covered by the Restricted Stock Units do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or the Affiliate participating in the Plan. Participant should be aware that the contents of this Agreement have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. Nor have the documents been reviewed by any regulatory authority in Hong Kong. The Restricted Stock Units are intended only for Participant's personal use and may not be distributed to any other person. Participant is advised to exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of this Agreement, including this provision, or the Plan, Participant should obtain independent professional advice.

Occupational Retirement Schemes Ordinance Alert

The Company specifically intends that neither the Restricted Stock Units nor the Plan will be considered or deemed an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO").

INDIA

Terms and Conditions

Tax Withholding

The following provision supplements Section 4 of this Agreement:

Participant agrees that under the provisions of the (Indian) Income Tax Act, 1961, the employer and/or the Company would be required to withhold Tax Obligations on the value of the benefit earned by Participant as a result of Participant's participation in the Plan. Such benefit shall be computed according to the provisions of the (Indian) Income Tax Act, 1961, read with the (Indian) Income Tax Rules, 1962.

Participant agrees that the employer and/or the Company may calculate the Tax Obligations to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right that Participant may have to recover any overpayment from the relevant tax authorities. Participant agrees that the employer and/or the Company may withhold the Tax Obligations from Participant's wages or other cash compensation paid to Participant by the Company and/or the employer. Participant agrees to pay to the Company or the employer the Tax Obligations that the Company or the employer may be required to withhold or account, if such Tax Obligations cannot be satisfied by the means previously described.

Participant acknowledges that, regardless of any action taken by the Company or the employer, the ultimate liability for all Tax Obligations is and remains the responsibility of Participant and may exceed the amount actually withheld by the Company or the employer.

Notifications

Exchange Control Information

Participant understands and agrees that he or she must repatriate any proceeds from the sale of Shares acquired under the Plan to India and convert the proceeds into local currency within 90 days of receipt. Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where he or she deposits the foreign currency. Participant should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or his or her employer requests proof of repatriation.

Foreign Asset/Account Reporting Information

Indian residents are required to declare the following items in their annual tax return: (i) any foreign assets held by them (including Shares acquired under the Plan), and (ii) any foreign bank accounts for which they have signing authority. It is Participant's responsibility to comply with applicable foreign asset tax laws in India and Participant should consult with his or her personal tax advisor to ensure that Participant is properly reporting his or her foreign assets and bank accounts. Participant's local employer will issue a Form 16 to Participant and report perquisites in Form 12BA after the end of Financial Year.

ITALY

Terms and Conditions

Plan Document Acknowledgment

In accepting the grant of the Restricted Stock Units, Participant acknowledges that he or she has received a copy of the Plan and the Agreement and has reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understands and accepts all provisions of the Plan and the Agreement, including this Appendix.

Notifications

Foreign Asset/Account Reporting Information

If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate taxable income in Italy, Participant is required to report these assets on his or her annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Foreign Asset Tax Information.

The value of financial assets held outside of Italy by Italian residents is subject to a foreign asset tax, subject to an exemption. The taxable amount will be the fair market value of the financial assets (*e.g.*, Shares) assessed at the end of the calendar year.

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Italy.

JAPAN

Notifications

Foreign Assets Reporting

Japanese residents holding assets outside of Japan (e.g., Shares acquired under the Plan) with a value exceeding ¥50,000,000 (as of December 31 each year) are required to comply with annual tax reporting obligations with respect to such assets. Participant is encouraged to consult with a personal tax advisor in Japan to ensure that Participant is properly complying with these obligations.

Securities Disclaimer

The Restricted Stock Units and the Shares have not been registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948), as amended (the "FIEA"). The Restricted Stock Units and the Shares issuable upon the vesting of Restricted Stock Units may not be offered or sold in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. As used herein, the term "resident of Japan" means any natural person having his place of domicile or residence in Japan, or any corporation or other entity organized under the laws of Japan or having its main office in Japan.

NETHERLANDS

Notifications

Prohibition Against Insider Trading

Participant should be aware of the Dutch insider trading rules, which may affect the sale of Shares acquired under the Plan. In particular, Participant may be prohibited from effecting certain share transactions if Participant has insider information regarding the Company. Below is a discussion of the applicable restrictions. Participant is advised to read the discussion carefully to determine whether the insider rules could apply to him or her. If it is uncertain whether the insider rules apply, the Company recommends that Participant consults with a legal advisor. The Company cannot be held liable if Participant violates the Dutch insider trading rules. Participant is responsible for ensuring his or her compliance with these rules.

Dutch securities laws prohibit insider trading. As of 3 July 2016, the European Market Abuse Regulation ("**MAR**"), is applicable in the Netherlands. For further information, Participant is referred to the website of the Authority for the Financial Markets ("**AFM**"): **https://www.afm.nl/en/professionals/onderwerpen/marktmisbruik**.

Given the broad scope of the definition of inside information, certain employees of the Company working

at its Dutch affiliate may have inside information and thus are prohibited from making a transaction in securities in the Netherlands at a time when they have such inside information. By entering into this Agreement and participating in the Plan, Participant acknowledges having read and understood the notification above and acknowledges that it is Participant's responsibility to comply with the Dutch insider trading rules, as discussed herein.

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in the Netherlands.

POLAND

Notifications

Foreign Exchange Notice

Participant understands and acknowledges that Participant must notify the National Bank of Poland of the value of all foreign share ownership, including but not limited to Shares acquired under the Plan, if such ownership exceeds a designated threshold. Participant is strongly encouraged to consult with an appropriate legal advisor regarding these requirements.

Securities Disclosure

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Poland.

SINGAPORE

Notifications

The grant of the Restricted Stock Units is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("**SFA**"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Participant should note that the Restricted Stock Units are subject to section 257 of the SFA and Participant will not be able to make any subsequent sale in Singapore of the Shares acquired through the vesting/settlement of the Restricted Stock Units or any offer of such sale in Singapore unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Director Notification Obligation

If Participant is a director, associate director or shadow director of a Singapore Subsidiary, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when Participant receives an interest (e.g., Restricted Stock Units or Shares) in the Company or any Subsidiary. In addition, Participant must notify the Singapore Subsidiary when Participant sells Shares of the Company or any Subsidiary (including when Participant sells Shares acquired through the settlement of Restricted Stock Units). These notifications must be made within two business days of acquiring or disposing of any interest in the

Company or any Subsidiary. In addition, a notification must be made of Participant's interests in the Company or any Subsidiary within two business days of becoming a director.

SOUTH KOREA

Terms and Conditions

Foreign Assets Reporting Information

Participant understands and agrees that Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds certain thresholds. Participant is encouraged to consult with his or her personal tax advisor to determine how to value his or her foreign accounts for purposes of this reporting requirement and whether he is she is required to file a report with respect to such accounts.

SPAIN

Notifications

Securities Law Notice

The Restricted Stock Unit does not qualify under Spanish Law as securities. No "offer to the public," as defined under Spanish Law, has taken place or will take place in the Spanish territory. Neither the Plan nor this Agreement have been registered with the *Comisión Nacronal del Mercado de Valores* and do not constitute a public offering prospectus.

Foreign Assets Reporting

Participant may be subject to certain tax reporting requirements with respect to assets or rights that Participant holds outside of Spain, including bank accounts, securities and real estate if the aggregate value for particular category of assets exceeds €50,000 as of December 31 each year. Shares acquired under the Plan or other equity programs offered by the Company constitute securities for purposes of this requirement, but unvested Restricted Stock Units are not subject to this reporting requirement.

If applicable, Participant must report Participant's foreign assets on Form 720 by no later than March 31 following the end of the relevant year. After the rights and/or assets are initially reported, the reporting obligation will only apply if the value of previously-reported rights or assets increases by more than €20,000 as of each subsequent December 31. Participant is encouraged to consult with his or her personal advisor to determine any obligations in this respect.

Share Reporting Requirement

The acquisition of Shares must be declared for statistical purposes to the Direccion General de Comercio e Inversiones (the "**DGCI**"), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be filed in January for shares owned as of December 31 of each year; however, if the value of the Shares acquired or the amount of the sale proceeds exceeds a designated amount the declaration must be filed within one month of the

acquisition or sale, as applicable. Participant should consult with Participant's personal advisor to determine Participant's obligations in this respect.

Foreign Currency Payments

When receiving foreign currency payments exceeding €50,000 derived from the ownership of Shares (i.e., dividends or proceeds from the sale of the Shares), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made. Participant will need to provide the following information: (i) Participant's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment and the currency used; (iv) the country of origin; (v) the reasons for the payment; and (vi) further information that may be required.

SWEDEN

Notifications

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Sweden.

Terms and Conditions

Exchange Control

Participant understands and agrees that foreign and local banks or financial institutions (including brokers) engaged in cross-border transactions generally may be required to report any payments to or from a foreign country exceeding a certain amount to The National Tax Board, which receives the information on behalf of the Swedish Central Bank (Sw.Riksbanken). This requirement may apply even if Participant has a brokerage account with a foreign broker.

SWITZERLAND

Notifications

Securities Law Notification

Neither this Agreement nor this Appendix constitutes a prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Agreement nor this Appendix nor any other offering or marketing material relating to the Restricted Stock Units may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Agreement nor this Appendix, nor the Company nor the Restricted Stock Units have been or will be filed with or approved by any Swiss regulatory authority. The Restricted Stock Units are not subject to the supervision by the Swiss Financial Markets Supervisory Authority FINMA ("**FINMA**"), and Participants acquiring Restricted Stock Units will not benefit from protection or supervision by FINMA.

TAIWAN

Notifications

Securities Disclaimer

Neither the Plan nor the Restricted Stock Units are registered in Taiwan with the Securities and Futures Bureau or subject to the securities laws of Taiwan.

Exchange Control Information

Participant may remit and acquire up to a legally designated amount (currently US$5,000,000) per year in foreign currency (including proceeds from the sale of Shares or the receipt of any dividends) without justification.

If the transaction amount exceeds a legally designated amount (currently TWD500,000) in a single transaction, Taiwanese residents must submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the remitting bank. In addition, if the transaction amount exceeds a legally designated amount (currently US$500,000), Participant may be required to provide additional supporting documentation to the satisfaction of the bank involved in the transaction. Participant should consult with Participant's personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

UNITED KINGDOM

Terms and Conditions

Responsibility for Taxes

The following provisions supplement Section 4 of the Agreement:

If payment or withholding of income taxes is not made within ninety (90) days of the end of the tax year in which the income tax liability arises, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "**Due Date**"), the amount of any uncollected income tax shall constitute a loan owed by Participant to the employer, effective on the Due Date. Participant understands and agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue and Customs ("**HMRC**"), it will be immediately due and repayable by Participant, and the Company and/or the employer may recover it at any time thereafter by any of the means referred to in Section 4 of the Agreement.

Notwithstanding the foregoing, if Participant is a director or an executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), Participant will not be eligible for such a loan to cover the uncollected income tax. In the event that Participant is a director or executive officer and the income tax is not collected from or paid by Participant by the Due Date, Participant understands that the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and national insurance contributions ("**NICs**") may be payable. Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the employer (as appropriate) for the value of any employee NICs due on this additional benefit, which the Company and/or the employer may recover from Participant by any of the means referred to in Section 4 of the Agreement.

Notifications

Securities Disclosure

Neither this Agreement nor Appendix is an approved prospectus for the purposes of section 85(1) of the Financial Services and Markets Act 2000 ("**FSMA**") and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Plan. The Plan and the Restricted Stock Units are exclusively available in the UK to bona fide employees and former employees and any other UK Subsidiary.

Non-Qualification

The Restricted Stock Unit is not intended to be tax-qualified or tax-preferred for purposes of tax rules in the United Kingdom.

Tax Consultation

Participant understands that he or she may suffer adverse tax consequences as a result of Participant's acquisition or disposition of the Shares. Participant represents that he or she will consult with any tax advisors Participant deems appropriate in connection with the acquisition or disposition of the Shares and that Participant is not relying on the Company or any Subsidiary for any tax advice.

Prohibition Against Insider Dealing

Participant should be aware of:

1. the insider dealing rules of the Regulation (EU) No 596/2014 of the European Parliament and Council (Market Abuse Regulation) which apply in the UK; and

2. the UK's insider dealing rules under the Criminal Justice Act 1993,

each of which may affect transactions under the Plan such as the acquisition or sale of Shares acquired under the Plan, if Participant has inside information regarding the Company. If Participant is uncertain whether the insider dealing rules apply, the Company recommends that Participant consults with a legal advisor. The Company cannot be held liable if Participant violates the UK's insider dealing rules. Participant is responsible for ensuring his or her compliance with these rules.

EXHIBIT 10.8

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
INCENTIVE STOCK OPTION
AWARD NOTICE

Participant has been granted an Option with the terms set forth in this Award Notice, and subject to the terms and conditions of the Plan and the Incentive Stock Option Agreement to which this Award Notice is attached. Capitalized terms used and not defined in this Award Notice will have the meanings set forth in the Incentive Stock Option Agreement and the Plan.

Participant:	
Date of Grant:	, 2019
Number of Shares Subject to Option:	
Type of Option:	Incentive Stock Option
Exercise Price per Share:	$
Vesting Commencement Date:	, 2019
Vesting Schedule:	Subject to Participant's continued employment with, or service to, the Company Group through the applicable vesting date, _____ of the Number of Shares Subject to Option (set forth above in this Award Notice) shall vest and become exercisable on _____ and _____ of the Number of Shares Subject to Option shall vest and become exercisable on the _____ day of each month thereafter (and if there is no corresponding day, the last day of the month). Notwithstanding the foregoing (i) the accelerated vesting, if any, of the unvested Number of Shares Subject to Option in the event Participant is terminated in connection with or after a Change in Control shall be governed by the terms of the Company's Change in Control Severance Policy in effect on the Date of Grant, and (ii) if Participant's employment with, or service to, the Company Group is terminated as a result of Participant's death or Disability, the unvested portion of the Option shall remain outstanding for twenty (20) business days following such termination and, (A) if the Committee acts to accelerate the vesting of any of the Number of Shares Subject to Option that are subject to such unvested portion of the Option prior to the expiration of such 20-business day

period, then the Number of Shares Subject to Option for which such vesting was accelerated by the Committee shall be exercisable as provided in Section 7(c)(i) of the Incentive Stock Option Agreement and (B) the Number of Shares Subject to Option that are subject to such unvested portion of the Option for which the vesting is not so accelerated (including, without limitation, as result of the Committee failing to act during such 20-business day period) shall automatically expire that the end of such 20-business day period.

Additional Terms and Acknowledgements:

If the number of Shares is not evenly divisible, then no fractional Share will vest and the installments will be as equal as possible with the smaller installment(s) vesting first. Each such right of purchase will be cumulative and will continue, unless sooner exercised or terminated as herein provided, during the remaining period of the Option Period.

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
INCENTIVE STOCK OPTION AGREEMENT

This INCENTIVE STOCK OPTION AGREEMENT, effective as of the Date of Grant (as defined below), is made by and between 10x Genomics, Inc., a Delaware corporation (the "**Company**"), and Participant (as defined below). Capitalized terms have the meaning set forth in Section 1 hereof, or, if not otherwise defined herein, in the 10x Genomics, Inc. 2019 Omnibus Incentive Plan (as it may be amended from time to time, the "**Plan**").

This Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, this Option will not qualify as Incentive Stock Option, if, among other events, (a) Participant disposes of the Shares acquired upon exercise of this Option within two (2) years from the Date of Grant or one (1) year after such Shares were acquired pursuant to exercise of this Option; (b) except in the event of Participant's death or Disability, Participant is not employed by the Company, a parent or a Subsidiary at all times during the period beginning on the Date of Grant and ending on the day that is three (3) months before the date of exercise of any Shares; or (c) to the extent the aggregate Fair Market Value of the Shares subject to "incentive stock options" held by Participant which become exercisable for the first time in any calendar year (under all plans of the Company, a parent or a Subsidiary) exceeds $100,000. If Participant disposes of the Shares acquired upon exercise of this Option within two (2) years from the Date of Grant or one (1) year after such Shares were acquired pursuant to exercise of this Option, Participant must deliver to the Company, within seven (7) days following such disposition, a written notice specifying the date on which such Shares were disposed of, the number of Shares so disposed, and, if such disposition was by a sale or exchange, the amount of consideration received.

1. Definitions. The following terms have the following meanings for purposes of this Agreement:

(a) "**Agreement**" means this Incentive Stock Option Agreement, including (unless the context otherwise requires) the Award Notice and any special terms and conditions for Participant's country included in any appendices attached hereto.

(b) "**Award Notice**" means the award notice to Participant.

(c) "**Exercise Price**" means the "Exercise Price" listed in the Award Notice.

(d) "**Date of Grant**" means the "Date of Grant" listed in the Award Notice.

(e) "**Officer**" means "officer" as defined under Rule 16a-1(f) of the Exchange Act.

(f) "**Participant**" means the "Participant" listed in the Award Notice.

(g) "**Restrictive Covenant Violation**" means Participant's breach of any restrictive covenant or any similar provision applicable to or agreed to by Participant.

(h) "**Shares**" means the number of shares of Class A Common Stock listed in the Award Notice as "Number of Shares Subject to Option", as adjusted in accordance with the Plan.

2. Grant of the Option.

(a) Effective as of the Date of Grant but subject to Section 24 hereof, the Company hereby irrevocably grants to Participant the right and option (the "**Option**") to purchase all or any part of the Shares, subject to, and in accordance with, the terms, conditions and restrictions set forth in the Plan, the Award Notice and this Agreement. The Option will vest in accordance with the "Vesting Schedule" set forth on the Award Notice.

(b) The Option granted hereunder is subject to the Plan and the terms of the Plan are hereby incorporated into this Agreement. By accepting the Option, Participant acknowledges that Participant has received and read the Plan and agrees to be bound by the terms, conditions and restrictions set forth in the Plan, this Agreement and the Company's policies, as in effect from time to time, relating to the Plan. In the event of any conflict between one or more of this Agreement, the Award Notice and the Plan, the Plan will govern this Agreement and the Award Notice, and the Agreement (to the extent not in conflict with the Plan) will govern the Award Notice.

3. **Exercise Price.** The price at which Participant will be entitled to purchase the Shares upon the exercise of the Option will be the Exercise Price, subject to adjustment as provided in Section 11 hereof.

4. **Exercisability of Option.** The Option will become vested and exercisable in accordance with the Vesting Schedule set forth on the Award Notice.

5. **Duration of Option.** The Option will be exercisable to the extent and in the manner provided herein either (i) for a period of ten (10) years from the Date of Grant (the "**Option Period**") or (ii) if Participant holds more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or its parent corporation or a Subsidiary on the Date of Grant, then for a period of five (5) from the Date of Grant; provided, that the Option may be earlier terminated as provided in Section 7 hereof.

6. **Manner of Exercise and Payment.**

(a) Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by delivery of written or electronic notice to the Company in the manner prescribed in Section 7(d) of the Plan and as otherwise set forth by the Committee from time to time. Such notice will set forth the number of Shares in respect of which the Option is being exercised and will be signed by the person or persons exercising the Option. In the event the Company has designated an Award Administrator (as defined below), the Option may also be exercised by giving notice (including through electronic means) in accordance with the procedures established from time to time by the Award Administrator. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part, provided that partial exercise will be for whole Shares only.

(b) Payment of the Exercise Price for the portion of the Option being exercised is due in full upon exercise of all or any part of the vested Option. Participant may elect to make payment of the Exercise Price: (i) in cash or by check or wire transfer (or any combination thereof), (ii) delivery of Shares having a Fair Market Value equal to the aggregate Exercise Price for the Shares being purchased that are not subject to any pledge, encumbrance or other security interest and satisfy such other requirements as may be imposed by the Committee; provided that such Shares have been held by Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid

adverse accounting treatment under applicable accounting principles); (iii) to the extent permitted by applicable law, by delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the portion of the Option being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Exercise Price for such Shares; provided, that payment of such proceeds is then made to the Company upon settlement of such sale, (iv) any combination of cash (or an approved cash equivalent) and any of the foregoing, or (v) any other payment method provided under the Plan that the Committee may approve; provided, that, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee may establish the method of paying the Exercise Price required to be utilized by Participant from the alternatives available under the Plan prior to the exercise of any portion of the Option.

(c) Concurrently with the exercise of the Option, Participant must pay to the Company any amount that the Company determines it is required to withhold under applicable federal, state or local or foreign tax laws in respect of the exercise or the transfer of such Shares ("**Withholding Taxes**"). Participant may elect to make payment: (i) in cash or by check or wire transfer (or any combination thereof) or (ii) and to the extent permitted by applicable law, by delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the portion of the Option being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Withholding Taxes; provided, that payment of such proceeds is then made to the Company upon settlement of such sale; and provided, further, that the Committee may, in its sole discretion, allow such withholding obligation to be satisfied by any other method described in Section 13 of the Plan and, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding required to be utilized by the Participant from alternatives available under the Plan prior to the exercise of any portion of the Option.

(d) Upon receipt of the notice of exercise and any payment or other documentation as may be necessary pursuant to Sections 6(a), 6(b) and 6(c) above relating to the Shares in respect of which the Option is being exercised, the Company will, subject to the Plan and this Agreement, take such action as may be necessary to effect the transfer to Participant of the number of Shares as to which such exercise was effective.

(e) Participant will not be deemed to be the holder of, or to have any of the rights and privileges of a stockholder of the Company (including the right to vote or receive dividends) in respect of, Shares purchased upon exercise of the Option until (i) the Option has been exercised pursuant to the terms of this Agreement and Participant has paid the full purchase price for the number of Shares in respect of which the Option was exercised and any applicable Withholding Taxes and (ii) the Company has issued the Shares in connection with such exercise.

7. Termination of Employment or Service.

(a) Subject to Section 7(c) hereof, in the event that Participant's employment with, or service to, the Company Group terminates for any reason, any unvested portion of the Option will be forfeited and, except as otherwise specifically provided for in this Section 7, all of Participant's rights under this Agreement will terminate as of the effective date of Termination (the "**Termination Date**") (unless otherwise provided for by the Committee in accordance with the Plan).

(b) If Participant's employment or service is terminated by the Company Group for Cause or by Participant when grounds existed for Cause at the time thereof, the vested and unvested portions of the Option will terminate as of the Termination Date.

(c) In the event (i) Participant's employment with, or service to, the Company Group is terminated by the Company due to death or Disability, the vested portion of the Option will remain exercisable for one year thereafter (but in no event beyond the Option Period) and (ii) Participant's employment with, or service to, the Company Group is terminated for any other reason (subject to Section 7(b)), the vested portion of the Option will remain exercisable for ninety (90) days thereafter (but in no event beyond the Option Period); provided, that, in each case, the Option Period will expire immediately upon the occurrence of a Restrictive Covenant Violation.

(d) Participant's rights with respect to the Option will not be affected by any change in the nature of Participant's employment or service so long as Participant continues to be an employee, consultant or director of the Company Group. Whether (and the circumstances under which) employment or service has terminated and the determination of the Termination Date for the purposes of this Agreement will be determined by the Committee (or, with respect to any Participant who is not a director or Officer, its designee, whose good faith determination will be final, binding and conclusive; provided, that such designee may not make any such determination with respect to the designee's own employment for purposes of the Option).

8. Restrictions on Transfer.

(a) Participant may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Option or Participant's right under the Option to receive Shares, other than as designated by Participant by will or by the laws of descent and distribution in accordance with Section 13(b)(i) of the Plan.

(b) Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of Shares in compliance with the Securities Act and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Shares, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of any Shares subject to this Agreement without the prior written consent of the underwriter(s) or its representative(s).

9. Repayment of Proceeds; Clawback Policy. The Shares subject to the Option and all proceeds related to such Shares are subject to the clawback and repayment terms set forth in Sections 13(v) and 13(x) of the Plan and the Company's clawback policy, as in effect from time to time, to the extent Participant is a director or Officer. In addition, if a Restrictive Covenant Violation occurs or the Company discovers after a termination of employment or service that grounds existed for Cause at the time thereof, then Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within ten (10) business days of the Company's request to Participant therefor, an amount equal to the excess, if any, of (a) the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) Participant

received upon the sale or other disposition of, or distributions in respect of, any Shares acquired upon exercise of the Option (limited, in the case of the Company discovering after a termination of employment or service that grounds existed for Cause at the time thereof, to any such Shares acquired after the date on which grounds for a termination for Cause first existed) over (b) the aggregate Cost (if any) of such Shares. For purposes of this Agreement, "**Cost**" means, in respect of any Share, the Exercise Price, to the extent paid by Participant for such Share, as proportionately adjusted for all subsequent distributions on the Shares and other recapitalizations and less the amount of any distributions made with respect to the Share pursuant to the Company's organizational documents; provided, that Cost may not be less than zero. Any reference in this Agreement to grounds existing for a termination of employment with Cause will be determined without regard to any notice period, cure period, or other procedural delay or event required prior to finding of or termination with, Cause.

10. **No Right to Continued Employment or Service.** Neither the Plan nor this Agreement nor Participant's receipt of the Option hereunder shall impose any obligation on the Company or any Affiliate to continue the employment or service of Participant. Further, the Company or any Affiliate (as applicable) may at any time terminate the employment or service of Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

11. **Adjustments.** The terms of this Agreement, including, without limitation, (a) the number of Shares subject to the Option and (b) the Exercise Price specified herein, will be subject to adjustment in accordance with Section 11 of the Plan.

12. **Securities Laws; Cooperation.** Upon the vesting of any unvested portion of the Option, Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws, the Plan or this Agreement. Participant further agrees to cooperate with the Company in taking any action reasonably necessary or advisable to consummate the transactions contemplated by this Agreement.

13. **Notices.** Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

14. **Governing Law; Venue; Jury Trial Waiver; Language.** This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereto hereby submit and consent to the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States located in California and no other courts. Each of Participant, the Company

and any transferees who hold a portion of the Options pursuant to a valid assignment hereby irrevocably waives any right to a jury trial. If Participant has received a copy of this Agreement (or the Plan or any other document related hereto or thereto) translated into a language other than English, such translated copy is qualified in its entirety by reference to the English version thereof, and in the event of any conflict the English version will govern. Participant acknowledges that Participant is sufficiently proficient in English to understand the terms and conditions of this Agreement.

15. **Successors in Interest.** Any successor to the Company will have the benefits of the Company under, and be entitled to enforce, this Agreement. Likewise, Participant's legal representative will have the benefits of Participant under, and be entitled to enforce, this Agreement. All obligations imposed upon Participant and all rights granted to the Company under this Agreement will be final, binding and conclusive upon Participant's heirs, executors, administrators and successors.

16. **Severability.** Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement will not be affected by such holding and will continue in full force in accordance with their terms.

17. **Data Privacy Acknowledgement.**

(a) **General**. Participant hereby explicitly and unambiguously acknowledges and agrees to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, Participant's employer or contracting party (the "**Service Recipient**") and the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, work location and phone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, hire date, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing Participant's participation in the Plan ("**Personal Data**").

(b) **Use of Personal Data; Retention**. Participant understands that Personal Data may be transferred to Fidelity or any other third parties assisting in the implementation, administration and management of the Plan, now or in the future, that these recipients may be located in Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant understands that Participant may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Personal Data, request additional

information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.

(c) **Withdrawal of Consent**. Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's employment status or service with the Service Recipient will not be affected; the only consequence of Participant's refusing or withdrawing Participant's consent is that the Company would not be able to grant the Option or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local human resources representative.

18. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By accepting this Agreement and the grant of the Option evidenced hereby, Participant expressly acknowledges that (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be suspended or terminated by the Company at any time to the extent permitted by the Plan; (b) the grant of the Option is exceptional, voluntary and occasional and it does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past; (c) all determinations with respect to future option grants, if any, including the grant date, the number of Shares granted, the exercise price and the exercise date or dates, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary and not a condition of employment, and Participant may decline to accept the Option without adverse consequences to Participant's continued employment relationship with the Company Group; (e) the value of the Option is an extraordinary item that is outside the scope of Participant's employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) the Option and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, Participant waives any claim on such basis and, for the avoidance of doubt, the Option will not constitute an "acquired right" under the applicable law of any jurisdiction; (g) if the underlying Shares do not increase in value, the Option will have no value; (h) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price; and (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, Participant understands, acknowledges and agrees that Participant will have no rights to compensation or damages related to Option proceeds in consequence of the termination of Participant's employment for any reason whatsoever and whether or not in breach of contract.

19. Award Administrator. The Company may from time to time designate a third party (an "**Award Administrator**") to assist the Company in the implementation, administration and management of the Plan and any Option granted thereunder, including by sending award notices on behalf of the Company to Participants, and by facilitating through electronic means acceptance of Agreement by Participants and Option exercises by Participants.

20. Book Entry Delivery of Shares. Whenever reference in this Agreement is made to

the issuance or delivery of certificates representing one or more Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

21. Amendment. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of Participant hereunder without the consent of Participant.

22. Section 409A. It is not intended that the Option granted hereunder be subject to Section 409A of the Code.

23. Electronic Delivery and Acceptance. This Agreement may be executed electronically and in counterparts. The Company may, in its sole discretion, decide to deliver any documents related to the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

24. Acceptance and Agreement by Participant; Forfeiture upon Failure to Accept. Participant's rights under the Option will lapse ninety (90) days from the Date of Grant, and the Option will be forfeited on such date if Participant has not accepted this Agreement by such date. For the avoidance of doubt, Participant's failure to accept this Agreement will not affect Participant's continuing obligations under any other agreement between the Company and Participant.

25. No Advice Regarding Grant. Notwithstanding anything herein to the contrary, Participant acknowledges and agrees that the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

26. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

27. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant in the Plan.

[*Signatures follow*]

10x GENOMICS, INC.

By: _____

Name:
Title:

PARTICIPANT

Acknowledged and Agreed
as of the date first written above:

_____
[Participant Name**]**

EXHIBIT 10.9

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
NONQUALIFIED STOCK OPTION
AWARD NOTICE

(NON-EMPLOYEE DIRECTOR)

Participant has been granted an Option with the terms set forth in this Award Notice, and subject to the terms and conditions of the Plan and the Nonqualified Stock Option Agreement to which this Award Notice is attached. Capitalized terms used and not defined in this Award Notice will have the meanings set forth in the Nonqualified Stock Option Agreement and the Plan.

Participant:	_____
Date of Grant:	_____, 2019
Number of Shares Subject to Option:	_____
Type of Option:	Nonqualified Stock Option
Exercise Price per Share:	$_____
Vesting Schedule:	[***Annual Awards:*** Subject to Participant's continued employment with, or service to, the Company Group through each such applicable vesting date, 1/12th of the Number of Shares Subject to Option (set forth above in this Award Notice) shall vest and become exercisable on the _____ day of each month following the Date of Grant (and if there is no corresponding day, the last day of the month).] [***Initial Awards:*** Subject to Participant's continued employment with, or service to, the Company Group through each such applicable vesting date, 1/3rd of the Number of Shares Subject to Option (set forth above in this Award Notice) shall vest and become exercisable on the first anniversary of the Date of Grant and 1/24th of the remaining 2/3rd of the Number of Shares Subject to Option shall vest and become exercisable on the _____ day of each month thereafter (and if there is no corresponding day, the last day of the month)]. Notwithstanding the foregoing, (i) 100% of the then-unvested Number of Shares Subject to Option shall vest and become exercisable immediately prior to a Change in Control, subject to Participant's continued employment

with, or service to, the Company Group on such Change in Control, and (ii) if Participant's employment with, or service to, the Company Group is terminated as a result of Participant's death or Disability, the unvested portion of the Option shall remain outstanding for twenty (20) business days following such termination and, (A) if the Committee acts to accelerate the vesting of any of the Number of Shares Subject to Option that are subject to such unvested portion of the Option prior to the expiration of such 20-business day period, then the Number of Shares Subject to Option for which such vesting was accelerated by the Committee shall be exercisable as provided in Section 7(c)(i) of the Nonqualified Stock Option Agreement and (B) the Number of Shares Subject to Option that are subject to such unvested portion of the Option for which the vesting is not so accelerated (including, without limitation, as result of the Committee failing to act during such 20-business day period) shall automatically expire that the end of such 20-business day period.

Additional Terms and Acknowledgements:

If the number of Shares is not evenly divisible, then no fractional Share will vest and the installments will be as equal as possible with the smaller installment(s) vesting first. Each such right of purchase will be cumulative and will continue, unless sooner exercised or terminated as herein provided, during the remaining period of the Option Period.

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT

(NON-EMPLOYEE DIRECTOR)

This NONQUALIFIED STOCK OPTION AGREEMENT, effective as of the Date of Grant (as defined below), is made by and between 10x Genomics, Inc., a Delaware corporation (the "**Company**"), and Participant (as defined below). Capitalized terms have the meaning set forth in Section 1 hereof, or, if not otherwise defined herein, in the 10x Genomics, Inc. 2019 Omnibus Incentive Plan (as it may be amended from time to time, the "**Plan**").

1. Definitions. The following terms have the following meanings for purposes of this Agreement:

(a) "**Agreement**" means this Nonqualified Stock Option Agreement, including (unless the context otherwise requires) the Award Notice and any special terms and conditions for Participant's country included in any appendices attached hereto.

(b) "**Award Notice**" means the award notice to Participant.

(c) "**Exercise Price**" means the "Exercise Price" listed in the Award Notice.

(d) "**Date of Grant**" means the "Date of Grant" listed in the Award Notice.

(e) "**Officer**" means "officer" as defined under Rule 16a-1(f) of the Exchange Act.

(f) "**Participant**" means the "Participant" listed in the Award Notice.

(g) "**Shares**" means the number of shares of Class A Common Stock listed in the Award Notice as "Number of Shares Subject to Option", as adjusted in accordance with the Plan.

2. Grant of the Option.

(a) Effective as of the Date of Grant but subject to Section 24 hereof, the Company hereby irrevocably grants to Participant the right and option (the "**Option**") to purchase all or any part of the Shares, subject to, and in accordance with, the terms, conditions and restrictions set forth in the Plan, the Award Notice and this Agreement. The Option will vest in accordance with the "Vesting Schedule" set forth on the Award Notice.

(b) The Option granted hereunder is subject to the Plan and the terms of the Plan are hereby incorporated into this Agreement. By accepting the Option, Participant acknowledges that Participant has received and read the Plan and agrees to be bound by the terms, conditions and restrictions set forth in the Plan, this Agreement and the Company's policies, as in effect from time to time, relating to the Plan. In the event of any conflict between one or more of this Agreement, the Award

Notice and the Plan, the Plan will govern this Agreement and the Award Notice, and the Agreement (to the extent not in conflict with the Plan) will govern the Award Notice.

3. Exercise Price. The price at which Participant will be entitled to purchase the Shares upon the exercise of the Option will be the Exercise Price, subject to adjustment as provided in Section 11 hereof.

4. Exercisability of Option. The Option will become vested and exercisable in accordance with the Vesting Schedule set forth on the Award Notice.

5. Duration of Option. The Option will be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Date of Grant (the "**Option Period**"); provided, that the Option may be earlier terminated as provided in Section 7 hereof.

6. Manner of Exercise and Payment.

(a) Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by delivery of written or electronic notice to the Company in the manner prescribed in Section 7(d) of the Plan and as otherwise set forth by the Committee from time to time. Such notice will set forth the number of Shares in respect of which the Option is being exercised and will be signed by the person or persons exercising the Option. In the event the Company has designated an Award Administrator (as defined below), the Option may also be exercised by giving notice (including through electronic means) in accordance with the procedures established from time to time by the Award Administrator. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part, provided that partial exercise will be for whole Shares only.

(b) Payment of the Exercise Price for the portion of the Option being exercised is due in full upon exercise of all or any part of the vested Option. Participant may elect to make payment of the Exercise Price: (i) in cash or by check or wire transfer (or any combination thereof), (ii) delivery of Shares having a Fair Market Value equal to the aggregate Exercise Price for the Shares being purchased that are not subject to any pledge, encumbrance or other security interest and satisfy such other requirements as may be imposed by the Committee; provided that such Shares have been held by Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment under applicable accounting principles); (iii) to the extent permitted by applicable law, by delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the portion of the Option being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Exercise Price for such Shares; provided, that payment of such proceeds is then made to the Company upon settlement of such sale, (iv) any combination of cash (or an approved cash equivalent) and any of the foregoing, or (v) any other payment method provided under the Plan that the Committee may approve; provided, that, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee may establish the method of paying the Exercise Price required to be utilized by Participant from the alternatives available under the Plan prior to the exercise of any portion of the Option.

(c) Concurrently with the exercise of the Option, Participant must pay to the Company any amount that the Company determines it is required to withhold under applicable federal, state or local or foreign tax laws in respect of the exercise or the transfer of such Shares ("**Withholding Taxes**").

Participant may elect to make payment: (i) in cash or by check or wire transfer (or any combination thereof) or (ii) and to the extent permitted by applicable law, by delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the portion of the Option being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Withholding Taxes; provided, that payment of such proceeds is then made to the Company upon settlement of such sale; and provided, further, that the Committee may, in its sole discretion, allow such withholding obligation to be satisfied by any other method described in Section 13 of the Plan and, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding required to be utilized by the Participant from alternatives available under the Plan prior to the exercise of any portion of the Option.

(d) Upon receipt of the notice of exercise and any payment or other documentation as may be necessary pursuant to Sections 6(a), 6(b) and 6(c) above relating to the Shares in respect of which the Option is being exercised, the Company will, subject to the Plan and this Agreement, take such action as may be necessary to effect the transfer to Participant of the number of Shares as to which such exercise was effective.

(e) Participant will not be deemed to be the holder of, or to have any of the rights and privileges of a stockholder of the Company (including the right to vote or receive dividends) in respect of, Shares purchased upon exercise of the Option until (i) the Option has been exercised pursuant to the terms of this Agreement and Participant has paid the full purchase price for the number of Shares in respect of which the Option was exercised and any applicable Withholding Taxes and (ii) the Company has issued the Shares in connection with such exercise.

7. Termination of Employment or Service.

(a) Subject to Section 7(c) hereof, in the event that Participant's employment with, or service to, the Company Group terminates for any reason, any unvested portion of the Option will be forfeited and, except as otherwise specifically provided for in this Section 7, all of Participant's rights under this Agreement will terminate as of the effective date of Termination (the "**Termination Date**") (unless otherwise provided for by the Committee in accordance with the Plan).

(b) If Participant's employment or service is terminated by the Company Group for Cause or by Participant when grounds existed for Cause at the time thereof, the vested and unvested portions of the Option will terminate as of the Termination Date.

(c) In the event (i) Participant's employment with, or service to, the Company Group is terminated by the Company due to death or Disability, the vested portion of the Option will remain exercisable for one year thereafter (but in no event beyond the Option Period) and (ii) Participant's employment with, or service to, the Company Group is terminated for any other reason (subject to Section 7(b)), the vested portion of the Option will remain exercisable for ninety (90) days thereafter (but in no event beyond the Option Period).

(d) Participant's rights with respect to the Option will not be affected by any change in the nature of Participant's employment or service so long as Participant continues to be an employee, consultant or director of the Company Group. Whether (and the circumstances under which) employment or service has terminated and the determination of the Termination Date for the purposes of this Agreement will be determined by the Committee (or, with respect to any Participant who is not a

director or Officer, its designee, whose good faith determination will be final, binding and conclusive; provided, that such designee may not make any such determination with respect to the designee's own employment for purposes of the Option).

8. Restrictions on Transfer.

(a) Participant may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Option or Participant's right under the Option to receive Shares, other than in accordance with Section 13(b) of the Plan.

(b) Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of Shares in compliance with the Securities Act and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Shares, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of any Shares subject to this Agreement without the prior written consent of the underwriter(s) or its representative(s).

9. Repayment of Proceeds; Clawback Policy. The Shares subject to the Option and all proceeds related to such Shares are subject to the clawback and repayment terms set forth in Sections 13(v) and 13(x) of the Plan and the Company's clawback policy, as in effect from time to time, to the extent Participant is a director or Officer. Any reference in this Agreement to grounds existing for a termination of employment with Cause will be determined without regard to any notice period, cure period, or other procedural delay or event required prior to finding of or termination with, Cause.

10. No Right to Continued Employment or Service. Neither the Plan nor this Agreement nor Participant's receipt of the Option hereunder shall impose any obligation on the Company or any Affiliate to continue the employment or service of Participant. Further, the Company or any Affiliate (as applicable) may at any time terminate the employment or service of Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

11. Adjustments. The terms of this Agreement, including, without limitation, (a) the number of Shares subject to the Option and (b) the Exercise Price specified herein, will be subject to adjustment in accordance with Section 11 of the Plan.

12. Securities Laws; Cooperation. Upon the vesting of any unvested portion of the Option, Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws, the Plan or this Agreement. Participant further agrees to cooperate with the Company in taking any action reasonably necessary or advisable to consummate the transactions contemplated by this Agreement.

13. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

14. Governing Law; Venue; Jury Trial Waiver; Language. This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereto hereby submit and consent to the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States located in California and no other courts. Each of Participant, the Company and any transferees who hold a portion of the Options pursuant to a valid assignment hereby irrevocably waives any right to a jury trial. If Participant has received a copy of this Agreement (or the Plan or any other document related hereto or thereto) translated into a language other than English, such translated copy is qualified in its entirety by reference to the English version thereof, and in the event of any conflict the English version will govern. Participant acknowledges that Participant is sufficiently proficient in English to understand the terms and conditions of this Agreement.

15. Successors in Interest. Any successor to the Company will have the benefits of the Company under, and be entitled to enforce, this Agreement. Likewise, Participant's legal representative will have the benefits of Participant under, and be entitled to enforce, this Agreement. All obligations imposed upon Participant and all rights granted to the Company under this Agreement will be final, binding and conclusive upon Participant's heirs, executors, administrators and successors.

16. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement will not be affected by such holding and will continue in full force in accordance with their terms.

17. Data Privacy Acknowledgement.

(a) **General**. Participant hereby explicitly and unambiguously acknowledges and agrees to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, Participant's employer or contracting party (the "**Service Recipient**") and the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, work location and phone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, hire date, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing Participant's participation in the Plan ("**Personal Data**").

(b) **Use of Personal Data; Retention**. Participant understands that Personal Data may be transferred to Fidelity or any other third parties assisting in the implementation, administration and management of the Plan, now or in the future, that these recipients may be located in Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant understands that Participant may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering

and managing Participant's participation in the Plan. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.

(c) **Withdrawal of Consent**. Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's employment status or service with the Service Recipient will not be affected; the only consequence of Participant's refusing or withdrawing Participant's consent is that the Company would not be able to grant the Option or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local human resources representative.

18. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By accepting this Agreement and the grant of the Option evidenced hereby, Participant expressly acknowledges that (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be suspended or terminated by the Company at any time to the extent permitted by the Plan; (b) the grant of the Option is exceptional, voluntary and occasional and it does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past; (c) all determinations with respect to future option grants, if any, including the grant date, the number of Shares granted, the exercise price and the exercise date or dates, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary and not a condition of employment, and Participant may decline to accept the Option without adverse consequences to Participant's continued employment relationship with the Company Group; (e) the value of the Option is an extraordinary item that is outside the scope of Participant's employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) the Option and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, Participant waives any claim on such basis and, for the avoidance of doubt, the Option will not constitute an "acquired right" under the applicable law of any jurisdiction; (g) if the underlying Shares do not increase in value, the Option will have no value; (h) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price; and (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, Participant understands, acknowledges and agrees that Participant will have no rights to compensation or damages related to Option proceeds in consequence of the termination of Participant's employment for any reason whatsoever and whether or not in breach of contract.

19. Award Administrator. The Company may from time to time designate a third party (an "**Award Administrator**") to assist the Company in the implementation, administration and management of the Plan and any Option granted thereunder, including by sending award notices on behalf of the Company to Participants, and by facilitating through electronic means acceptance of Agreement by Participants and Option exercises by Participants.

20. Book Entry Delivery of Shares. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing one or more Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

21. Amendment. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of Participant hereunder without the consent of Participant.

22. Section 409A. It is not intended that the Option granted hereunder be subject to Section 409A of the Code.

23. Electronic Delivery and Acceptance. This Agreement may be executed electronically and in counterparts. The Company may, in its sole discretion, decide to deliver any documents related to the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

24. Acceptance and Agreement by Participant; Forfeiture upon Failure to Accept. Participant's rights under the Option will lapse ninety (90) days from the Date of Grant, and the Option will be forfeited on such date if Participant has not accepted this Agreement by such date. For the avoidance of doubt, Participant's failure to accept this Agreement will not affect Participant's continuing obligations under any other agreement between the Company and Participant.

25. No Advice Regarding Grant. Notwithstanding anything herein to the contrary, Participant acknowledges and agrees that the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

26. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

27. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant in the Plan.

[*Signatures follow*]

10x GENOMICS, INC.

By: _____

Name:
Title:

PARTICIPANT

Acknowledged and Agreed
as of the date first written above:

_____
[Participant Name]

EXHIBIT 10.10

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
NONQUALIFIED STOCK OPTION
AWARD NOTICE

Participant has been granted an Option with the terms set forth in this Award Notice, and subject to the terms and conditions of the Plan and the Nonqualified Stock Option Agreement to which this Award Notice is attached. Capitalized terms used and not defined in this Award Notice will have the meanings set forth in the Nonqualified Stock Option Agreement and the Plan.

Participant:	
Date of Grant:	, 2019
Number of Shares Subject to Option:	
Type of Option:	Nonqualified Stock Option
Exercise Price per Share:	$
Vesting Commencement Date:	, 2019
Vesting Schedule:	Subject to Participant's continued employment with, or service to, the Company Group through the applicable vesting date, _____ of the Number of Shares Subject to Option (set forth above in this Award Notice) shall vest and become exercisable on _____ and _____ of the Number of Shares Subject to Option shall vest and become exercisable on the _____ day of each month thereafter (and if there is no corresponding day, the last day of the month). Notwithstanding the foregoing (i) the accelerated vesting, if any, of the unvested Number of Shares Subject to Option in the event Participant is terminated in connection with or after a Change in Control shall be governed by the terms of the Company's Change in Control Severance Policy in effect on the Date of Grant, and (ii) if Participant's employment with, or service to, the Company Group is terminated as a result of Participant's death or Disability, the unvested portion of the Option shall remain outstanding for twenty (20) business days following such termination and, (A) if the Committee acts to accelerate the vesting of any of the Number of Shares Subject to Option that are subject to such unvested portion of the Option prior to the expiration of such 20-business day

period, then the Number of Shares Subject to Option for which such vesting was accelerated by the Committee shall be exercisable as provided in Section 7(c)(i) of the Nonqualified Stock Option Agreement and (B) the Number of Shares Subject to Option that are subject to such unvested portion of the Option for which the vesting is not so accelerated (including, without limitation, as result of the Committee failing to act during such 20-business day period) shall automatically expire that the end of such 20-business day period.

Additional Terms and Acknowledgements:

If the number of Shares is not evenly divisible, then no fractional Share will vest and the installments will be as equal as possible with the smaller installment(s) vesting first. Each such right of purchase will be cumulative and will continue, unless sooner exercised or terminated as herein provided, during the remaining period of the Option Period.

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT

This NONQUALIFIED STOCK OPTION AGREEMENT, effective as of the Date of Grant (as defined below), is made by and between 10x Genomics, Inc., a Delaware corporation (the "**Company**"), and Participant (as defined below). Capitalized terms have the meaning set forth in Section 1 hereof, or, if not otherwise defined herein, in the 10x Genomics, Inc. 2019 Omnibus Incentive Plan (as it may be amended from time to time, the "**Plan**").

1. Definitions. The following terms have the following meanings for purposes of this Agreement:

(a) "**Agreement**" means this Nonqualified Stock Option Agreement, including (unless the context otherwise requires) the Award Notice and any special terms and conditions for Participant's country included in any appendices attached hereto.

(b) "**Award Notice**" means the award notice to Participant.

(c) "**Exercise Price**" means the "Exercise Price" listed in the Award Notice.

(d) "**Date of Grant**" means the "Date of Grant" listed in the Award Notice.

(e) "**Officer**" means "officer" as defined under Rule 16a-1(f) of the Exchange Act.

(f) "**Participant**" means the "Participant" listed in the Award Notice.

(g) "**Restrictive Covenant Violation**" means Participant's breach of any restrictive covenant or any similar provision applicable to or agreed to by Participant.

(h) "**Shares**" means the number of shares of Class A Common Stock listed in the Award Notice as "Number of Shares Subject to Option", as adjusted in accordance with the Plan.

2. Grant of the Option.

(a) Effective as of the Date of Grant but subject to Section 24 hereof, the Company hereby irrevocably grants to Participant the right and option (the "**Option**") to purchase all or any part of the Shares, subject to, and in accordance with, the terms, conditions and restrictions set forth in the Plan, the Award Notice and this Agreement. The Option will vest in accordance with the "Vesting Schedule" set forth on the Award Notice.

(b) The Option granted hereunder is subject to the Plan and the terms of the Plan are hereby incorporated into this Agreement. By accepting the Option, Participant acknowledges that Participant has received and read the Plan and agrees to be bound by the terms, conditions and restrictions set forth in the Plan, this Agreement and the Company's policies, as in effect from time to time, relating to the Plan. In the event of any conflict between one or more of this Agreement, the Award

Notice and the Plan, the Plan will govern this Agreement and the Award Notice, and the Agreement (to the extent not in conflict with the Plan) will govern the Award Notice.

3. Exercise Price. The price at which Participant will be entitled to purchase the Shares upon the exercise of the Option will be the Exercise Price, subject to adjustment as provided in Section 11 hereof.

4. Exercisability of Option. The Option will become vested and exercisable in accordance with the Vesting Schedule set forth on the Award Notice.

5. Duration of Option. The Option will be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Date of Grant (the "**Option Period**"); provided, that the Option may be earlier terminated as provided in Section 7 hereof.

6. Manner of Exercise and Payment.

(a) Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by delivery of written or electronic notice to the Company in the manner prescribed in Section 7(d) of the Plan and as otherwise set forth by the Committee from time to time. Such notice will set forth the number of Shares in respect of which the Option is being exercised and will be signed by the person or persons exercising the Option. In the event the Company has designated an Award Administrator (as defined below), the Option may also be exercised by giving notice (including through electronic means) in accordance with the procedures established from time to time by the Award Administrator. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part, provided that partial exercise will be for whole Shares only.

(b) Payment of the Exercise Price for the portion of the Option being exercised is due in full upon exercise of all or any part of the vested Option. Participant may elect to make payment of the Exercise Price: (i) in cash or by check or wire transfer (or any combination thereof), (ii) delivery of Shares having a Fair Market Value equal to the aggregate Exercise Price for the Shares being purchased that are not subject to any pledge, encumbrance or other security interest and satisfy such other requirements as may be imposed by the Committee; provided that such Shares have been held by Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment under applicable accounting principles); (iii) to the extent permitted by applicable law, by delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the portion of the Option being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Exercise Price for such Shares; provided, that payment of such proceeds is then made to the Company upon settlement of such sale, (iv) any combination of cash (or an approved cash equivalent) and any of the foregoing, or (v) any other payment method provided under the Plan that the Committee may approve; provided, that, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee may establish the method of paying the Exercise Price required to be utilized by Participant from the alternatives available under the Plan prior to the exercise of any portion of the Option.

(c) Concurrently with the exercise of the Option, Participant must pay to the Company any amount that the Company determines it is required to withhold under applicable federal, state or local or foreign tax laws in respect of the exercise or the transfer of such Shares ("**Withholding Taxes**").

Participant may elect to make payment: (i) in cash or by check or wire transfer (or any combination thereof) or (ii) and to the extent permitted by applicable law, by delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the portion of the Option being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Withholding Taxes; provided, that payment of such proceeds is then made to the Company upon settlement of such sale; and provided, further, that the Committee may, in its sole discretion, allow such withholding obligation to be satisfied by any other method described in Section 13 of the Plan and, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding required to be utilized by the Participant from alternatives available under the Plan prior to the exercise of any portion of the Option.

(d) Upon receipt of the notice of exercise and any payment or other documentation as may be necessary pursuant to Sections 6(a), 6(b) and 6(c) above relating to the Shares in respect of which the Option is being exercised, the Company will, subject to the Plan and this Agreement, take such action as may be necessary to effect the transfer to Participant of the number of Shares as to which such exercise was effective.

(e) Participant will not be deemed to be the holder of, or to have any of the rights and privileges of a stockholder of the Company (including the right to vote or receive dividends) in respect of, Shares purchased upon exercise of the Option until (i) the Option has been exercised pursuant to the terms of this Agreement and Participant has paid the full purchase price for the number of Shares in respect of which the Option was exercised and any applicable Withholding Taxes and (ii) the Company has issued the Shares in connection with such exercise.

7. Termination of Employment or Service.

(a) Subject to Section 7(c) hereof, in the event that Participant's employment with, or service to, the Company Group terminates for any reason, any unvested portion of the Option will be forfeited and, except as otherwise specifically provided for in this Section 7, all of Participant's rights under this Agreement will terminate as of the effective date of Termination (the "**Termination Date**") (unless otherwise provided for by the Committee in accordance with the Plan).

(b) If Participant's employment or service is terminated by the Company Group for Cause or by Participant when grounds existed for Cause at the time thereof, the vested and unvested portions of the Option will terminate as of the Termination Date.

(c) In the event (i) Participant's employment with, or service to, the Company Group is terminated by the Company due to death or Disability, the vested portion of the Option will remain exercisable for one year thereafter (but in no event beyond the Option Period) and (ii) Participant's employment with, or service to, the Company Group is terminated for any other reason (subject to Section 7(b)), the vested portion of the Option will remain exercisable for ninety (90) days thereafter (but in no event beyond the Option Period); provided, that, in each case, the Option Period will expire immediately upon the occurrence of a Restrictive Covenant Violation.

(d) Participant's rights with respect to the Option will not be affected by any change in the nature of Participant's employment or service so long as Participant continues to be an employee, consultant or director of the Company Group. Whether (and the circumstances under which) employment or service has terminated and the determination of the Termination Date for the purposes

of this Agreement will be determined by the Committee (or, with respect to any Participant who is not a director or Officer, its designee, whose good faith determination will be final, binding and conclusive; provided, that such designee may not make any such determination with respect to the designee's own employment for purposes of the Option).

8. Restrictions on Transfer.

(a) Participant may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Option or Participant's right under the Option to receive Shares, other than in accordance with Section 13(b) of the Plan.

(b) Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of Shares in compliance with the Securities Act and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Shares, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of any Shares subject to this Agreement without the prior written consent of the underwriter(s) or its representative(s).

9. Repayment of Proceeds; Clawback Policy. The Shares subject to the Option and all proceeds related to such Shares are subject to the clawback and repayment terms set forth in Sections 13(v) and 13(x) of the Plan and the Company's clawback policy, as in effect from time to time, to the extent Participant is a director or Officer. In addition, if a Restrictive Covenant Violation occurs or the Company discovers after a termination of employment or service that grounds existed for Cause at the time thereof, then Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within ten (10) business days of the Company's request to Participant therefor, an amount equal to the excess, if any, of (a) the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) Participant received upon the sale or other disposition of, or distributions in respect of, any Shares acquired upon exercise of the Option (limited, in the case of the Company discovering after a termination of employment or service that grounds existed for Cause at the time thereof, to any such Shares acquired after the date on which grounds for a termination for Cause first existed) over (b) the aggregate Cost (if any) of such Shares. For purposes of this Agreement, "**Cost**" means, in respect of any Share, the Exercise Price, to the extent paid by Participant for such Share, as proportionately adjusted for all subsequent distributions on the Shares and other recapitalizations and less the amount of any distributions made with respect to the Share pursuant to the Company's organizational documents; provided, that Cost may not be less than zero. Any reference in this Agreement to grounds existing for a termination of employment with Cause will be determined without regard to any notice period, cure period, or other procedural delay or event required prior to finding of or termination with, Cause.

10. No Right to Continued Employment or Service. Neither the Plan nor this Agreement nor Participant's receipt of the Option hereunder shall impose any obligation on the Company or any Affiliate to continue the employment or service of Participant. Further, the Company or any Affiliate (as applicable) may at any time terminate the employment or service of Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

11. Adjustments. The terms of this Agreement, including, without limitation, (a) the number of Shares subject to the Option and (b) the Exercise Price specified herein, will be subject to adjustment in accordance with Section 11 of the Plan.

12. Securities Laws; Cooperation. Upon the vesting of any unvested portion of the Option, Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws, the Plan or this Agreement. Participant further agrees to cooperate with the Company in taking any action reasonably necessary or advisable to consummate the transactions contemplated by this Agreement.

13. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

14. Governing Law; Venue; Jury Trial Waiver; Language. This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereto hereby submit and consent to the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States located in California and no other courts. Each of Participant, the Company and any transferees who hold a portion of the Options pursuant to a valid assignment hereby irrevocably waives any right to a jury trial. If Participant has received a copy of this Agreement (or the Plan or any other document related hereto or thereto) translated into a language other than English, such translated copy is qualified in its entirety by reference to the English version thereof, and in the event of any conflict the English version will govern. Participant acknowledges that Participant is sufficiently proficient in English to understand the terms and conditions of this Agreement.

15. Successors in Interest. Any successor to the Company will have the benefits of the Company under, and be entitled to enforce, this Agreement. Likewise, Participant's legal representative will have the benefits of Participant under, and be entitled to enforce, this Agreement. All obligations imposed upon Participant and all rights granted to the Company under this Agreement will be final, binding and conclusive upon Participant's heirs, executors, administrators and successors.

16. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement will not be affected by such holding and will continue in full force in accordance with their terms.

17. Data Privacy Acknowledgement.

(a) **General**. Participant hereby explicitly and unambiguously acknowledges and agrees to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, Participant's employer or contracting party (the "**Service Recipient**") and the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant

understands that the Company may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, work location and phone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, hire date, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing Participant's participation in the Plan ("**Personal Data**").

(b) **Use of Personal Data; Retention**. Participant understands that Personal Data may be transferred to Fidelity or any other third parties assisting in the implementation, administration and management of the Plan, now or in the future, that these recipients may be located in Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant understands that Participant may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.

(c) **Withdrawal of Consent**. Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's employment status or service with the Service Recipient will not be affected; the only consequence of Participant's refusing or withdrawing Participant's consent is that the Company would not be able to grant the Option or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local human resources representative.

18. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By accepting this Agreement and the grant of the Option evidenced hereby, Participant expressly acknowledges that (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be suspended or terminated by the Company at any time to the extent permitted by the Plan; (b) the grant of the Option is exceptional, voluntary and occasional and it does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past; (c) all determinations with respect to future option grants, if any, including the grant date, the number of Shares granted, the exercise price and the exercise date or dates, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary and not a condition of employment, and Participant may decline to accept the Option without adverse consequences to Participant's continued employment relationship with the Company Group; (e) the value of the Option is an extraordinary item that is outside the scope of Participant's employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) the Option and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose and are not to be used for

calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, Participant waives any claim on such basis and, for the avoidance of doubt, the Option will not constitute an "acquired right" under the applicable law of any jurisdiction; (g) if the underlying Shares do not increase in value, the Option will have no value; (h) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price; and (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, Participant understands, acknowledges and agrees that Participant will have no rights to compensation or damages related to Option proceeds in consequence of the termination of Participant's employment for any reason whatsoever and whether or not in breach of contract.

19. Award Administrator. The Company may from time to time designate a third party (an "**Award Administrator**") to assist the Company in the implementation, administration and management of the Plan and any Option granted thereunder, including by sending award notices on behalf of the Company to Participants, and by facilitating through electronic means acceptance of Agreement by Participants and Option exercises by Participants.

20. Book Entry Delivery of Shares. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing one or more Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

21. Amendment. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of Participant hereunder without the consent of Participant.

22. Section 409A. It is not intended that the Option granted hereunder be subject to Section 409A of the Code.

23. Electronic Delivery and Acceptance. This Agreement may be executed electronically and in counterparts. The Company may, in its sole discretion, decide to deliver any documents related to the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

24. Acceptance and Agreement by Participant; Forfeiture upon Failure to Accept. Participant's rights under the Option will lapse ninety (90) days from the Date of Grant, and the Option will be forfeited on such date if Participant has not accepted this Agreement by such date. For the avoidance of doubt, Participant's failure to accept this Agreement will not affect Participant's continuing obligations under any other agreement between the Company and Participant.

25. No Advice Regarding Grant. Notwithstanding anything herein to the contrary, Participant acknowledges and agrees that the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

26. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

27. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant in the Plan.

[*Signatures follow*]

10x GENOMICS, INC.

By: _____

Name:
Title:

PARTICIPANT

Acknowledged and Agreed
as of the date first written above:

_____
[Participant Name]

EXHIBIT 10.11

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
NONQUALIFIED STOCK OPTION
AWARD NOTICE

Participant has been granted an Option with the terms set forth in this Award Notice, and subject to the terms and conditions of the Plan and the Nonqualified Stock Option Agreement to which this Award Notice is attached. Capitalized terms used and not defined in this Award Notice will have the meanings set forth in the Nonqualified Stock Option Agreement and the Plan.

Participant:	
Date of Grant:	, 2019
Number of Shares Subject to Option:	
Type of Option:	Nonqualified Stock Option
Exercise Price per Share:	US $
Vesting Commencement Date:	, 2019
Vesting Schedule:	Subject to Participant's continued employment with, or service to, the Company Group through the applicable vesting date, _____ of the Number of Shares Subject to Option (set forth above in this Award Notice) shall vest and become exercisable on _____ and _____ of the Number of Shares Subject to Option shall vest and become exercisable on the _____ day of each month thereafter (and if there is no corresponding day, the last day of the month). Notwithstanding the foregoing (i) the accelerated vesting, if any, of the unvested Number of Shares Subject to Option in the event Participant is terminated in connection with or after a Change in Control shall be governed by the terms of the Company's Change in Control Severance Policy in effect on the Date of Grant, and (ii) if Participant's employment with, or service to, the Company Group is terminated as a result of Participant's death or Disability, the unvested portion of the Option shall remain outstanding for twenty (20) business days following such termination and, (A) if the Committee acts to accelerate the vesting of any of the Number of Shares Subject to Option that are subject to such unvested portion of the Option prior to the expiration of such 20-business day

period, then the Number of Shares Subject to Option for which such vesting was accelerated by the Committee shall be exercisable as provided in Section 8(c)(i) of the Nonqualified Stock Option Agreement and (B) the Number of Shares Subject to Option that are subject to such unvested portion of the Option for which the vesting is not so accelerated (including, without limitation, as result of the Committee failing to act during such 20-business day period) shall automatically expire that the end of such 20-business day period.

Additional Terms and Acknowledgements:

If the number of Shares is not evenly divisible, then no fractional Share will vest and the installments will be as equal as possible with the smaller installment(s) vesting first. Each such right of purchase will be cumulative and will continue, unless sooner exercised or terminated as herein provided, during the remaining period of the Option Period.

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT

(Non-U.S. Participants)

This NONQUALIFIED STOCK OPTION AGREEMENT, effective as of the Date of Grant (as defined below), is made by and between 10x Genomics, Inc., a Delaware corporation (the "**Company**"), and Participant (as defined below). Capitalized terms have the meaning set forth in Section 1 hereof, or, if not otherwise defined herein, in the 10x Genomics, Inc. 2019 Omnibus Incentive Plan (as it may be amended from time to time, the "**Plan**").

1. Definitions. The following terms have the following meanings for purposes of this Agreement:

(a) "**Agreement**" means this Nonqualified Stock Option Agreement, including (unless the context otherwise requires) the Award Notice and any special terms and conditions for Participant's country included in any appendices attached hereto.

(b) "**Award Notice**" means the award notice to Participant.

(c) "**Exercise Price**" means the "Exercise Price" listed in the Award Notice.

(d) "**Date of Grant**" means the "Date of Grant" listed in the Award Notice.

(e) "**Officer**" means "officer" as defined under Rule 16a-1(f) of the Exchange Act.

(f) "**Participant**" means the "Participant" listed in the Award Notice.

(g) "**Restrictive Covenant Violation**" means Participant's breach of any restrictive covenant or any similar provision applicable to or agreed to by Participant.

(h) "**Shares**" means the number of shares of Class A Common Stock listed in the Award Notice as "Number of Shares Subject to Option", as adjusted in accordance with the Plan.

2. Grant of the Option.

(a) Effective as of the Date of Grant but subject to Section 26 hereof, the Company hereby irrevocably grants to Participant the right and option (the "**Option**") to purchase all or any part of the Shares, subject to, and in accordance with, the terms, conditions and restrictions set forth in the Plan, the Award Notice and this Agreement. The Option will vest in accordance with the "**Vesting Schedule**" set forth on the Award Notice.

(b) The Option granted hereunder is subject to the Plan and the terms of the Plan are hereby incorporated into this Agreement. By accepting the Option, Participant acknowledges that Participant has received and read the Plan and agrees to be bound by the terms, conditions and restrictions set forth in the Plan, this Agreement and the Company's policies, as in effect from time to time, relating to the Plan. In the event of any conflict between one or more of this Agreement, the Award Notice and the Plan, the Plan will govern this Agreement and the Award Notice, and the Agreement (to

the extent not in conflict with the Plan) will govern the Award Notice.

3. Exercise Price. The price at which Participant will be entitled to purchase the Shares upon the exercise of the Option will be the Exercise Price, subject to adjustment as provided in Section 13 hereof.

4. Exercisability of Option. The Option will become vested and exercisable in accordance with the Vesting Schedule set forth on the Award Notice.

5. Duration of Option. The Option will be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Date of Grant (the "**Option Period**"); provided, that the Option may be earlier terminated as provided in Section 8 hereof.

6. Manner of Exercise and Payment.

(a) Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by delivery of written or electronic notice to the Company in the manner prescribed in Section 7(d) of the Plan and as otherwise set forth by the Committee from time to time. Such notice will set forth the number of Shares in respect of which the Option is being exercised and will be signed by the person or persons exercising the Option. In the event the Company has designated an Award Administrator (as defined below), the Option may also be exercised by giving notice (including through electronic means) in accordance with the procedures established from time to time by the Award Administrator. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part, provided that partial exercise will be for whole Shares only.

(b) Payment of the Exercise Price for the portion of the Option being exercised is due in full upon exercise of all or any part of the vested Option. Participant may elect to make payment of the Exercise Price: (i) in cash or by check or wire transfer (or any combination thereof), (ii) delivery of Shares having a Fair Market Value equal to the aggregate Exercise Price for the Shares being purchased that are not subject to any pledge, encumbrance or other security interest and satisfy such other requirements as may be imposed by the Committee; provided that such Shares have been held by Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment under applicable accounting principles); (iii) to the extent permitted by applicable law, by delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the portion of the Option being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Exercise Price for such Shares; provided, that payment of such proceeds is then made to the Company upon settlement of such sale, (iv) any combination of cash (or an approved cash equivalent) and any of the foregoing, or (v) any other payment method provided under the Plan that the Committee may approve; provided, that, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee may establish the method of paying the Exercise Price required to be utilized by Participant from the alternatives available under the Plan prior to the exercise of any portion of the Option.

(c) Concurrently with the exercise of the Option, Participant must pay to the Company any amount that the Company determines it is required to withhold under applicable federal, state or local or foreign tax laws in respect of the exercise or the transfer of such Shares ("**Withholding Taxes**"). Participant may elect to make payment: (i) in cash or by check or wire transfer (or any combination

thereof) or (ii) and to the extent permitted by applicable law, by delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the portion of the Option being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Withholding Taxes; provided, that payment of such proceeds is then made to the Company upon settlement of such sale; and provided, further, that the Committee may, in its sole discretion, allow such withholding obligation to be satisfied by any other method described in Section 13 of the Plan and, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding required to be utilized by the Participant from alternatives available under the Plan prior to the exercise of any portion of the Option.

(d) Upon receipt of the notice of exercise and any payment or other documentation as may be necessary pursuant to Sections 6(a), 6(b), 6(c) and 7 above relating to the Shares in respect of which the Option is being exercised, the Company will, subject to the Plan and this Agreement, take such action as may be necessary to effect the transfer to Participant of the number of Shares as to which such exercise was effective.

(e) Participant will not be deemed to be the holder of, or to have any of the rights and privileges of a stockholder of the Company (including the right to vote or receive dividends) in respect of, Shares purchased upon exercise of the Option until (i) the Option has been exercised pursuant to the terms of this Agreement and Participant has paid the full purchase price for the number of Shares in respect of which the Option was exercised and any applicable Tax Obligations and (ii) the Company has issued the Shares in connection with such exercise.

7. Tax Withholding.

(a) **Tax Obligations**. Regardless of any action taken by the Company or any other Subsidiary with respect to Tax Obligations, Participant acknowledges that the ultimate liability for all Tax Obligations legally due by Participant is and remains Participant's responsibility and that the Company (a) makes no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Option, including the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise, or the receipt of any dividends and (b) does not commit to structure the terms of the grant or any other aspect of the Option to reduce or eliminate Participant's liability for Tax Obligations. At the time of exercise of the Option, Participant shall pay or make adequate arrangements satisfactory to the Company to satisfy all withholding obligations of the Company and any other Subsidiary. In this regard, at the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company or any other Subsidiary, Participant hereby authorizes withholding of all applicable Tax Obligations from payroll and any other amounts payable to Participant, and otherwise agrees to make adequate provision for withholding of all applicable Tax Obligations, if any, by each Subsidiary which arise in connection with the Option. The Company shall have no obligation to process the exercise of the Option or to deliver Shares until the Tax Obligations as described in this Section have been satisfied by Participant.

(b) **Withholding in or Directed Sale of Shares**. The Company shall have the right, but not the obligation, to require Participant to satisfy all or any portion of a Subsidiary's Tax Obligations upon exercise of the Option by deducting from the Shares otherwise issuable to Participant upon such exercise a number of whole Shares having a Fair Market Value, as determined by the Company as of the date of exercise, not in excess of the amount of such Tax Obligations determined by the applicable minimum

statutory withholding rates. The Company may require Participant to direct a broker, upon the exercise of the Option, to sell a portion of the Shares subject to the Option determined by the Company in its discretion to be sufficient to cover the Tax Obligations of any Subsidiary and to remit an amount equal to such Tax Obligations to the Company in cash.

8. Termination of Employment or Service.

(a) Subject to Section 8(c) hereof, in the event that Participant's employment with, or service to, the Company Group terminates for any reason, any unvested portion of the Option will be forfeited and, except as otherwise specifically provided for in this Section 8, all of Participant's rights under this Agreement will terminate as of the effective date of Termination (the "**Termination Date**") (unless otherwise provided for by the Committee in accordance with the Plan).

(b) If Participant's employment or service is terminated by the Company Group for Cause or by Participant when grounds existed for Cause at the time thereof, the vested and unvested portions of the Option will terminate as of the Termination Date.

(c) In the event (i) Participant's employment with, or service to, the Company Group is terminated by the Company due to death or Disability, the vested portion of the Option will remain exercisable for one year thereafter (but in no event beyond the Option Period) and (ii) Participant's employment with, or service to, the Company Group is terminated for any other reason (subject to Section 8(b)), the vested portion of the Option will remain exercisable for ninety (90) days thereafter (but in no event beyond the Option Period); provided, that, in each case, the Option Period will expire immediately upon the occurrence of a Restrictive Covenant Violation.

(d) Participant's rights with respect to the Option will not be affected by any change in the nature of Participant's employment or service so long as Participant continues to be an employee, consultant or director of the Company Group. Whether (and the circumstances under which) employment or service has terminated and the determination of the Termination Date for the purposes of this Agreement will be determined by the Committee (or, with respect to any Participant who is not a director or Officer, its designee, whose good faith determination will be final, binding and conclusive; provided, that such designee may not make any such determination with respect to the designee's own employment for purposes of the Option).

9. Restrictions on Transfer.

(a) Participant may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Option or Participant's right under the Option to receive Shares, other than in accordance with Section 13(b) of the Plan.

(b) Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of Shares in compliance with the Securities Act and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Shares, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of any Shares subject to this Agreement without the prior written consent of the underwriter(s) or its representative(s).

10. Repayment of Proceeds; Clawback Policy. The Shares subject to the Option and

all proceeds related to such Shares are subject to the clawback and repayment terms set forth in Sections 13(v) and 13(x) of the Plan and the Company's clawback policy, as in effect from time to time, to the extent Participant is a director or Officer. In addition, if a Restrictive Covenant Violation occurs or the Company discovers after a termination of employment or service that grounds existed for Cause at the time thereof, then Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within ten (10) business days of the Company's request to Participant therefor, an amount equal to the excess, if any, of (a) the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) Participant received upon the sale or other disposition of, or distributions in respect of, any Shares acquired upon exercise of the Option (limited, in the case of the Company discovering after a termination of employment or service that grounds existed for Cause at the time thereof, to any such Shares acquired after the date on which grounds for a termination for Cause first existed) over (b) the aggregate Cost (if any) of such Shares. For purposes of this Agreement, "**Cost**" means, in respect of any Share, the Exercise Price, to the extent paid by Participant for such Share, as proportionately adjusted for all subsequent distributions on the Shares and other recapitalizations and less the amount of any distributions made with respect to the Share pursuant to the Company's organizational documents; provided, that Cost may not be less than zero. Any reference in this Agreement to grounds existing for a termination of employment with Cause will be determined without regard to any notice period, cure period, or other procedural delay or event required prior to finding of or termination with, Cause.

11. No Right to Continued Employment or Service. Neither the Plan nor this Agreement nor Participant's receipt of the Option hereunder shall impose any obligation on the Company or any Affiliate to continue the employment or service of Participant. Further, the Company or any Affiliate (as applicable) may at any time terminate the employment or service of Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

12. Service Conditions. In accepting the Option, Participant acknowledges that:

(a) Any notice period mandated under local law shall not be treated as service for the purpose of determining the vesting of the Option; and Participant's right to exercise the Option after termination of service, if any, will be measured by the date of termination of Participant's active service and will not be extended by any notice period mandated under local law. Subject to the foregoing and the provisions of the Plan, the Company, in its sole discretion, shall determine whether Participant's service has terminated and the effective date of such termination.

(b) The vesting of the Option shall cease upon, and no Shares shall become vested following, Participant's termination of service for any reason except as may be explicitly provided by the Plan or this Agreement.

(c) The Plan is established voluntarily by the Company. It is discretionary in nature and

it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement.

(d) The grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted repeatedly in the past.

(e) All decisions with respect to future Option grants, if any, will be at the sole discretion of the Company.

(f) Participant's participation in the Plan shall not create a right to further service with the Company or any Subsidiary and shall not interfere with the ability of any Subsidiary to terminate Participant's service at any time, with or without cause subject to applicable law.

(g) Participant is voluntarily participating in the Plan.

(h) The Option is an extraordinary item that does not constitute compensation of any kind for service of any kind rendered to any Subsidiary, and which is outside the scope of Participant's employment contract, if any.

(i) The Option is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

(j) In the event that Participant is not an employee of the Company or Subsidiary, the Option grant will not be interpreted to form an employment contract or relationship with the Company or Subsidiary; and furthermore the Option grant will not be interpreted to form an employment contract with any other Subsidiary.

(k) The future value of the underlying Shares is unknown and cannot be predicted with certainty. If the underlying Shares do not increase in value, the Option will have no value. If Participant exercises the Option and obtains Shares, the value of those Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price.

(l) No claim or entitlement to compensation or damages arises from termination of the Option or diminution in value of the Option or Shares purchased through exercise of the Option resulting from termination of Participant's service (for any reason whether or not in breach of local law) and Participant irrevocably releases the Company and each other Subsidiary from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen then, by signing this Agreement, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue such a claim.

13. Adjustments. The terms of this Agreement, including, without limitation, (a) the number of Shares subject to the Option and (b) the Exercise Price specified herein, will be subject to adjustment in accordance with Section 11 of the Plan.

14. Securities Laws; Cooperation. Upon the vesting of any unvested portion of the Option, Participant will make or enter into such written representations, warranties and agreements as

the Committee may reasonably request in order to comply with applicable securities laws, the Plan or this Agreement. Participant further agrees to cooperate with the Company in taking any action reasonably necessary or advisable to consummate the transactions contemplated by this Agreement.

15. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

16. Governing Law; Venue; Jury Trial Waiver; Language. This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereto hereby submit and consent to the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts of the United States located in California and no other courts. Each of Participant, the Company and any transferees who hold a portion of the Options pursuant to a valid assignment hereby irrevocably waives any right to a jury trial. If Participant has received a copy of this Agreement (or the Plan or any other document related hereto or thereto) translated into a language other than English, such translated copy is qualified in its entirety by reference to the English version thereof, and in the event of any conflict the English version will govern. Participant acknowledges that Participant is sufficiently proficient in English to understand the terms and conditions of this Agreement.

17. Successors in Interest. Any successor to the Company will have the benefits of the Company under, and be entitled to enforce, this Agreement. Likewise, Participant's legal representative will have the benefits of Participant under, and be entitled to enforce, this Agreement. All obligations imposed upon Participant and all rights granted to the Company under this Agreement will be final, binding and conclusive upon Participant's heirs, executors, administrators and successors.

18. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement will not be affected by such holding and will continue in full force in accordance with their terms.

19. Data Privacy.

The following provisions shall only apply to Participant if he or she resides outside the European Economic Area:

(a) ***General****. Participant hereby explicitly and unambiguously acknowledges and agrees to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, Participant's*

*employer or contracting party (the "**Service Recipient**") and the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company may hold certain personal information about* Participant*,* including*, but not limited to, Participant's name, home address, email address and telephone number, work location and phone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, hire date, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing Participant's participation in the Plan ("**Personal Data**").*

(b) ***Use of Personal Data; Retention****. Participant understands that Personal Data may be transferred to Fidelity or any other third parties assisting in the implementation, administration and management of the Plan, now or in the future, that these recipients may be located in Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant understands that Participant may* request *a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative.*

(c) ***Withdrawal of Consent****. Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's employment status or service with the Service Recipient will not be affected; the only consequence of Participant's refusing or withdrawing Participant's consent is that the Company would not be able to grant the Option or other equity awards* to *Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local human resources representative.*

The following provisions shall only apply to Participant if he or she resides in the European Economic Area or the United Kingdom or Switzerland:

(a) ***Data Collected and Purposes of Collection****. Participant understands that the Company, acting as controller, as well as the employer, may collect, to the extent permissible under applicable law, certain personal information about Participant, including name, home address and telephone number, information necessary to process the awards (e.g., mailing address for a check payment or bank account wire transfer information), date of birth, social insurance* number *or other identification number, salary, nationality, job title, employment location, any capital shares or directorships held in the Company (but only where needed for legal or tax compliance), any other information necessary to process mandatory tax withholding and reporting, details of all awards granted, canceled, vested, unvested or outstanding in Participant's favor, and where applicable service termination date and reason for termination (all such personal information is referred to as "**Data**"). The Data is*

collected from Participant, the Subsidiary, and from the Company, for the exclusive purpose of implementing, administering and managing the Plan pursuant to the terms of this Agreement. The legal basis (that is, the legal justification) for processing the Data is to perform this Agreement. The Data must be provided in order for Participant to participate in the Plan and for the parties to this Agreement *to perform their respective obligations thereunder. If Participant does not provide Data, he or she will not be able to participate in the Plan and become a party to this Agreement.*

(b) ***Transfers and Retention of Data***. *Participant understands that the employer Subsidiary will transfer Data to the Company for purposes of plan administration. The Company and the employer or a Subsidiary may also transfer Participant's Data to other service providers (such as accounting firms, payroll processing firms or tax firms), as may be selected by the Company in the future, to assist the Company with the implementation, administration and management of this Agreement. Participant understands that the recipients of the Data may be located in the United States, a country that does not benefit from an adequacy decision issued by the European Commission and is not listed by* the Swiss supervisory authority as a *country* with adequate data protection legislation. *Where a recipient is located in a country that does not benefit from an adequacy decision or adequacy listing, the transfer of the Data to that recipient will be made pursuant to European Commission-approved standard contractual clauses, a copy of which may be obtained at gc@10xgenomics.com. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's rights and obligations under this Agreement, and for the duration of the relevant statutes of limitations, which may be longer than the term of this Agreement.*

(c) ***Participant's Rights in Respect of Data***. *The Company will take steps in accordance with applicable legislation to keep Data accurate, complete and up-to-date. Participant is entitled to have any inadequate, incomplete or incorrect Data corrected (that is, rectified). Participant also has the right to request access to his or her Data as well as additional information about the* processing *of that Data. Further, Participant is entitled to object to the processing of Data or have Participant's Data erased, under certain circumstances. As from May 25, 2018, and subject to conditions set forth in applicable law, Participant also is entitled to (i) restrict the processing of his or her Data so that it is stored but not actively processed (e.g., while the Company assesses whether Participant is entitled to have Data erased) and (ii) receive a copy of the Data provided pursuant to this Agreement or generated by Participant, in a common machine-readable format. To exercise his or her rights, Participant may contact the local human resources representative. Participant may also contact the relevant data protection supervisory authority, as he or she has the right to lodge a complaint. The data protection officer may be contacted at gc@10xgenomics.com.*

20. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By accepting this Agreement and the grant of the Option evidenced hereby, Participant expressly acknowledges that (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be suspended or terminated by the Company at any time to the extent permitted by the Plan; (b) the grant of the Option is exceptional, voluntary and occasional and it does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past; (c) all determinations with respect to future option grants, if any, including the grant date, the number of Shares granted, the exercise price and the exercise date or dates, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary and not a condition of employment, and Participant may decline to accept the Option without adverse consequences to Participant's continued employment relationship with the Company Group; (e) the value of the Option is an extraordinary item that is outside the scope of Participant's employment contract, if

any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) the Option and any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, Participant waives any claim on such basis and, for the avoidance of doubt, the Option will not constitute an "acquired right" under the applicable law of any jurisdiction; (g) if the underlying Shares do not increase in value, the Option will have no value; (h) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price; and (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, Participant understands, acknowledges and agrees that Participant will have no rights to compensation or damages related to Option proceeds in consequence of the termination of Participant's employment for any reason whatsoever and whether or not in breach of contract.

21. Award Administrator. The Company may from time to time designate a third party (an "**Award Administrator**") to assist the Company in the implementation, administration and management of the Plan and any Option granted thereunder, including by sending award notices on behalf of the Company to Participants, and by facilitating through electronic means acceptance of Agreement by Participants and Option exercises by Participants.

22. Book Entry Delivery of Shares. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing one or more Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

23. Amendment. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of Participant hereunder without the consent of Participant.

24. Section 409A. It is not intended that the Option granted hereunder be subject to Section 409A of the Code.

25. Electronic Delivery and Acceptance. This Agreement may be executed electronically and in counterparts. The Company may, in its sole discretion, decide to deliver any documents related to the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

26. Acceptance and Agreement by Participant; Forfeiture upon Failure to Accept. Participant's rights under the Option will lapse ninety (90) days from the Date of Grant, and the Option will be forfeited on such date if Participant has not accepted this Agreement by such date. For the avoidance of doubt, Participant's failure to accept this Agreement will not affect Participant's continuing obligations under any other agreement between the Company and Participant.

27. No Advice Regarding Grant. Notwithstanding anything herein to the contrary, Participant acknowledges and agrees that the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or

Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

28. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

29. Language. If Participant has received this Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

30. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

31. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

32. Country-Specific Terms and Conditions. Notwithstanding any provisions of this Agreement to the contrary, the Option grant shall be subject to any special terms and conditions applicable for Participant's country of residence (and country of employment, if different) as respectively set forth in an appendix to this Agreement (an "**Appendix**"). Further, if Participant transfers his or her residence and/or employment to another country reflected in an Appendix to this Agreement at the time of transfer, the special terms and conditions for such country will apply to Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate Participant's transfer). In all circumstances, any applicable section(s) of the Appendix shall constitute part of this Agreement.

33. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant in the Plan.

[*Signatures follow*]

10x GENOMICS, INC.

By: _____

Name:
Title:

PARTICIPANT

Acknowledged and Agreed
as of the date first written above:

_____
[Participant Name]

APPENDIX TO

10x GENOMICS, INC.
2019 OMNIBUS INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Options granted to Participant under the Plan if he or she resides in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the main body of the Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of July 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Appendix as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time Participant vests in the Shares or sells the Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws of Participant's country may apply to his or her situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working or transfers to another country after the grant of the Options, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner. In addition, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant under these circumstances.

AUSTRALIA

Terms and Conditions

Offer of Stock Awards

The Board, in its absolute discretion, may make a written offer to an eligible person who is an Australian resident it chooses to accept a stock award to acquire options.

The offer shall specify the maximum number of options subject to a stock award which Participant may accept, the date of grant, the exercise price (if any), the expiration date, the vesting conditions (if any), any applicable holding period and any disposal restrictions attaching to the options or the resultant Shares (all of which may be set by the Board in its absolute discretion).

The offer is intended to receive tax deferred treatment under Subdivision 83A-C of the Income Tax Assessment Act 1997(Cth). The conditions to receive such treatment are contained in this Appendix.

The offer shall be accompanied by an acceptance form and a copy of the Plan and this Appendix or, alternatively, details on how Participant may obtain a copy of the Plan and this Appendix.

Grant of Awards

If Participant validly accepts the Board's offer of a stock award, the Board must grant Participant the stock award for the number of shares for which the stock award was accepted. However, the Board must not do so if Participant has ceased to be an eligible person at the date when the stock award is to be granted or the Company is otherwise prohibited from doing so under the Corporations Act 2001(Cth) (the "**Corporations Act**") without a disclosure document, product disclosure statement or similar document.

The Company must provide a stock award agreement in respect of the stock award granted to Participant to be executed by Participant as soon as practicable after the date of grant.

Stock awards granted to Participant under this Appendix that are options must not have an expiration date exceeding fifteen (15) years from the date of grant.

Tax Deferred Treatment

Ordinary shares. Stock awards issued to Participant under this Appendix must relate to ordinary shares. For the purpose of this Appendix, ordinary shares shall be defined in accordance with its ordinary meaning under Australian law.

Predominant business of the Company. Stock swards must not be issued Participant where those stock awards relate to options or shares in a company that has a predominant business of the acquisition, sale or holding of shares, securities or other investments.

Real risk of forfeiture. Stock awards that are options issued to Participant under this Appendix must have a real risk of forfeiture, the vesting conditions by which this risk is achieved is to be determined by the Board in its absolute discretion.

10% limit on shareholding and voting power. Immediately after Participant acquires the stock awards, Participant must not: (i) hold a beneficial interest in more than 10% of the shares in the Company; or (ii) be in a position to cast, or control the casting of, more than 10% of the maximum number of votes that might be cast at a general meeting of the Company. For the purposes of these thresholds, stock awards that are options are treated as if they have been exercised and converted into Shares.

Notifications

Securities Law Information

The offering and resale of Shares acquired under the Plan to a person or entity resident in Australia may be subject to disclosure requirements under Australian law. Participant should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

Exchange Control Information

Australian residents must report inbound and/or outbound cash transactions exceeding A$10,000 and inbound and/or outbound international fund transfers of any value if the transfers do not involve an Australian bank.

CANADA

Terms and Conditions

Termination of Continuous Service Status

In the event of Participant's termination (for any reason whatsoever, whether or not later found to be invalid and whether or not in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any), Participant's right to exercise Options under the Plan, if any, will terminate effective as of (1) the date that Participant is no longer actively employed or providing services to the Company or any Subsidiary employing or retaining Participant, or at the discretion of the Award Administrator, (2) the date Participant receives notice of termination from the Company or any Subsidiary employing or retaining Participant, if earlier than (1), regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to statutory law, regulatory law and/or common law); the Award Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed or providing services for purposes of Participant's Options grant (including, but not limited to, whether Participant may still be considered actively employed or providing services while on an approved leave of absence).

The following provision apply if Participant is a resident of Quebec:

Language Consent

The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir expressement souhaité que la convention ["Agreement"], ainsi que tous les documents, avis et procédures judiciaries, éxecutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Authorization of Release and Transfer Necessary Personal Information

This provision supplements Section 19 of the Agreement:

Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company, any Subsidiary and the Award Administrator of the Plan to disclose and discuss the Plan with his or her advisors. Participant further authorizes the Company, any Subsidiary to record such information and to keep such information in the employee file.

Notifications

Securities Law Information

Participant is permitted to sell Shares acquired through the Plan through the designated broker appointed by the Company, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed.

Foreign Asset/Account Reporting Information

Canadian residents are required to report any foreign property (e.g., Shares acquired under the Plan and possibly unvested Options) on form T1135 (Foreign Income Verification Statement) if the total cost of their foreign property exceeds C$100,000 at any time in the year. It is Participant's responsibility to comply with these reporting obligations, and Participant should consult his or her own personal tax advisor in this regard.

CHINA

Terms and Conditions

State Administration of Foreign Exchange (SAFE) Compliance

The grant of the Option, Participant's ability to exercise the Option and sale of the Shares shall all be contingent upon the Company or its Subsidiaries obtaining approval from SAFE for the related foreign exchange transaction and the establishment of a SAFE-approved bank account. The receipt of funds by Participant from the sale of the Shares and the conversion of those funds to the local currency must be approved by SAFE. In order to comply with the SAFE regulations, the proceeds from the sale of the Shares must be repatriated into China through a SAFE-approved bank account set up and monitored by the Company. Participant may contact his or her local HR office for more details about the SAFE approved bank account.

Foreign Asset/Account Reporting Information

Participant may be required to report to SAFE all details of his or her foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents. Under these rules, Participant may be subject to reporting obligations for the Options, Shares acquired under the Plan, the receipt of any dividends and the sale of Shares.

Limited Method of Exercise

In accordance with Section 6 of the Agreement, the method of payment of the aggregate exercise price shall of exercise of the Option shall, unless otherwise determined by the Award Administrator at its discretion, be limited to consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan. Consequently, no funds will flow out of China and no Participant will hold Shares in connection with the Option.

DENMARK

Terms and Conditions

This provision substitutes Section 7 of the Agreement:

Tax Withholding. The Company or any Subsidiary (as determined by the Award Administrator)

shall have the power and right to deduct, withhold or collect any tax, social security contribution, payroll tax or other amount other tax-related withholding obligations required by law or regulation to be withheld with respect to any taxable event arising with respect to the granting or exercise of the Options (collectively, the "**Withholding Amount**"). This Withholding Amount may be: (a) withheld from other amounts due to Participant; (b) withheld from the value of any vested Options being settled; or (iii) collected directly from Participant. The Withholding Amount may relate to amounts due in more than one jurisdiction and in all cases shall be as determined by the Company or the applicable Subsidiary in its discretion.

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Denmark.

IMPORTANT – STATEMENT UNDER SECTION 3(1) OF THE ACT ON STOCK OPTIONS

Pursuant to Section 3(1) of the Act on Stock Options in employment relations (the "Stock Option Act"), Participant is entitled to receive information regarding the Plan in a separate written statement.

The full statement containing the information about Participant's rights under the Plan and the Stock Option Act is attached as a separate written statement to this Agreement.

Notifications

Exchange Control Information

If Participant establishes an account holding cash outside Denmark, Participant must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. (Please note that these obligations are separate from and in addition to the obligations described below.)

FRANCE

Terms and Conditions

Language Consent

By accepting the Option, Participant confirms having read and understood the Plan and the Agreement which were provided in the English language. Participant accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée

En acceptant l'attribution, le Optionee confirme avoir lu et compris le Plan et le Contrat, qui ont été communiqués en langue anglaise. Le Optionee accepte les termes de ces documents en connaissance de cause.

Notifications

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in France.

Awards Not Tax-Qualified

The Option is **not** intended to be a tax-qualified or tax-preferred award, including without limitation, under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code. Participant is encouraged to consult with a personal tax advisor to understand the tax and social insurance implications of the Option.

Foreign Asset / Account Reporting Information

Participant may hold Shares acquired upon exercise of the Option, any proceeds resulting from the sale of Shares or any dividends paid on such Shares outside of France, provided Participant declares all foreign bank and brokerage accounts (including any accounts that were opened or closed during the tax year) on his or her annual income tax return. Failure to complete this reporting may trigger penalties.

GERMANY

Notifications

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Germany.

Exchange Control Information

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). In the event that Participant makes or receives a payment in excess of this amount, he or she is required to report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (**www.bundesbank.de**).

ITALY

Terms and Conditions

Form of Option Price Payment Limited

In accordance with Section 6 of the Agreement, unless otherwise determined by the Company and informed to Participant, payment of the option prices shall be limited to cashless exercise in a form and manner authorized by the Company. For clarity, Participant shall not be entitled to pay the option price in cash and, accordingly, no funds will be transferred out of Italy in connection with the exercise of the Option.

Plan Document Acknowledgment

In accepting the grant of the Option, Participant acknowledges that he or she has received a copy of the Plan and the Agreement and has reviewed the Plan and the Agreement, including this Appendix, in their

entirety and fully understands and accepts all provisions of the Plan and the Agreement, including this Appendix.

Notifications

Foreign Asset/Account Reporting Information

If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate taxable income in Italy, Participant is required to report these assets on his or her annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Italy.

JAPAN

Notifications

Foreign Assets Reporting

Japanese residents holding assets outside of Japan (e.g., Shares acquired under the Plan) with a value exceeding ¥50,000,000 (as of December 31 each year) are required to comply with annual tax reporting obligations with respect to such assets. Participant is encouraged to consult with a personal tax advisor in Japan to ensure that Participant is properly complying with these obligations.

NETHERLANDS

Notifications

Prohibition Against Insider Trading

Participant should be aware of the Dutch insider trading rules, which may affect the sale of Shares acquired under the Plan. In particular, Participant may be prohibited from effecting certain share transactions if Participant has insider information regarding the Company. Below is a discussion of the applicable restrictions. Participant is advised to read the discussion carefully to determine whether the insider rules could apply to him or her. If it is uncertain whether the insider rules apply, the Company recommends that Participant consults with a legal advisor. The Company cannot be held liable if Participant violates the Dutch insider trading rules. Participant is responsible for ensuring his or her compliance with these rules.

Dutch securities laws prohibit insider trading. As of 3 July 2016, the European Market Abuse Regulation ("**MAR**"), is applicable in the Netherlands. For further information, Participant is referred to the website of the Authority for the Financial Markets ("**AFM**"): https://www.afm.nl/en/professionals/onderwerpen/marktmisbruik.

Given the broad scope of the definition of inside information, certain employees of the Company working at its Dutch affiliate may have inside information and thus are prohibited from making a transaction in securities in the Netherlands at a time when they have such inside information. By entering into this Agreement and participating in the Plan, Participant acknowledges having read and understood the notification above and acknowledges that it is Participant's responsibility to comply with the Dutch insider trading rules, as discussed herein.

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in the Netherlands.

POLAND

Notifications

Foreign Exchange Notice

Participant understands and acknowledges that Participant must notify the National Bank of Poland of the value of all foreign share ownership, including but not limited to Shares acquired under the Plan, if such ownership exceeds a designated threshold. Participant is strongly encouraged to consult with an appropriate legal advisor regarding these requirements.

Securities Disclosure

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Poland.

SINGAPORE

Notifications

The grant of the Option is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("**SFA**"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Participant should note that the Options are subject to section 257 of the SFA and Participant will not be able to make any subsequent sale in Singapore of the Shares acquired through the exercise of the Options or any offer of such sale in Singapore unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Director Notification Obligation

If Participant is a director, associate director or shadow director of a Singapore Subsidiary, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when Participant receives an interest (e.g., Options or Shares) in the Company or any Subsidiary. In addition, Participant must notify the Singapore Subsidiary when Participant sells Shares of the Company or any Subsidiary (including when Participant sells Shares acquired through the exercise of Options). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any Subsidiary. In

addition, a notification must be made of Participant's interests in the Company or any Subsidiary within two business days of becoming a director.

SPAIN

Notifications

Securities Law Notice

The Option does not qualify under Spanish Law as securities. No "offer to the public," as defined under Spanish Law, has taken place or will take place in the Spanish territory. Neither the Plan nor this Agreement have been registered with the *Comisión Nacronal del Mercado de Valores* and do not constitute a public offering prospectus.

Foreign Assets Reporting

Participant may be subject to certain tax reporting requirements with respect to assets or rights that Participant holds outside of Spain, including bank accounts, securities and real estate if the aggregate value for particular category of assets exceeds €50,000 as of December 31 each year. Shares acquired under the Plan or other equity programs offered by the Company constitute securities for purposes of this requirement, but unvested Options are not subject to this reporting requirement.

If applicable, Participant must report Participant's foreign assets on Form 720 by no later than March 31 following the end of the relevant year. After the rights and/or assets are initially reported, the reporting obligation will only apply if the value of previously-reported rights or assets increases by more than €20,000 as of each subsequent December 31. Participant is encouraged to consult with his or her personal advisor to determine any obligations in this respect.

Share Reporting Requirement

The acquisition of Shares must be declared for statistical purposes to the Direccion General de Comercio e Inversiones (the "**DGCI**"), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be filed in January for shares owned as of December 31 of each year; however, if the value of the Shares acquired or the amount of the sale proceeds exceeds a designated amount the declaration must be filed within one month of the acquisition or sale, as applicable. Participant should consult with Participant's personal advisor to determine Participant's obligations in this respect.

Foreign Currency Payments

When receiving foreign currency payments exceeding €50,000 derived from the ownership of Shares (i.e., dividends or proceeds from the sale of the Shares), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made. Participant will need to provide the following information: (i) Participant's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment and the currency used; (iv) the country of origin; (v) the reasons for the payment; and (vi) further information that may be required.

SWEDEN

Notifications

Securities Disclaimer

The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under current rules as implemented in Sweden.

SWITZERLAND

Notifications

Securities Law Notification

Neither this Agreement nor this Appendix constitutes a prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Agreement nor this Appendix nor any other offering or marketing material relating to the Options may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Agreement nor this Appendix, nor the Company nor the Options have been or will be filed with or approved by any Swiss regulatory authority. The Options are not subject to the supervision by the Swiss Financial Markets Supervisory Authority FINMA ("**FINMA**"), and Participants acquiring Options will not benefit from protection or supervision by FINMA.

TAIWAN

Notifications

Securities Disclaimer

Neither the Plan nor the Option are registered in Taiwan with the Securities and Futures Bureau or subject to the securities laws of Taiwan.

UNITED KINGDOM

Terms and Conditions

Responsibility for Taxes

The following provisions supplement Section 7 of the Agreement:

If payment or withholding of income taxes is not made within ninety (90) days of the end of the tax year in which the income tax liability arises, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "**Due Date**"), the amount of any uncollected income tax shall constitute a loan owed by Participant to the employer, effective on the Due Date. Participant understands and agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue and Customs ("**HMRC**"), it will be immediately due and repayable by Participant, and the Company and/or the employer may recover it at any time thereafter by any of the means referred to in Section 7 of the Agreement.

Notwithstanding the foregoing, if Participant is a director or an executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), Participant will not be eligible for such a loan to cover the uncollected income tax. In the event that Participant is a director or executive officer and the income tax is not collected from or paid by Participant by the Due Date, Participant understands that the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and national insurance contributions ("**NICs**") may be payable. Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the employer (as appropriate) for the value of any employee NICs due on this additional benefit, which the Company and/or the employer may recover from Participant by any of the means referred to in Section 7 of the Agreement.

Notifications

Securities Disclosure

Neither this Agreement nor Appendix is an approved prospectus for the purposes of section 85(1) of the Financial Services and Markets Act 2000 ("**FSMA**") and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Plan. The Plan and the Option are exclusively available in the UK to bona fide employees and former employees and any other UK Subsidiary.

Non-Qualification

The Option is not intended to be tax-qualified or tax-preferred for purposes of tax rules in the United Kingdom.

Tax Consultation

Participant understands that he or she may suffer adverse tax consequences as a result of Participant's acquisition or disposition of the Shares. Participant represents that he or she will consult with any tax advisors Participant deems appropriate in connection with the acquisition or disposition of the Shares and that Participant is not relying on the Company or any Subsidiary for any tax advice.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-233720) pertaining to the 10x Genomics, Inc. 2019 Omnibus Incentive Plan, the 10x Genomics, Inc. 2019 Employee Stock Purchase Plan, and the 10x Genomics, Inc. Amended and Restated 2012 Stock Plan, and in the Registration Statement (Form S-3 No. 333-249527) of 10x Genomics, Inc. and in the related Prospectus our reports dated February 26, 2021, with respect to the consolidated financial statements of 10x Genomics, Inc. and the effectiveness of internal control over financial reporting of 10x Genomics, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Redwood City, California
February 26, 2021

Exhibit 31.1

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

I, Serge Saxonov, certify that:

1. I have reviewed this Annual Report on Form 10-K of 10x Genomics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: February 26, 2021

By: /s/ Serge Saxonov

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

Exhibit 31.2

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

I, Justin McAnear, certify that:

1. I have reviewed this Annual Report on Form 10-K of 10x Genomics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: February 26, 2021

By: /s/ Justin McAnear

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

Exhibit 32.1

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

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

1. The Annual Report on Form 10-K for the period ended December 31, 2020 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: February 26, 2021

By: /s/ Serge Saxonov

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

Exhibit 32.2

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

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

1. The Annual Report on Form 10-K for the period ended December 31, 2020 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: February 26, 2021

By: /s/ Justin McAnear

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