

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

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 001-40894

IsoPlexis Corporation

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

46-2179799

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

35 NE Industrial Road, Branford, CT 06405

(Address of principal executive offices and zip code)

(203) 208-4111

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	ISO	The Nasdaq Stock Market LLC

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

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

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

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

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

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

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

The registrant had outstanding 39,575,989 shares of common stock as of November 8, 2022.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains “forward-looking statements.” These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies and other future conditions. Such forward-looking statements may include, without limitation, statements about future opportunities for us and our products and services, our future operations, financial or operating results, anticipated business levels, future earnings, planned activities, anticipated growth, market opportunities, strategies, competitions and other expectations and targets for future periods. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “predict,” “project,” “target,” “potential,” “seek,” “will,” “would,” “could,” “should,” “continue,” “contemplate,” “plan,” and other words and terms of similar meaning.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. In addition, even if our results of operations, financial condition and cash flows, and the development of the markets in which we operate, are consistent with the forward-looking statements contained in this Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods. New factors emerge from time to time that may cause our business not to develop as we expect, and it is not possible for us to predict all of them. Factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, among others, the following:

- estimates of our addressable market, market growth, future revenue, expenses, capital requirements and our needs for additional financing;
- the implementation of our business model and strategic plans for our products and technologies;
- competitive companies and technologies and our industry;
- our ability to manage and grow our business by expanding our sales to existing customers or introducing our products to new customers;
- our ability to develop and commercialize new products;
- our ability to establish and maintain intellectual property protection for our products or avoid or defend claims of infringement;
- the performance of third party suppliers;
- our ability to hire and retain key personnel and to manage our future growth effectively;
- our ability to obtain additional financing in future offerings;
- the volatility of the trading price of our common stock;
- the potential effects of government regulation;
- the impact of COVID-19 on our business; and
- our expectations about market trends.

For a further discussion of these and other factors that could impact our future results, performance or transactions, see Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021 and our other subsequent filings with the Securities and Exchange Commission (the “SEC”). Given these uncertainties, you should not place undue reliance on these forward-looking statements.

You should read this Form 10-Q and the documents that we reference within it completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this Form 10-Q by these cautionary statements. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Unless the context otherwise requires, we use the terms “IsoPlexis,” the “Company,” “we,” “us” and “our” in this Form 10-Q to refer to IsoPlexis Corporation and our consolidated 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 (www.isoplexis.com), press releases, public conference calls, public webcasts and our social media accounts (including <https://www.linkedin.com/company/isoplexis-inc-/>). 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 Form 10-Q and shall not be deemed to be incorporated by reference into any other filing under the Securities Act (as defined below) or the Exchange Act (as defined below), 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 - Financial Information

Item 1. Financial Statements

**CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

(in thousands, except share amounts)	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 53,128	\$ 126,566
Accounts receivable, net	4,569	4,100
Inventories, net	38,247	24,299
Prepaid expenses and other current assets	1,679	3,478
Total current assets	97,623	158,443
Property and equipment, net	11,331	5,778
Intangible assets, net	20,162	21,008
Operating lease right-of-use assets	5,381	—
Other assets	355	2,243
Total assets	\$ 134,852	\$ 187,472
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 4,032	\$ 4,839
Accrued expenses and other current liabilities	6,150	7,827
Deferred revenue	1,034	915
Total current liabilities	11,216	13,581
Long-term operating lease obligations	4,080	—
Long-term debt	46,051	31,646
Total liabilities:	61,347	45,227
Commitments and contingencies (Notes 10 and 12)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 20,000,000 shares authorized, zero shares issued and outstanding as of September 30, 2022 and December 31, 2021	—	—
Common stock, \$0.001 par value, 400,000,000 shares authorized; 39,535,322 and 39,036,010 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	39	39
Additional paid-in capital	280,225	276,179
Accumulated deficit	(206,759)	(133,973)
Total stockholders' equity	73,505	142,245
Total liabilities and stockholders' equity	\$ 134,852	\$ 187,472

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(in thousands, except share and per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue				
Product revenue	\$ 3,633	\$ 3,890	\$ 11,410	\$ 10,906
Service revenue	851	303	1,990	810
Total revenue	4,484	4,193	13,400	11,716
Cost of product revenue	2,187	2,207	6,329	5,758
Cost of service revenue	40	13	182	41
Gross profit	2,257	1,973	6,889	5,917
Operating expenses:				
Research and development expenses	4,169	4,700	18,359	13,869
General and administrative expenses	8,782	7,106	28,705	16,670
Sales and marketing expenses	5,702	10,066	24,992	27,097
Restructuring expenses	574	—	4,273	—
Total operating expenses	19,227	21,872	76,329	57,636
Loss from operations	(16,970)	(19,899)	(69,440)	(51,719)
Other income (expense):				
Interest expense, net	(1,485)	(1,065)	(3,679)	(2,678)
Other income (expense), net	—	765	334	(1,915)
Net loss	\$ (18,455)	\$ (20,199)	\$ (72,785)	\$ (56,312)
Accrued dividends on preferred stock	—	(3,400)	—	(10,010)
Net loss attributable to common stockholders	(18,455)	(23,599)	(72,785)	(66,322)
Basic and diluted net loss per common share	\$ (0.47)	\$ (10.66)	\$ (1.86)	\$ (30.59)
Weighted-average common shares outstanding—basic and diluted	39,464,883	2,213,825	39,227,703	2,168,259

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(UNAUDITED)**

(in thousands, except share amounts)	Series A Preferred		Series A-2 Preferred		Series B Preferred		Series B-2 Preferred		Series C Preferred		Series C-2 Preferred		Series D Preferred		Common Stock				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance at January 1, 2022	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	39,036,010	\$ 39	\$ 276,179	\$ (133,973)	\$ 142,245
Exercise of common stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,109	—	2	—	2
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	877	—	877
Warrant modification expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	300	—	300
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(28,725)	(28,725)
Balance at March 31, 2022	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	39,043,119	\$ 39	\$ 277,358	\$ (162,698)	\$ 114,699
Exercise of common stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	273,002	—	87	—	87
Restricted stock awards released	—	—	—	—	—	—	—	—	—	—	—	—	—	—	62,303	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,395	—	1,395
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(25,606)	(25,606)
Balance at June 30, 2022	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	39,378,424	\$ 39	\$ 278,840	\$ (188,304)	\$ 90,575
Exercise of common stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	153,977	—	185	—	185
Restricted stock awards released	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,921	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,200	—	1,200
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(18,455)	(18,455)
Balance at September 30, 2022	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	39,535,322	\$ 39	\$ 280,225	\$ (206,759)	\$ 73,505

(in thousands, except share amounts)	Series A Preferred		Series A-2 Preferred		Series B Preferred		Series B-2 Preferred		Series C Preferred		Series C-2 Preferred		Series D Preferred		Common Stock				Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	
Balance at January 1, 2021	253,862	\$ 1,596	290,002	\$ 3,623	376,061	\$ 6,606	237,183	\$ 6,991	564,287	\$ 24,839	515,218	\$ 24,929	975,039	74,876	—	—	1,151	\$ (52,404)	\$ (51,251)
Issuance of Preferred Stock	—	—	—	—	—	—	—	—	—	—	—	—	130,006	10,000	—	—	—	—	—
Exercise of common stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10,912	—	5	—	5
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	95	—	95
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(15,559)	(15,559)
Balance at March 31, 2021	253,862	\$ 1,596	290,002	\$ 3,623	376,061	\$ 6,606	237,183	\$ 6,991	564,287	\$ 24,839	515,218	\$ 24,929	1,105,045	\$ 84,876	2,144,816	\$ 2	\$ 1,251	\$ (67,963)	\$ (66,710)
Issuance of Preferred Stock	—	—	3,178	247	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exercise of common stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	68,016	—	4	—	4
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	234	—	234
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(20,554)	(20,554)
Balance at June 30, 2021	253,862	\$ 1,596	293,180	\$ 3,870	376,061	\$ 6,606	237,183	\$ 6,991	564,287	\$ 24,839	515,218	\$ 24,929	1,105,045	\$ 84,876	2,212,832	\$ 2	\$ 1,489	\$ (88,517)	\$ (87,026)
Exercise of common stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,128	—	2	—	2
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	833	—	833
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(20,199)	(20,199)
Balance at September 30, 2021	253,862	\$ 1,596	293,180	\$ 3,870	376,061	\$ 6,606	237,183	\$ 6,991	564,287	\$ 24,839	515,218	\$ 24,929	1,105,045	\$ 84,876	2,214,960	\$ 2	\$ 2,324	\$ (108,716)	\$ (106,390)

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Nine months ended September 30,	
	2022	2021
Cash flows from operating activities		
Net loss	\$ (72,785)	\$ (56,312)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,841	1,517
Provision for warranty costs	318	190
Change in fair value of warrants and loan commitment	—	4,104
Amortization of debt discount	899	471
Amortization of right-of-use assets	1,043	—
Share-based compensation	3,472	1,162
Provision for excess and obsolete inventories	174	240
Changes in operating assets and liabilities:		
Accounts receivable	(469)	(571)
Inventories	(14,122)	(16,517)
Prepaid expenses and other current assets	1,799	(594)
Operating lease right-of-use assets	(122)	—
Other assets	693	45
Accounts payable	(807)	3,772
Accrued liabilities	(3,265)	3,141
Deferred revenue	119	733
Operating lease obligations	(952)	—
Net cash used in operating activities	(81,164)	(58,619)
Cash flows from investing activities		
Purchases of property and equipment	(7,183)	(2,203)
Payments for patents acquired and capitalized	(365)	(20,268)
Net cash used in investing activities	(7,548)	(22,471)
Cash flows from financing activities		
Proceeds from issuance of Preferred Stock - Series A-2	—	40
Proceeds from issuance of Preferred Stock - Series D	—	10,000
Proceeds received from borrowings on credit agreement	15,000	10,000
Payment of deferred offering costs	—	(4,863)
Exercise of common stock options	274	11
Net cash provided by financing activities	15,274	15,188
Net change in cash and cash equivalents	(73,438)	(65,902)
Cash and cash equivalents beginning balance	126,566	106,641
Cash and cash equivalents ending balance	\$ 53,128	\$ 40,739
Non-cash investing and financing activities		
Transfer of Tranche B loan commitment to contra-debt upon additional borrowing under credit agreement	\$ —	\$ 841
Transfer of Tranche C loan commitment to contra-debt upon additional borrowing under credit agreement	\$ 497	\$ —
Transfer of Tranche D loan commitment to contra-debt upon additional borrowing under credit agreement	\$ 822	\$ —
Increase in right-of-use asset	\$ 764	\$ —
Increase in operating lease liability obligations	\$ 773	\$ —
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 3,709	\$ 2,566

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**Note 1 - Nature of Operations**

IsoPlexis Corporation (together with its subsidiaries, the “Company”) was incorporated in the State of Delaware in March 2013. The Company is a life sciences company building solutions to accelerate the development of curative medicines and personalized therapeutics. The Company’s award-winning single-cell proteomics systems reveal unique biological activity in small subsets of cells, allowing researchers to connect more directly to in-vivo biology and develop more precise and personalized therapies. The Company’s products have been adopted by researchers around the world, including each of the top 15 global pharmaceutical companies by revenue and by approximately 79% of the comprehensive cancer centers in the United States. On December 28, 2018, the Company created IsoPlexis UK Limited (“IsoPlexis UK”), which has remained dormant. IsoPlexis (Shanghai) Trading Co., Ltd. was created on October 9, 2021.

COVID - 19

The COVID-19 pandemic developed rapidly in 2021 and 2022, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for the Company’s employees (such as social distancing and working from home) and securing the supply of materials that are essential to the production process.

At this stage, the impact on the Company’s business and results has not been significant and based on the Company’s experience to date management expects this to remain the case.

Liquidity and ability to continue as a going concern

During the nine months ended September 30, 2022 and 2021, the Company incurred a net loss of \$72.8 million and \$56.3 million, respectively, and used \$81.2 million and \$58.6 million of cash for operations, respectively. In addition, as of September 30, 2022, the Company had an accumulated deficit of \$206.8 million. The Company expects to continue to generate operating losses and negative cash flows for the foreseeable future.

In addition, the Company’s Credit Agreement and Guaranty, dated as of December 30, 2020 (as amended, the “Credit Agreement”), between the Company and Perceptive Credit Holdings III, LP, as administrative agent and as a lender, includes a quarterly minimum total revenue covenant for the applicable trailing twelve month period through December 31, 2025. Furthermore, the Company does not expect to meet certain of its financial covenants within one year following the date that these financial statements are issued. Therefore, the Company may be required to repay its outstanding debt within the next 12 months, the principal balance of which was \$50.0 million as of September 30, 2022. The Company has obtained a waiver of the total minimum revenue requirements for the twelve month period ending September 30, 2022.

Accordingly, the foregoing conditions, taken together, raise substantial doubt about the Company’s ability to continue as a going concern for at least a period of one year from the issuance of these unaudited consolidated interim financial statements.

The Company may seek additional funding in order to reach its business objectives. The Company may seek these funds either through public debt or equity offerings or further private equity financings, debt financings, and strategic alliances. The Company may not be able to obtain funding on acceptable terms, or at all, and the terms of any funding may adversely affect the holdings or the rights of the Company’s stockholders. If the Company is unable to obtain additional funding, it could adversely affect the Company’s business prospects.

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The condensed consolidated financial statements do not reflect any adjustments relating to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary if the Company is unable to continue as a going concern.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted (“GAAP”) in the United States. The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, IsoPlexis UK and Isoplexis (Shanghai) Trading Co., Ltd. All intercompany transactions have been eliminated.

Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASU”) promulgated by the Financial Accounting Standards Board (“FASB”).

The condensed consolidated financial statements of the Company included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted from these condensed consolidated financial statements, as is permitted by such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2021 and the notes thereto.

In the opinion of management, the information furnished reflects all adjustments, all of which are of a normal and recurring nature, necessary for a fair presentation of the results for the reported interim periods. The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year or any other interim period.

Significant Accounting Policies

With the exception of the following policy, the Company’s significant accounting policies are unchanged from those disclosed in Note 2, “Summary of significant accounting policies” in our consolidated financial statements as of and for the year ended December 31, 2021.

Foreign currency transactions

Transaction gains and losses generated by the effect of changes in foreign currency exchange rates on recorded assets and liabilities denominated in a currency different than the functional currency of the applicable entity are recorded in other income (expense), net. See Note 13 for further information concerning transaction gains and losses.

Recently adopted accounting pronouncements

The Company adopted ASU No. 2016-02 as of January 1, 2022, using a modified retrospective transition approach and elected the optional transition method to apply the provision of ASC 842 as of the effective date, rather than the earliest period presented. The Company elected the “package of practical expedients”, which permits it to not reassess under the new standard the Company’s prior conclusions about lease identification, lease classification and initial direct costs. The Company made an accounting policy election to exempt short-term leases of 12 months or less from balance sheet recognition requirements associated with the new standard. Leases with an initial term of twelve months or less, or on a month-to-month basis, are not recorded on the balance sheet and are recognized on a straight-line basis over the lease term. The Company also elected the practical expedient for use-of-hindsight to conclude on lease term. If applicable, the Company combines lease and non-lease components, which primarily relate to ancillary expenses associated with real estate leases such as common area maintenance charges and management fees.

The Company determines if an arrangement is a lease at inception and determines the classification of the lease, as either operating or finance, at commencement. Operating leases are included in operating lease right-of-use (“ROU”)

assets, accrued expenses and other current liabilities and long-term operating lease obligations on our consolidated balance sheets. The Company presently does not have any finance leases.

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. Operating lease ROU assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. The Company's leases do not provide a readily determinable implicit discount rate. The Company's borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in similar economic environments. Operating lease ROU assets also factor in any lease payments made, initial direct costs and lease incentives received. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Some of the Company's leases include options to extend the lease term. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The adoption of this accounting standard resulted in recording operating lease ROU assets for six real estate and three equipment operating lease arrangements and corresponding operating lease liabilities of \$5.7 million and \$5.9 million, respectively, as of January 1, 2022. The operating lease assets at adoption were lower than the operating lease liabilities because of the balance of the Company's deferred rent liabilities of \$0.2 million at December 31, 2021, which was reclassified into operating lease assets. The adoption of the standard did not have a material effect on the Company's condensed consolidated statements of operations or condensed consolidated statements of cash flows.

See Note 10 for further information concerning the Company's leases.

New accounting standards not yet effective

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This standard requires that credit losses be reported using an expected losses model rather than the incurred losses model that is currently used, and establishes additional disclosures related to credit risks. For available-for-sale debt securities with unrealized losses, this standard now requires allowances to be recorded instead of reducing the amortized cost of the investment. This standard will be effective for the Company on January 1, 2023. The Company has not yet determined the impact the adoption of this standard will have on the consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848) ("ASU 2020-04"), which provides companies with temporary optional financial reporting alternatives to ease the potential burden in accounting for reference rate reform and includes a provision that allows companies to account for a modified contract as a continuation of an existing contract. The amendments in ASU 2020-04 could be adopted beginning March 12, 2020 and are effective through December 31, 2022. The Company has certain debt instruments for which the interest rates are indexed to LIBOR, and as a result, is currently evaluating the effect that the implementation of this standard will have on the Company's consolidated operating results, cash flows, financial condition and related disclosures.

Note 3 - Fair Value Measurement

Certain of the Company's assets and liabilities are recorded at fair value, as described below.

The following tables set forth the Company's financial instruments that were measured at fair value on recurring basis by level within the fair value hierarchy:

(in thousands)	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents- money market account	\$ 30,055	—	—	\$ 30,055

(in thousands)	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Loan commitment	—	—	\$ 1,169	\$ 1,169

During the periods presented, the Company has not changed the manner in which it values assets and liabilities that are measured at fair value. The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period. There were no transfers within the hierarchy during the nine months ended September 30, 2022 and 2021.

The commitment for an additional tranche under the Credit Agreement (see Note 7) qualified as a freestanding financial instrument required to be recorded at estimated fair value. The fair value of the loan commitment was estimated based on the present value of future expected cash flows discounted at the Company's effective interest rate of 14.12% at December 31, 2021. The loan balance was fully drawn during the nine months ended September 30, 2022 and the loan commitment asset has been reduced to zero as shown below.

The following table presents changes during the nine months ended September 30, 2022 and 2021 in Level 3 liabilities measured at fair value on a recurring basis:

(in thousands)	Loan Commitment	Series D Warrants	Series A Warrants
Balance at January 1, 2022	\$ 1,169	\$ —	\$ —
Exercise of Tranche C loan commitment	(497)	—	—
Change in warrant exercise price	150	—	—
Balance at March 31, 2022	822	—	—
Exercise of Tranche D loan commitment	(822)	—	—
Balance at June 30, 2022	—	—	—
Balance at September 30, 2022	\$ —	\$ —	\$ —

(in thousands)	Loan Commitment	Series D Warrants	Series A Warrants
Balance as January 1, 2021	\$ 2,240	\$ 4,430	\$ 207
Change in estimated fair value	(139)	1,807	—
Balance at March 31, 2021	2,101	6,237	207
Change in estimated fair value	—	2,061	—
Exercise of warrant	—	—	(207)
Exercise of Tranche B loan commitment	(841)	—	—
Balance at June 30, 2021	1,260	8,298	—
Change in estimated fair value	(65)	32	—
Balance at September 30, 2021	\$ 1,195	\$ 8,330	\$ —

Under ASC Topic 480, Distinguishing Liabilities from Equity, the warrants (see Note 7) were freestanding financial instruments that qualified as liabilities required to be recorded at their estimated fair value at the inception date and remeasured at each reported balance sheet date thereafter until settlement. The Series A-2 Preferred Stock Warrant was exercised on May 11, 2021, at an exercise price of \$12.58606 per share for 3,178 shares of Series A-2 redeemable convertible preferred stock. Upon closing of the Company's initial public offering ("IPO") on October 12, 2021, the warrant held by Perceptive Credit Holdings III, LP to purchase Series D redeemable convertible preferred stock was converted into a warrant exercisable for a total of 811,374 shares of common stock. This common stock warrant is no longer considered "potentially redeemable" and the outstanding balance of the warrant liability has been reclassified into equity in accordance with ASC 480 for the year ended December 31, 2021.

On March 30, 2022, the Company entered into a Third Amendment to Credit Agreement and Guaranty with Perceptive Credit Holdings III, LP pursuant to which the prior \$15.0 million Tranche C term loan, which was available through March 31, 2022 subject to several conditions, was changed to \$7.5 million and such amount was borrowed on March 30, 2022. In addition, the Third Amendment added a new \$7.5 million Tranche D term loan, which was borrowed on June 29, 2022. In connection with entering into the above-referenced Third Amendment to the Credit Agreement, on March 30, 2022, the Company amended the warrant that had been previously issued to Perceptive Credit Holdings III, LP to purchase up to 811,374 shares of common stock at an exercise price of \$9.62 per share. The warrant exercise price was amended to \$6.00 per share. The change in exercise price resulted in an increase to debt issuance costs of \$0.3 million, half of which was

recognized with the Tranche C term loan draw as shown in the table above. The other half was recognized on June 29, 2022, when Tranche D was drawn upon.

The above fair value measurements are sensitive to changes in underlying unobservable inputs. A change in those inputs could result in a significantly higher or lower fair value measurement.

Changes in fair value of the warrants and loan commitment is included in other expense in the statements of operations.

Note 4 - Revenue

The Company's revenue is generated primarily from the sale of products and services. Product revenue primarily consists of sales of instruments and consumables used in single cell research equipment. Service and other revenue primarily consists of revenue generated from measuring immune responses using the Company's technology.

Revenue by source

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Instruments	\$ 2,118	\$ 2,647	\$ 7,219	\$ 7,615
Consumables	1,515	1,243	4,191	3,291
Extended service warranty	357	213	859	510
Other service revenue	494	90	1,131	300
Total revenue	\$ 4,484	\$ 4,193	\$ 13,400	\$ 11,716

Revenue by geographic area

Based on region of destination (in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Americas ⁽¹⁾	\$ 3,628	\$ 2,933	\$ 10,056	\$ 8,554
Europe ⁽²⁾	353	900	999	1,639
Greater China ⁽³⁾	395	314	1,904	826
Asia-Pacific ⁽⁴⁾	108	46	441	697
Total revenue	\$ 4,484	\$ 4,193	\$ 13,400	\$ 11,716

(1) Region includes revenue from the United States of America and Canada

(2) Region includes revenue from the United Kingdom, Belgium, Czech Republic, Portugal, France, Spain, Germany, Sweden, Italy, Israel and Switzerland

(3) Region includes revenue from China and Taiwan

(4) Region includes revenue from Singapore, Japan, Australia, New Zealand and South Korea

Performance obligations

The Company regularly enters into contracts with multiple performance obligations. Most performance obligations are generally satisfied within a short time after the contract execution date. As of September 30, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was \$0.5 million, of which substantially all is expected to be recognized as revenue during 2022.

Contract balances

Contract balances represent amounts presented in the consolidated balance sheets when either the Company has transferred goods or services to the customer, or the customer has paid consideration to the Company under the contract. These contract balances included accounts receivable (see Note 5) and deferred revenue. Accounts receivable balances represent amounts billed to customers for goods and services when the Company has an unconditional right to payment of the amount billed. Deferred revenue, as of September 30, 2022 and December 31, 2021 was \$1.0 million and \$0.9 million, respectively. Deferred revenue represents cash consideration received from customers for which all services or products have not yet been transferred. Revenue recorded during the nine months ended September 30, 2022 included \$0.5 million of previously deferred revenue that was included in contract liabilities as of December 31, 2021.

As of September 30, 2022, one customer, MediMergent, LLC, represented 10.7% of our accounts receivable. As of December 31, 2021, no single customer represented 10% or more of accounts receivable. For the three and nine months ended September 30, 2022 and September 30, 2021, no single customer represented 10% or more of revenue.

Note 5 - Supplemental Balance Sheet Details

Accounts receivable, net consists of the following:

(in thousands)	September 30, 2022	December 31, 2021
Accounts receivable	\$ 4,644	\$ 4,146
Allowance for doubtful accounts	(75)	(46)
Total accounts receivable net of allowance	<u>\$ 4,569</u>	<u>\$ 4,100</u>

Inventories, net consists of the following:

(in thousands)	September 30, 2022	December 31, 2021
Raw materials	\$ 35,186	\$ 22,179
Work in process	1,163	—
Finished goods	2,319	2,481
Reserve for excess and obsolete inventory	(421)	(361)
Total inventories, net	<u>\$ 38,247</u>	<u>\$ 24,299</u>

Property and equipment, net consist of the following:

(in thousands)	September 30, 2022	December 31, 2021
Furniture and equipment	\$ 10,123	\$ 5,585
Computers and technology	4,401	2,139
Leasehold improvements	1,456	1,073
Total	15,980	8,797
Accumulated depreciation	(4,649)	(3,019)
Property and equipment, net	<u>\$ 11,331</u>	<u>\$ 5,778</u>

Depreciation expense was \$1.6 million and \$0.9 million for the nine months ended September 30, 2022 and 2021, respectively.

Accrued expenses and other current liabilities consist of the following:

(in thousands)	September 30, 2022	December 31, 2021
Accrued compensation	\$ 2,186	\$ 3,656
Accrued operating expenses	1,915	3,556
Short-term operating lease liability	1,561	—
Other, including warranties	488	615
Total accrued liabilities	<u>\$ 6,150</u>	<u>\$ 7,827</u>

On April 11, 2022, the Company completed a re-organization of the Commercial team and company-wide RIF (Reduction in Force). This action resulted in non-recurring restructuring expenses of \$4.3 million which were primarily associated with severance, benefits, and outplacement services during the second and third quarters of 2022. Restructuring liability is included within other current liabilities on the consolidated balance sheets.

The following table summarizes the restructuring liability accrual activity during the nine months ended September 30, 2022:

(in thousands)	Costs Incurred for the Nine Months Ended September 30, 2022	Payments Made During the Nine Months Ended September 30, 2022	Liability as of September 30, 2022
Severance related	\$3,589	\$3,572	\$17
Outplacement services	259	215	44
Stock-based compensation expense	176	176	—
Consultant fees	138	138	—
Other	111	111	—
Total	<u>\$ 4,273</u>	<u>\$ 4,212</u>	<u>\$ 61</u>

Note 6 - Intangible Assets

Intangible assets consist of the following:

(in thousands)	Remaining Useful Life (Years)	September 30, 2022		
		Gross	Accumulated Amortization	Net
Patents	9 - 14	\$ 21,971	\$ 2,092	\$ 19,879
Capitalized licenses	1 - 4	670	387	283
Total intangible assets		<u>\$ 22,641</u>	<u>\$ 2,479</u>	<u>\$ 20,162</u>

(in thousands)	Remaining Useful Life (Years)	December 31, 2021		
		Gross	Accumulated Amortization	Net
Patents	9 - 14	\$ 21,607	\$ 981	\$ 20,626
Capitalized licenses	1 - 4	670	288	382
Total intangible assets		<u>\$ 22,277</u>	<u>\$ 1,269</u>	<u>\$ 21,008</u>

During the nine months ended September 30, 2022, there were \$0.4 million of additions to patents with a weighted average useful life of 11.0 years.

Amortization expense was \$1.2 million and \$0.6 million for the nine months ended September 30, 2022 and 2021, respectively. The amortization of intangible assets attributable to product sales is recognized in cost of product and service revenue. The amortization of intangible assets not attributable to product sales is recognized in general and administrative operating expenses.

As of September 30, 2022, the estimated annual amortization of intangible assets for the remainder of 2022 and the next four years is shown in the following table. 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.

Year (in thousands)	Estimated Annual Amortization
2022 (remaining three months)	\$ 427
2023	1,710
2024	1,710
2025	1,627
2026	1,599

Note 7 - Debt

On December 30, 2020, the Company closed on a \$50.0 million Credit Agreement with Perceptive Credit Holdings III, LP, a significant equity investor, of which the Company borrowed \$25.0 million immediately upon closing. In May 2021, the Company borrowed an additional \$10.0 million. On March 30, 2022, the Company entered into a Third Amendment to Credit Agreement and Guaranty pursuant to which the prior remaining \$15.0 million Tranche C term loan was changed to \$7.5 million and such amount was borrowed on March 30, 2022. In addition, the Third Amendment added a new \$7.5 million Tranche D term loan, which was drawn on June 29, 2022.

Borrowings under the Credit Agreement bear interest at the one-month LIBOR, with a 1.75% floor, plus a 9.50% margin (12.07% at September 30, 2022). Monthly payments of interest-only are due over the term of the loan with no scheduled loan amortization. Amounts borrowed are due and payable on the maturity date, December 30, 2025. The loan is secured by substantially all of the Company's assets. Financial covenants include a \$3.0 million minimum cash balance at all times and trailing twelve-month minimum revenue amounts measured on a quarterly basis. On October 29, 2021, the Company entered into the Second Amendment to, among other things, eliminate the minimum total revenue covenant for the twelve months ending December 31, 2021 and reset the minimum total revenue covenants thereafter. As of September 30, 2022, the Company was not in compliance with the minimum total revenue covenant requirement of \$21.7 million and was in compliance with the minimum cash balance covenant requirement of \$3.0 million. The Company has obtained a waiver of the minimum total revenue requirements for the twelve month period ending September 30, 2022.

The total minimum revenue covenant requirements for the next twelve months are as follows:

Twelve-Month Period Ending	Minimum Total Revenue (in thousands)
December 31, 2022	\$ 26,545
March 31, 2023	30,179
June 30, 2023	35,221
September 30, 2023	40,649

In connection with the Credit Agreement closing, the Company issued to the lender warrants to purchase 97,504 shares of Series D preferred stock. The warrants have a 10-year contractual life and had an exercise price of \$76.92 per warrant share. The fair value at issuance was estimated at \$4.4 million and was recorded as a warrant liability. Upon closing of the IPO on October 12, 2021, the Series D redeemable convertible preferred stock warrant was converted into a warrant exercisable for a total of 811,374 shares of common stock with an exercise price of \$9.62 per warrant share. In connection with the Third Amendment to the Credit Agreement dated March 30, 2022, warrants were amended and the exercise price was changed from \$9.62 per warrant share to \$6.00 per warrant share. The change in exercise price resulted in an increase to debt issuance costs of \$0.3 million, half of which was recognized with the Tranche C term loan which was drawn on March 30, 2022. This common stock warrant is no longer considered "potentially redeemable" and the fair value of the warrant liability as of October 12, 2021 has been reclassified into equity in accordance with ASC 480 for the year ended December 31, 2021 (see Note 3).

In addition, given that the Credit Agreement contained additional tranches of potential borrowings at inception, the Company identified and recorded within other assets on the balance sheet a \$2.2 million asset related to future loan commitments at December 30, 2020. During 2021, \$0.8 million was reclassified as a reduction in the carrying value of the \$10.0 million tranche drawn in May 2021 on a pro-rata basis, and will be amortized over the remaining term of the debt. In connection with the Tranche C draw on March 30, 2022, \$0.5 million was reclassified as a reduction in the carrying value of the \$7.5 million tranche and will be amortized over the remaining term of the debt. As of September 30, 2022, the loan was fully drawn and the asset related to the future loan commitment was reduced to zero. The Company determined that the loan commitment meets the definition within ASC 480 as a freestanding financial instrument to be recorded at fair value given that it is both (1) legally detachable per the explicit ability provided to the creditor allowing it to assign all or part of its interest under the Credit Agreement to any person or entity; and (2) separately exercisable given that it can be exercised or not exercised at the Company's option without impacting the outstanding balance of the original \$25.0 million borrowed upon execution of the Credit Agreement. The remaining proceeds were allocated to the value of the initial debt borrowed and the discount resulting on such debt is being amortized over the term of the Credit Agreement.

On December 31, 2021, the process of cessation of LIBOR as a reference rate took effect. After December 31, 2022, new borrowings will no longer use LIBOR as a reference rate. Instead, these borrowings will be subject to an interest rate based on either the Secured Overnight Financing Rate ("SOFR"), which is deemed a replacement benchmark for LIBOR

under the Credit Agreement, or an alternate index to be agreed upon; provided that if such alternate rate of interest shall be less than 1.75%, such rate shall be deemed to be 1.75% for the purposes of the Credit Agreement. Between December 31, 2022 and June 30, 2023, any legacy borrowings may continue to use LIBOR as the basis for interest rates. After June 30, 2023, all borrowings will be based on SOFR or the alternate index.

Note 8 - Equity

Common stock

As of September 30, 2022, the Company had authorized 400,000,000 shares of Common Stock, of which a total of 39,535,322 and 39,036,010 shares were outstanding, as of September 30, 2022 and December 31, 2021, respectively.

Preferred stock

Upon closing of the IPO on October 12, 2021, all 3,344,836 shares of Preferred Stock that were outstanding immediately prior to the closing of the IPO automatically converted into 26,758,688 shares of Common Stock. In addition, the Company issued 1,643,374 shares of Common Stock to the holders of the outstanding Preferred Stock in respect of accrued dividends thereon accrued to but not including October 12, 2021, based on the IPO price of \$15.00 per share.

Under the Amended and Restated Certificate of Incorporation filed upon the Company's IPO, the Company authorized 20,000,000 shares of non-redeemable preferred stock, \$0.001 par value per share ("Preferred Stock"), of which no shares were outstanding at September 30, 2022 and December 31, 2021.

Note 9 - Equity based Compensation

The Company's 2014 Stock Plan (the "Plan") provides for the granting of stock options or restricted stock to key employees, officers, directors and consultants. Upon effectiveness of the 2021 Plan (as defined below), no further issuances were made under the 2014 Plan.

The Company's 2021 Omnibus Incentive Compensation Plan (the "2021 Plan") was adopted by its board of directors and stockholders and became effective on October 7, 2021. Following the IPO, all equity-based awards are granted under the 2021 Plan. The 2021 Plan provides for the grant of both non-statutory and incentive stock options, stock appreciation rights, restricted stock awards, restricted stock units, deferred share units, cash incentive awards and other equity-based or equity-related awards to the Company's employees, officers, directors and consultants. The terms of equity awards granted under the 2021 Plan to date are consistent with those granted under the 2014 Plan, as described below. The maximum number of shares outstanding under the 2021 Plan is 5,223,601, plus the number of shares of the Company's common stock underlying awards under the 2014 Plan, not to exceed 5,113,324 shares, that become available again for grant under the 2014 Plan in accordance with its terms.

Stock options

Stock options expire 10 years from the date of grant. The stock options generally vest 25% upon the one-year anniversary of the service inception date and then ratably each month over the remaining 36 months. Upon termination of service, any unvested stock options are automatically returned to the Company. Vested stock options that are not exercised within the specified period, according to the terms and conditions of the option plan, following the termination as an employee, consultant, or service provider to the Company are surrendered back to the Company. Those stock options are added back to the plan pool and made available for future grants. Compensation cost is recorded on a straight-line basis over the requisite service period of the award based on the fair value of the options issued on the measurement date.

The following table summarizes stock option activity for the nine months ended September 30, 2022:

	Stock Options			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (In thousands)
Outstanding as of December 31, 2021	5,105,278	\$ 2.62	7.7	
Granted	1,335,924	2.67		
Forfeited/Expired/Canceled	(566,397)	3.73		
Exercised	(433,980)	0.63		
Outstanding as of September 30, 2022	5,440,825	\$ 2.69	7.4	\$ 2,283
Vested and expected to vest as of September 30, 2022	5,440,825	\$ 2.69	7.4	\$ 2,283
Exercisable at September 30, 2022	2,907,227	\$ 1.61	5.9	\$ 2,186

Options to purchase 1.3 million shares were granted during the nine months ended September 30, 2022. The weighted-average grant date fair value of stock options awarded during the nine months ended September 30, 2022 was approximately \$1.55 per share. As of September 30, 2022, there was a total of \$9.7 million of unrecognized employee compensation costs related to non-vested stock option awards expected to be recognized over a weighted average period of 2.5 years.

The Company estimates the fair value of stock-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables, such as expected term, volatility, risk-free interest rate, and expected dividends. Each of these inputs is subjective and generally requires significant judgment to determine.

The following table summarizes the range of key assumptions used to determine the fair value of stock options granted during:

	Nine months ended September 30,	
	2022	2021
Risk-free interest rate	1.2 %	0.94 - 1.4%
Expected term (in years)	7	7
Expected volatility	55 %	55 %
Expected dividend yield	—	—
Exercise prices	\$1.90 - \$3.43	\$1.83 - \$10.72
Estimated fair value of common stock options	\$1.05 - \$1.90	\$3.96 - \$10.72

Restricted stock awards

Restricted stock awards are rights to receive shares of the Company's Common Stock upon meeting specified vesting requirements. The fair value of a restricted stock award is the market value as determined by the closing price of the stock on the day of grant. These awards were granted under the Company's 2021 Plan.

The following table summarizes restricted stock award activity for the nine months ended September 30, 2022:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2021	507,013	\$ 8.46
Granted	967,783	3.91
Vested	(65,224)	2.70
Forfeited	(645,092)	4.67
Unvested as of September 30, 2022	<u>764,480</u>	<u>\$ 6.40</u>

65 thousand shares of restricted stock vested during the nine months ended September 30, 2022. As of September 30, 2022, there was approximately \$4.0 million of total unrecognized compensation cost related to restricted stock awards. This amount is expected to be recognized over the remaining weighted-average vesting period of 3.3 years.

Employee stock purchase plan

In the third quarter of 2021, the Company approved the 2021 Employee Stock Purchase Plan (the "ESPP"), which became effective upon completion of the IPO. As of September 30, 2022, there has not been an offering under the ESPP and no shares of Common Stock have been purchased under the ESPP.

Expense

The following table summarizes stock-based compensation expense, and also the allocation within the consolidated statements of operations:

(in thousands)	Nine months ended September 30,	
	2022	2021
Research and development	\$ 179	\$ 178
General and administrative	2,217	716
Sales and marketing	3	268
Total stock-based compensation expense	<u>\$ 2,399</u>	<u>\$ 1,162</u>

The following table summarizes restricted stock-based compensation expense, and also the allocation within the consolidated statements of operations:

(in thousands)	Nine months ended September 30,	
	2022	2021
Research and development	\$ 234	\$ —
General and administrative	304	—
Sales and marketing	535	—
Total restricted stock-based compensation expense	<u>\$ 1,073</u>	<u>\$ —</u>

The \$1.1 million of restricted stock-based compensation expense includes \$0.2 million of accelerated expenses related to restructuring cost.

Note 10 - Commitments

Operating leases

At September 30, 2022, our operating leases had remaining lease terms of up to 4.25 years, including any reasonably probable extensions.

Lease balances within our consolidated balance sheet were as follows:

(in thousands)	September 30, 2022
Assets:	
Operating lease right-of-use assets	\$ 5,381
Liabilities:	
Accrued expenses and other current liabilities	\$ 1,561
Long-term operating lease obligations	4,080
Total lease liabilities	\$ 5,641
Supplemental non-cash disclosures	
Operating lease right-of-use assets obtained in exchange for lease obligations	\$ 764

Operating lease expense, including variable and short-term lease costs, which were insignificant to the total operating lease cash flows and supplemental cash flow information, were as follows:

(in thousands)	Nine months ended September 30,	
	2022	
Cost of product revenue	\$	92
Research and development expenses		285
Sales and marketing expenses		465
General and administrative expenses		407
Total operating lease expense	\$	1,249
Operating cash outflows from operating leases	\$	1,249

The weighted average remaining lease liability term and the weighted average discount rate were as follows:

	September 30, 2022
Weighted average lease liability term (in years)	3.53
Weighted average discount rate	5.00 %

The following table reconciles the undiscounted cash flows for each of the first five years and thereafter to the operating lease liabilities recognized in our consolidated balance sheet at September 30, 2022. The reconciliation excludes short-term leases that are not recorded on the balance sheet.

(in thousands)	September 30, 2022	
2022 (remaining three months)	\$	451
2023		1,785
2024		1,747
2025		1,388
2026		776
Thereafter		—
Total lease payments		6,147
Less: imputed interest		(506)
Total lease liabilities	\$	5,641

We had one lease commence in December 2021 with payments beginning in February 2022.

Purchase Commitments

On May 12, 2021 the Company entered into a Supply Agreement with QIAGEN GmbH, pursuant to which they have agreed to supply certain reagents to the Company, and the Company has agreed to certain annual minimum purchases. The future minimum purchase values are as follows:

(in millions)	Year Ending December 31,	
2022	\$	2.5
2023		4.0
2024		5.0
2025		7.0
2026		9.0
2027		10.0
Total	\$	37.5

Note 11 - Product Warranties

The Company warrants certain products generally for periods of one year following the delivery date. Accrued warranty costs are included in accrued expenses and other current liabilities.

(in thousands)	Nine months ended September 30,	
	2022	2021
Accrued warranty cost, beginning	\$ 285	\$ 135
Cost of warranty services	(318)	(75)
Estimated provision for warranty cost	366	190
Accrued warranty cost, end	\$ 333	\$ 250

Note 12 - Legal Proceedings

The Company may be a party to litigation or subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on its business. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors. The Company is not currently a party to any material legal proceedings, and the Company's management believes that there are currently no claims or actions pending against the Company, the ultimate disposition of which could have a material adverse effect on the Company's results of operations or financial condition.

Note 13 - Other Income (Expense), net

Other income (expense), net consisted of the following:

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Grant revenue	\$ —	\$ 862	\$ 381	\$ 2,189
Investment income	55	—	55	—
Change in fair value of warrants and loan commitment	—	(97)	—	(4,104)
Currency gain/(loss)	(55)	—	(86)	—
Net book value of asset disposed	—	—	(16)	—
Other income/(expense)	—	—	—	—
Other income (expense), net	\$ —	\$ 765	\$ 334	\$ (1,915)

Note 14 - Net Loss per Share Attributable to Common Stockholders

The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have an anti-dilutive effect:

	September 30, 2022	September 30, 2021
Options outstanding to purchase common stock	5,440,825	5,113,324
Unvested restricted stock awards	764,480	—
Convertible preferred stock (as converted to common stock)	—	26,758,688

Note 15 - Related Party Transactions

The Company has license agreements with Yale University and California Institute of Technology. Yale University is a holder of Common Stock. There is an immaterial amount of receivables or payables due from or to these entities as of September 30, 2022. As described in Note 7, the Company has a Credit Agreement with Perceptive Credit Holdings III, LP, which is a holder of Common Stock.

Note 16 - Subsequent Events

On November 8, 2022, the Company obtained a waiver of the minimum total revenue requirements for the twelve month period ending September 30, 2022 under the Credit Agreement with Perceptive Credit Holdings III, LP and other lenders party thereto.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Form 10-Q and our audited consolidated financial statements and the related notes thereto and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Form 10-K filed with the SEC on March 30, 2022 (the "2021 10-K"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in the 2021 10-K, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Data as of and for the three and nine months ended September 30, 2022 and 2021 has been derived from our unaudited condensed consolidated financial statements appearing at the beginning of this Form 10-Q. Results for any interim period should not be construed as an inference of what our results would be for any full fiscal year or future period.

Overview

IsoPlexis Corporation is a company empowering labs to leverage the cells and proteome changing the course of human health. Our systems uniquely identify a comprehensive range of multifunctional single cells, i.e. the superhero cells in the human body. These cells enable researchers to understand and predict disease progression, treatment resistance and therapeutic efficacy to advance all of human health. We are a life sciences company building solutions to accelerate the development of curative medicines and personalized therapeutics. Our award-winning single-cell proteomics systems reveal unique biological activity in small subsets of cells, allowing researchers to connect more directly to *in vivo* biology and develop more precise and personalized therapies.

We are enabling deeper access to *in vivo* biology and driving durable and potentially transformational research on disease in a new era of advanced medicine. We believe our platform is the first to employ both proteomics and single cell biology in an effort to fully characterize and link cellular function to patient outcomes by revealing treatment response and disease progression. Our single cell proteomics platform, which includes instruments, chip consumables and software, provides an end-to-end solution to reveal a more complete view of protein function at an individual cellular level. Since our commercial launch in June 2018, our platform has been adopted by the top 15 global biopharmaceutical companies by revenue and approximately three quarters of the comprehensive cancer centers in the United States to help develop more durable therapeutics, overcome therapeutic resistance, and predict patient responses for advanced immunotherapies, cell therapies, gene therapies, vaccines, and regenerative medicines. Our initial focus has been on developing applications of our platform for cancer immunology and cell and gene therapy. We are now expanding our capabilities to include applications for infectious diseases, inflammatory conditions, and neurological diseases.

We currently market and sell our technology with an in-house commercial team in the United States, China and Europe. We are also utilizing our distribution network to market and sell across multiple countries, including Australia, Belgium, Canada, China, Czech Republic, France, Germany, Italy, Israel, Japan, Portugal, Singapore, South Korea, Spain, Switzerland, and the United Kingdom. We intend to further expand our international presence by growing our distribution networks in Brazil, India, Mexico and beyond.

We manufacture our instruments and chip consumables in our manufacturing facilities in Branford, Connecticut and do not outsource any of our production manufacturing to third party contract manufacturers. Certain of our suppliers of components and materials are single source suppliers and we do not have supply agreements with certain suppliers of these critical components and materials beyond purchase orders. As part of our overall risk management strategy, we continue to evaluate and identify alternative suppliers for each of our components and materials.

Since our inception in March 2013, we have devoted substantially all of our resources to organizing and staffing our company, business planning, raising capital, conducting research and development activities, and filing patent applications. Prior to the completion of our IPO, we financed our operations primarily through the private placement of our securities, the incurrence of indebtedness and, to a lesser extent, grant income and revenue derived from sales of our instruments and chip consumables. As of September 30, 2022, our principal source of liquidity was cash, which totaled \$53.1 million.

We completed our first sale of our systems in June 2018 and have generally experienced revenue growth in recent periods. Revenue was \$4.5 million and \$13.4 million for the three and nine months ended September 30, 2022, as

compared to \$4.2 million and \$11.7 million for the three and nine months ended September 30, 2021. Nevertheless, we have incurred recurring losses since inception. For the three and nine months ended September 30, 2022, our net losses were \$18.5 million and \$72.8 million as compared to \$20.2 million and \$56.3 million for the three and nine months ended September 30, 2021. As of September 30, 2022, we had an accumulated deficit of \$206.8 million. We expect to continue to incur significant expenses and operating losses for the foreseeable future in connection with ongoing development and business expansion activities, particularly as we continue to:

- expand our research and development activities;
- obtain, maintain and expand and protect our intellectual property portfolio;
- market and sell new and existing products and services; and
- attract, hire and maintain qualified personnel to support our expanding business efforts.

Furthermore, we will incur additional costs associated with operating as a public company, including significant legal, accounting, compliance, investor relations and other expenses that we did not incur as a private company.

As a result of these anticipated expenditures, we will need substantial additional financing to support our continuing operations and pursue our growth strategy. Until such time as we can generate positive cash flows from operations, if ever, we expect to finance our operations through a combination of equity offerings, debt financings, sales of products and services to our customers and, to a lesser extent, grant income. We may be unable to raise additional funds when needed on favorable terms or at all. Our inability to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. We will need to generate significant revenue to achieve profitability, and we may never do so.

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 pursue our growth strategy and improve our results of operations. Our ability to successfully address the factors below is subject to various risks and uncertainties, including those factors set forth in the section titled “Risk Factors” included in our 2021 10-K.

New Customer Adoption of Our Platform

Our financial performance has been, and in the foreseeable future will continue to be, driven by our ability to increase the adoption of our platform and the installed base of our instruments. We plan to drive new customer adoption through a direct sales and marketing organization in the United States, China and parts of Europe and third party distributors in Europe, North America, the Middle East and Asia-Pacific. As of September 30, 2022, we market and sell our technology with an in-house commercial team and also utilize our distribution network to market and sell across multiple countries.

Recurring Revenues from Sales of our Chip Consumables

Our IsoCode chip consumables represent a source of recurring revenue from customers using our platform across a wide range of applications. Our instruments and consumables are designed to work together exclusively. As we expand our installed base of instruments, we expect consumable revenues to increase on an absolute basis and become an increasingly important contributor to our overall revenues.

Adoption of Our Platform Across Existing Customers’ Organizations

There is an opportunity to grow our installed base and expand the number of instruments within organizations that are already utilizing our platform to advance their research and therapeutic development by their purchasing of additional instruments to support multiple locations or to increase capacity.

Adoption of Our Platform for New Applications

We founded our company to help solve critical challenges to accelerating advanced medicines and since our inception, we have developed multiple applications spanning cancer immunology, cell and gene therapy, infectious diseases, inflammatory conditions, and neurological diseases. As we continue to deploy our platform, we intend to concurrently expand the breadth of applications for our technologies to encourage increased use of our platform across our addressable

markets. We expect our investments in these efforts to increase as we develop and market new applications, including a diagnostic application.

Components of Our Results of Operations

Revenue

Revenue consists of sales of instruments and consumables in addition to service revenue. Our total revenue for the three and nine months ended September 30, 2022 was \$4.5 million and \$13.4 million and was \$4.2 million and \$11.7 million for the three and nine months ended September 30, 2021. We expect that our revenue will be less than our expenses for the foreseeable future and that we will experience losses as we continue to expand our business.

Cost of Product and Service Revenue

The Company's cost of product revenue primarily consists of manufacturing related costs incurred in the production process, including personnel and related costs, costs of components and materials, labor and overhead, packaging and delivery costs and allocated costs for facilities and information technology. Cost of service revenue consists primarily of personnel and related costs of service and warranty costs to support our customers.

Company re-organization and reduction in force (RIF)

On April 11, 2022, the Company completed a re-organization of the Commercial team and company-wide RIF (Reduction in Force) which reduced total head count company-wide from approximately 500 as of March 31, 2022 to approximately 380 as of June 30, 2022. This action resulted in one-time non-recurring restructuring expenses of \$4.3 million which were primarily associated with severance, benefits, and outplacement services during the second and third quarters of 2022.

While the RIF was executed on April 11, 2022, we have continued to pursue further efficiencies and expect to achieve even lower operating expenses across multiple areas of our business, including but not limited to further savings in salaries and salary-related expenses, consultants and other professional services, internal material usage and licenses fees, in the fourth quarter of 2022 as seek to implement an accelerated path towards profitability. While we expect operating expenses to be lower in the short-term, over the longer-term operating expenses will go up as revenue increases, to support a larger installed instrument base and higher consumables sales.

Research and Development Expenses

Research and development expenses include:

- costs to obtain licenses to intellectual property and related future payments should certain success, development and regulatory milestones be achieved;
- employee-related expenses, including salaries, benefits and stock-based compensation expense;
- costs of purchasing lab supplies and non-capital equipment used in our research and development activities;
- consulting and professional fees related to research and development activities; and
- facility costs, depreciation, and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance, and other supplies.

We expense research and development costs as incurred. Research and development activities are central to our business model.

Because of the numerous risks and uncertainties associated with product development, we cannot determine with certainty the duration and completion costs of our current or future research and development efforts.

General and Administrative Expenses

General and administrative expenses consist primarily of employee-related expenses, including salaries, benefits and stock-based compensation, for personnel in executive, finance, business development, facility and administrative functions. Other significant costs include facility costs not otherwise included in research and development expenses, legal fees relating to patent and corporate matters and fees for accounting, tax and consulting services.

We anticipate that our general and administrative expenses will increase in the long term to support continued expansion of our commercial, development and operating activities. These increases will likely include increased costs related to the hiring of additional personnel and fees to outside consultants, lawyers and accountants, among other expenses.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of compensation related expenses, including salaries, bonuses, benefits, non-cash stock-based compensation for sales and marketing personnel, advertising and promotion expenses, consulting and subcontractor fees, sales commissions, recruiting fees, and various other selling expenses. We anticipate that our sales and marketing expenses will increase in the long term as we pursue growth and as we identify and expand into new markets, increase our product offerings, and expand our install base.

Grant Income

We are engaged in various Small Business Innovation Research ("SBIR") grants with the federal government to help fund the costs of certain research and development activities. We believe that we have complied with all contractual requirements of the SBIR grants through the date of the financial statements. We do not currently expect future grant income to be a material source of funding for the Company.

Research and Development State Tax Credits

Research and development ("R&D") tax credits exchanged for cash pursuant to the Connecticut R&D Tax Credit Exchange Program, which permits qualified small businesses engaged in R&D activities within Connecticut to exchange their unused R&D tax credits for a cash amount equal to 65% of the value of exchanged credits, are recorded as a receivable and other income in the year the R&D tax credits relate to, as it is reasonably assured that the R&D tax credits will be received, based upon our history of filing for and receiving the tax credits. R&D tax credits receivable where cash is expected to be received by us more than one year after the balance sheet date are classified as noncurrent in the consolidated balance sheets.

Fair Value Adjustment for Warrants and Loan Commitments

Warrants and loan commitments are freestanding financial instruments that qualify as liabilities and assets, respectively, required to be recorded at their estimated fair value at the inception date and remeasured at each reported balance sheet date thereafter until settlement, with gains and losses arising from changes in fair value recognized in the statement of operations during each period. Our preferred share warrants were converted to common share warrants upon our IPO and were reclassified from liabilities to equity for the year ended December 31, 2021.

Results of Operations**Comparisons of the Three Months Ended September 30, 2022 and 2021**

The following table summarizes our results of operations for the three months ended September 30, 2022 and 2021, together with the dollar change in those items:

(in thousands)	Three months ended September 30,		Period to period change
	2022	2021	
Revenue			
Product revenue	\$ 3,633	\$ 3,890	\$ (257)
Service revenue	851	303	548
Total revenue	4,484	4,193	291
Cost of product revenue	2,187	2,207	(20)
Cost of service revenue	40	13	27
Gross profit	2,257	1,973	284
Operating expenses:			
Research and development expenses	4,169	4,700	(531)
General and administrative expenses	8,782	7,106	1,676
Sales and marketing expenses	5,702	10,066	(4,364)
Restructuring expenses	574	—	574
Total operating expenses	19,227	21,872	(2,645)
Loss from operations	(16,970)	(19,899)	2,929
Other income (expense), net:			
Interest expense, net	(1,485)	(1,065)	(420)
Other income (expense), net	—	765	(765)
Net loss	\$ (18,455)	\$ (20,199)	\$ 1,744

Revenue

Total revenue increased \$0.3 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. This consisted primarily of a decrease of \$0.5 million from sales of instruments, more than offset by an increase of \$0.3 million for consumable revenue and \$0.5 million increase in service revenue.

The decrease in instruments revenue for the three months ended September 30, 2022 was driven by a decrease in unit sales outside of North America and average sales price attributable to a difference in product mix between IsoLights and IsoSparks. Service revenue was up primarily due to additional collaboration revenue and an increase in service contracts compared to the prior period.

Gross Profit

Gross profit as a percentage of total revenues was 50% for the three months ended September 30, 2022 compared to 47% for the three months ended September 30, 2021 primarily driven by product mix and higher service revenue.

Operating Expenses

Operating expenses decreased by \$2.6 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. This included \$0.6 million of one-time restructuring charges associated with the re-organization of the sales and marketing teams, manufacturing operations and research and development. These costs consisted of severance, benefits, and outplacement services provided as part of the Company's reduction in force. Total

operating expenses of \$19.2 million for the quarter ended September 30, 2022 represent a reduction of \$7.2 million or 27% from the preceding quarter-ended June 30, 2022.

Research and Development Expenses

(in thousands)	Three months ended September 30,		Period to period change
	2022	2021	
Compensation related expenses	\$ 2,760	\$ 2,674	\$ 86
Professional fees and sub-contractor	—	365	(365)
Prototyping	339	591	(252)
Recruiting	—	89	(89)
Lab materials	184	155	29
Supplies expense	273	465	(192)
Depreciation and amortization	581	15	566
Other	32	346	(314)
Total	\$ 4,169	\$ 4,700	\$ (531)

Research and development expenses decreased by \$0.5 million, or 11%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily due to reduced spending around categories of professional fees and contractors by \$0.4 million due to capitalization of software expense, prototyping by \$0.3 million and supplies by \$0.2 million. This was partially offset by a \$0.1 million increase in compensation related expense and a \$0.6 million increase in depreciation and amortization expense.

General and Administrative Expenses

General and administrative expenses increased by \$1.7 million, or 24%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily driven by an increase of \$0.6 million related to stock based compensation, an increase of \$0.7 million to support compliance as a publicly traded company, increases in compensation related expenses of \$0.5 million in personnel to support organizational growth, and an increase of \$0.3 million in software and networking expenses to support a larger organization. This was partially offset by a decrease of \$0.3 million of recruiting related to our overall cost reduction effort.

Sales and Marketing Expenses

Sales and marketing expenses decreased by \$4.4 million, or 43%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily due to decreases in compensation related expenses of \$2.3 million around personnel reduction from restructuring, a decrease in professional fees of \$1.1 million related to the reduced spending on consultants, a decrease in recruiting expenses of \$0.5 million, and a decrease in usage of internal inventory items of \$0.7 million.

Interest expense

As a result of the Credit Agreement we entered into on December 30, 2020, we had \$50.0 million of borrowings outstanding as of September 30, 2022, and we recognized \$1.5 million in interest expense for the three months ended September 30, 2022. We recognized \$1.0 million in interest expense for the three months ended September 30, 2021.

Comparisons of the Nine Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the nine months ended September 30, 2022 and 2021, together with the dollar change in those items:

(in thousands)	Nine months ended September 30,		Period to period change
	2022	2021	
Revenue			
Product revenue	\$ 11,410	\$ 10,906	\$ 504
Service revenue	1,990	810	1,180
Total revenue	13,400	11,716	1,684
Cost of product revenue	6,329	5,758	571
Cost of service revenue	182	41	141
Gross profit	6,889	5,917	972
Operating expenses:			
Research and development expenses	18,359	13,869	4,490
General and administrative expenses	28,705	16,670	12,035
Sales and marketing expenses	24,992	27,097	(2,105)
Restructuring expenses	4,273	—	4,273
Total operating expenses	76,329	57,636	18,693
Loss from operations	(69,440)	(51,719)	(17,721)
Other income (expense):			
Interest expense, net	(3,679)	(2,678)	(1,001)
Other income (expense), net	334	(1,915)	2,249
Net loss	\$ (72,785)	\$ (56,312)	(16,473)

Revenue

Total revenue increased \$1.7 million for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. This consisted primarily of an increase of \$0.9 million from consumables and an increase of \$1.2 million in service revenue partially offset by a decrease of \$0.4 million from sales of instruments driven by product mix of IsoLights and IsoSparks.

Gross Profit

Gross profit as a percentage of total revenues was 51% for both the nine months ended September 30, 2022 and the nine months ended September 30, 2021.

Research and Development Expenses

(in thousands)	Nine months ended September 30,		Period to period change
	2022	2021	
Compensation related expenses	\$ 10,373	\$ 6,716	\$ 3,657
Professional fees and sub-contractor	366	1,087	(721)
Prototyping	1,687	1,778	(91)
Recruiting	115	407	(292)
Lab materials	1,073	667	406
Supplies expense	1,565	2,325	(760)
Depreciation and amortization	1,652	259	1,393
Other	1,528	630	898
Total	\$ 18,359	\$ 13,869	\$ 4,490

Research and development expenses increased by \$4.5 million, or 32%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily due to increases in compensation related expenses of

\$3.7 million from hiring approximately 20 new employees year over year, an increase of \$1.4 million related to depreciation and amortization expense, an increase of \$0.9 million in other expenses, and an increase of \$0.4 million in lab materials, partially offset by a \$0.7 million decrease in professional fees related to new product development and cost reduction projects, a decrease of \$0.1 million in prototyping for next generation product development, a decrease of \$0.3 million in recruiting expenses and a decrease of \$0.8 million in supplies expense.

General and Administrative Expenses

General and administrative expenses increased by \$12.0 million, or 72%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, largely driven by increases in compensation related expenses of \$6.6 million due to year over year increase in personnel, an increase of \$1.7 million of stock based compensation, an increase of \$1.4 million of technology costs, an increase of \$1.2 million of depreciation and amortization expense, an increase of \$1.0 million of professional fees related to organizational process improvements, and an increase of \$0.7 million in office related expenses. This was offset to a smaller extent by a decrease of \$0.4 million in recruiting expense.

Sales and Marketing Expenses

Sales and marketing expenses decreased by \$2.1 million, or 8%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily due to decreases in professional fees and contractors of \$1.1 million, decrease in inventory items used of \$0.7 million, a decrease in recruiting of \$1.6 million, and a decrease in technology cost of \$0.2 million, partially offset by an increase in compensation related expense of \$0.9 million, and an increase in marketing expense of \$0.5 million. Overall, the decrease was driven by controlled spending in categories of outside consultants and recruiting expense.

Interest expense

As a result of the Credit Agreement we entered into on December 30, 2020, we had \$50.0 million of borrowings outstanding as of September 30, 2022, and we recognized \$3.7 million in interest expense for the nine months ended September 30, 2022. We recognized \$2.7 million in interest expense for the nine months ended September 30, 2021.

Liquidity and Capital Resources

At September 30, 2022, we had \$53.1 million in cash. Cash as of September 30, 2022 decreased by \$73.4 million compared to December 31, 2021, primarily due to the factors described under the heading “—Cash Flows” below. Our primary source of liquidity, other than cash on hand, has been cash flows from issuances of common stock in our IPO, issuances of preferred stock, debt financings and, to a lesser extent, grant income.

Cash Flows

Comparisons of the Nine Months Ended September 30, 2022 and 2021

The following table provides information regarding our cash flows for the nine months ended September 30, 2022 and 2021:

(in thousands)	2022	2021
Net cash provided by (used in):		
Operating activities	(81,164)	(58,619)
Investing activities	(7,548)	(22,471)
Financing activities	15,274	15,188
Net change in cash	\$ (73,438)	\$ (65,902)

Operating Activities

Net cash used by operating activities in the nine months ended September 30, 2022 primarily consisted of net loss of \$72.8 million, partially offset by net non-cash adjustments of \$8.7 million, plus net changes in operating assets and liabilities of \$17.1 million, including a \$14.1 million inventory increase. The primary non-cash adjustments to net income

included share-based compensation of \$3.5 million, depreciation and amortization expenses of \$2.8 million and amortization of debt discount of \$0.9 million. Cash flow impact from changes in net operating assets and liabilities were primarily driven by an increase in inventories and decrease in accrued expenses and other liabilities.

Net cash used by operating activities in the nine months ended September 30, 2021 primarily consisted of net loss of \$56.3 million, partially offset by net non-cash adjustments of \$7.7 million, plus net changes in operating assets and liabilities of \$10.0 million, including a \$16.0 million inventory increase. The primary non-cash adjustments to net income included share-based compensation of \$1.2 million, depreciation and amortization expenses of \$1.5 million, change in fair value of warrants and loan commitment of \$4.1 million, amortization of debt discount of \$0.5 million, provision for excess and obsolete inventories of \$0.2 million and provision for warranty costs of \$0.2 million. Cash flow impact from changes in net operating assets and liabilities were primarily driven by an increase in accounts receivable, inventories and prepaid expenses and other current assets and partially offset by increases in accounts payable, accrued liabilities, deferred revenue, deferred rent and a decrease in other assets.

Investing Activities

Net cash used in investing activities totaled \$7.5 million in the nine months ended September 30, 2022. We purchased \$7.2 million of property and equipment. We paid \$0.3 million related to patents acquired and patent costs that were capitalized.

Net cash used in investing activities totaled \$22.5 million in the nine months ended September 30, 2021. We purchased \$2.2 million of property and equipment. We paid \$20.3 million related to patents acquired and patent costs that were capitalized.

Financing Activities

Net cash provided by financing activities was \$15.3 million in the nine months ended September 30, 2022. We drew \$15.0 million from our Tranche C and D term loans.

Net cash provided by financing activities was \$15.2 million in the nine months ended September 30, 2021. We raised cash through the issuance of Series D redeemable convertible preferred stock, with net proceeds of \$10.0 million. We also borrowed the Tranche B term loan under our Credit Agreement, with net proceeds of \$10.0 million. We paid \$4.9 million in costs related to the IPO.

Funding Requirements

We expect to continue to generate operating losses in connection with our ongoing activities, particularly as we continue our research and development efforts and expand our business efforts. Furthermore, we have incurred and will continue to incur additional costs as a result of being a public company. Accordingly, we will need to obtain additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

At the time of issuance of our unaudited consolidated interim financial statements for the nine months ended September 30, 2022, we concluded that there was substantial doubt about our ability to continue as a going concern for one year from the issuance of such unaudited consolidated interim financial statements. However, we believe that, based on our current business plan and anticipated amendment with our lender as to the current revenue covenant, we will be able to fund our operating expenses and capital expenditure requirements into mid-2024.

We have based our projections of operating capital requirements on assumptions that may prove to be incorrect, and we may use all of our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with our research and development efforts, we are unable to estimate the exact amount of our operating capital requirements. Our future capital requirements will depend on many factors, including:

- future research and development efforts;
- the need to service and refinance our indebtedness;
- our ability to enter into and terms and timing of any collaborations, licensing agreements or other arrangements;

- the costs of sales, marketing, distribution and manufacturing efforts;
- our headcount growth and associated costs as we expand our business;
- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending against intellectual property related claims; and
- the costs of operating as a public company

Until such time, if ever, as we can generate positive cash flows from operations, we expect to finance our additional cash needs through a combination of equity offerings, debt financings, sales of products and services to our customers and, to a lesser extent, grants. To the extent that we raise additional capital through the sale of equity or convertible debt securities, stockholder ownership interest will be diluted, and the terms of those securities may include liquidation or other preferences that adversely affect the rights of holders of common stock. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise funds through additional strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or future revenue streams or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity offerings, debt financings or grants when needed, we may be required to delay, limit, or reduce our expansion efforts.

Contractual Obligations and Commitments

Contractual obligations represent future cash commitments and liabilities under agreements with third parties and exclude orders for goods and services entered into in the normal course of business that are not enforceable or legally binding.

On December 30, 2020, we entered into the Credit Agreement, which provides for senior secured financing of up to \$50.0 million, originally consisting of a \$25.0 million Tranche A term loan and a \$25.0 million Tranche B term loan. The Tranche A term loan of \$25.0 million was drawn at the initial closing of the Credit Agreement on December 30, 2020. The Credit Agreement was amended on May 27, 2021 to split the previously remaining \$25.0 million delayed draw term loan commitments under the Credit Agreement into a \$10.0 million Tranche B term loan and a \$15.0 million Tranche C term loan. The Tranche B term loan of \$10.0 million was drawn on May 27, 2021. The Credit Agreement was further amended on March 30, 2022 to split the remaining \$15.0 million Tranche C term loan into a \$7.5 million Tranche C term loan and a \$7.5 million Tranche D term loan. The Tranche C term loan was drawn on March 30, 2022. The Tranche D term loan was drawn on June 29, 2022.

Borrowings under the Credit Agreement bear interest at a rate per annum equal to the one-month LIBOR rate (with a minimum LIBOR rate for such purposes of 1.75%) plus a margin of 9.50% (12.07% at September 30, 2022). Monthly payments of interest only are due over the term of the Credit Agreement with no scheduled loan amortization. Unless accelerated prior to such date, all amounts outstanding under the Credit Agreement are due to be repaid on December 30, 2025. In addition, the Credit Agreement includes a quarterly minimum total revenue covenant for the applicable trailing twelve month period. On October 29, 2021, we entered into the Second Amendment to, among other things, eliminate the minimum total revenue covenant for the twelve months ending December 31, 2021 and reset the total minimum revenue covenants thereafter. As of September 30, 2022, the Company was not in compliance with the minimum total revenue covenant requirement of \$21.7 million. On November 8, 2022, the Company obtained a waiver of the total minimum revenue requirements for the twelve month period ending September 30, 2022 under the Credit Agreement.

The following table summarizes our commitments to settle contractual obligations as of September 30, 2022:

(in thousands)	Total	Less than 1 year	1-3 Years	4-5 Years	More than 5 years
Lease commitments ⁽¹⁾	\$ 6,147	\$ 1,799	\$ 3,290	\$ 1,058	\$ —
Purchase obligations ⁽²⁾	35,625	3,625	11,250	18,250	2,500
Total	\$ 41,772	\$ 5,424	\$ 14,540	\$ 19,308	\$ 2,500

⁽¹⁾ Represents commitments under our non-cancelable leases.

⁽²⁾ Purchase obligations relate to our Patent Purchase Agreement with QIAGEN Sciences, LLC and QIAGEN GmbH for certain reagents.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Management bases its estimates on historical experience, market and other conditions, and various other assumptions it believes to be reasonable. Although these estimates are based on management's best knowledge of current events and actions that may impact us in the future, the estimation process is, by its nature, uncertain given that estimates depend on events over which we may not have control. Though the impact of the COVID-19 pandemic to our business and operating results presents additional uncertainty, we continue to use the best information available to inform our critical accounting estimates. If market and other conditions change from those that we anticipate, our consolidated financial statements may be materially affected. In addition, if our assumptions change, we may need to revise our estimates, or take other corrective actions, either of which may also have a material effect on our consolidated financial statements.

During the three and nine months ended September 30, 2022, there were no material changes to our critical accounting policies and use of estimates from those described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates" in the Form 10-K for the year ended December 31, 2021 and filed with the SEC on March 30, 2022.

Recent Accounting Pronouncements

Refer to Note 2, "Summary of Significant Accounting Policies," in the accompanying notes to the unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to market risk related to changes in interest rates. As of September 30, 2022, we had cash of \$53.1 million. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of interest rates. As of September 30, 2022, our cash is held primarily in savings and checking accounts. Because of the short-term nature of the instruments in our portfolio, an immediate 10% change in the interest rate would not have a material impact on the fair market value of our investment portfolio or on our financial position or results of operations.

We are exposed to changes in the U.S. dollar based short term rates, specifically LIBOR. Fluctuations in LIBOR may affect the amount of interest expense we incur on borrowing indexed to LIBOR, such as borrowing under our Credit Agreement, which bear interest at a per annum equal to the one-month LIBOR rate (with a minimum LIBOR rate for such purposes of 1.75%) plus a margin of 9.5%.

With the transition away from LIBOR, borrowings under our Credit Agreement will be subject to an interest rate based on an alternate index to be agreed upon under the Credit Agreement; provided that if such alternate rate of interest shall be less than 1.75%, such rate shall be deemed to be 1.75% for the purposes of the Credit Agreement.

Foreign Currency Exchange Rate Risk

At September 30, 2022, we had wholly owned subsidiaries in the United Kingdom and China. Our results of operations and cash flow are subject to fluctuations due to changes in foreign currency exchange rates. Certain of our revenue and expenses are denominated Chinese Yuan, the Euro and the Pound. Our results of operations and cash flow are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. We do not hedge our foreign currency exchange risk and the materiality of these fluctuations have not had a material effect on our financial results. In the future, we may enter into formal currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from significant changes in such fluctuations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Form 10-Q. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgement in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time we are a party to various litigation matters incidental to the conduct of our business. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, prospects, financial condition, liquidity, results of operation, cash flows or capital levels.

Item 1A. Risk Factors

The reader should carefully consider, in connection with the other information in this report, the risk factors discussed in “Part I, Item 1A. Risk Factors” of the Company’s 2021 Annual Report on 10-K filed with the SEC on March 30, 2022. There have been no material changes to such matters during the quarter ended September 30, 2022. These factors may cause our actual results to differ materially from those stated in forward-looking statements contained in this document and elsewhere.

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

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1*	Limited Waiver between Perceptive Credit Holdings III, LP and IsoPlexis Corporation, dated November 8, 2022
31.1*	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act
31.2*	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act
32.1*†	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act
32.2*†	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act
101.INS*	XBRL Instance 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 (contained in Exhibit 101)

* Filed herewith.

† Indicates management contract or compensatory plan.

§ Portions of the exhibit, marked by brackets, have been omitted because the omitted information (i) is not material and (ii) would likely cause competitive harm if publicly disclosed.

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

SIGNATURES

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

IsoPlexis Corporation

Date: November 10, 2022

By: /s/ Sean Mackay
Name: Sean Mackay
Title: Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 10, 2022

By: /s/ John Strahley
Name: John Strahley
Title: Chief Financial Officer
(Principal Financial Officer)

LIMITED WAIVER

This Limited Waiver, dated as of November 8, 2022 (this “*Waiver*”), is entered into by and among ISOPLEXIS CORPORATION, a Delaware corporation (the “*Borrower*”), the Lenders party hereto constituting Majority Lenders and PERCEPTIVE CREDIT HOLDINGS III, LP, a Delaware limited partnership, as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the “*Administrative Agent*”).

RECITALS

WHEREAS, the Borrower, the Guarantors from time to time party thereto, the Lenders from time to time party thereto and the Administrative Agent are parties to that certain Credit Agreement and Guaranty, dated as of December 30, 2020, as amended by that certain (i) First Amendment to Credit Agreement and Guaranty, dated as of May 27, 2021, (ii) Second Amendment to Credit Agreement and Guaranty, dated as of October 29, 2021 and (iii) Third Amendment to Credit Agreement and Guaranty, dated as of March 30, 2022 (as may be further amended, restated, supplemented or otherwise modified from time to time, the “*Credit Agreement*”);

WHEREAS, the Obligor is required to attain a Minimum Total Revenue for the twelve (12) month period most recently ending at the end of each fiscal quarter in the amounts set forth in Section 8.15(b) of the Credit Agreement;

WHEREAS, the Obligor has advised the Administrative Agent that they will fail to attain the Minimum Total Revenue required as of September 30, 2022 (the “*Specified Event of Default*”);

WHEREAS, the Borrower has requested that the Majority Lenders agree to waive the Specified Event of Default; and

WHEREAS, the Majority Lenders are willing to grant such waiver in accordance with and subject to the terms and conditions of this Waiver.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and the agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I DEFINITIONS

Section 1.1. *Certain Definitions.* Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

ARTICLE II LIMITED WAIVER

Section 2.1. Upon satisfaction of the conditions set forth in Article IV hereof, pursuant to Section 13.04 of the Credit Agreement and subject to the terms and conditions hereof, the

Majority Lenders hereby waive the Specified Event of Default. For the avoidance of doubt, this waiver is effective solely as a waiver of the Specified Event of Default and does not constitute a waiver of any other Default or Event of Default.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES**

Section 3.1. *Representations and Warranties.* In order to induce the Administrative Agent and the Lenders to enter into this Waiver, the Borrower hereby represents and warrants as follows:

(a) After giving effect to this Waiver, the representations and warranties of the Obligors contained in Article 7 of the Credit Agreement and in each other Loan Document shall be true and correct in all material respects on and as of the date hereof; *provided* that to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; *provided further* that any representation and warranty that is qualified as to “materiality”, “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

(b) The execution, delivery and performance of this Waiver has been duly authorized by all necessary corporate action on the part of, and duly executed and delivered by, the Borrower.

(c) No Default or Event of Default has occurred and is continuing or shall occur and be continuing immediately after giving effect to this Agreement.

**ARTICLE IV
EFFECTIVENESS**

Section 4.1. *Effectiveness.* This Waiver shall become effective as of the date set forth above on which this Waiver shall be executed by each party hereto.

**ARTICLE V
MISCELLANEOUS**

Section 5.1. *Reference to and Effect on the Loan Documents.*

(a) This Waiver constitutes a Loan Document. On and after the date hereof, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to the “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement after giving effect to this Waiver.

(b) Except as specifically set forth in this Waiver, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

Section 5.2. *Headings.* The headings in this Waiver are included for convenience of reference only and will not affect in any way the meaning or interpretation of this Waiver.

Section 5.3. *Governing Law.* This Waiver, and all questions concerning the construction, validity, enforcement and interpretation of this Waiver shall be governed by and construed and enforced in accordance with the internal laws of the State of New York.

Section 5.4. *Counterparts.* This Waiver may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Waiver. Delivery of an executed counterpart of this Waiver by facsimile, DocuSign, or a scanned copy by electronic mail shall be equally as effective as delivery of an original executed counterpart of this Waiver.

Section 5.5. *Severability.* If any term or other provision of this Waiver is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Waiver will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Waiver so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 5.6. *Binding Effect.* This Waiver will be binding upon and inure to the benefit of and is enforceable by the respective successors and permitted assigns of the parties hereto.

[Remainder of page intentionally left blank; signatures on following pages.]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

BORROWER:

ISOPLEXIS CORPORATION

By:  _____
Name: John Strahley
Title: CFO

ADMINISTRATIVE AGENT AND LENDERS
CONSTITUTING MAJORITY LENDERS:

PERCEPTIVE CREDIT HOLDINGS III, LP,

By: Perceptive Credit Opportunities GP, LLC,
its general partner

By: 
79FBFAAB029047C...
Name: Sandeep Dixit
Title: Chief Credit Officer

By: 
22AD00C4A7E740E...
Name: Sam Chawla
Title: Portfolio Manager

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sean Mackay, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IsoPlexis Corporation;
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(s) 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 15s-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - a. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022

By: /s/ Sean Mackay
Name: Sean Mackay
Title: Chief Executive Officer and Director
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Strahley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IsoPlexis Corporation;
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(s) 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 15s-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - a. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022

By: /s/ John Strahley
Name: John Strahley
Title: Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report on Form 10-Q of IsoPlexis Corporation (the "Company") for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
1. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2022

By: /s/ Sean Mackay
Name: Sean Mackay
Title: Chief Executive Officer and Director
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release No. 34-47551 and shall not be considered filed as part of the Report.

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

In connection with the Quarterly Report on Form 10-Q of IsoPlexis Corporation (the "Company") for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2022

By: /s/ John Strahley
Name: John Strahley
Title: Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release No. 34-47551 and shall not be considered filed as part of the Report.