PacBio Q2 2025 Earnings Presentation

August 7, 2025 | Second Quarter 2025 Earnings Call

Statement regarding use of non-GAAP financial measures

PacBio reports non-GAAP results for basic net income and loss per share, net income, net loss, gross margins, gross profit and operating expenses in addition to, and not as a substitute for, or because it believes that such information is superior to, financial measures calculated in accordance with GAAP. PacBio believes that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies may calculate similarly titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of PacBio's non-GAAP financial measures as tools for comparison.

PacBio's financial measures under GAAP include substantial charges that are listed in the itemized reconciliations between GAAP and non-GAAP financial measures included in this presentation. PacBio excludes recurring charges from its non-GAAP financial statements, including amortization of intangible assets and changes in fair value of contingent consideration, and further excludes infrequent and limited charges including impairment charges, restructuring related expenses for discrete restructuring events and benefits from income taxes. Management has excluded the effects of these items in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance. In addition, management uses non-GAAP measures to compare PacBio's performance relative to forecasts and strategic plans and to benchmark its performance externally against competitors.

PacBio encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. A reconciliation of PacBio's non-GAAP financial measures to their most directly comparable financial measure stated in accordance with GAAP has been provided in the financial statement tables included in this presentation. PacBio is unable to reconcile future looking non-GAAP guidance included in this presentation without unreasonable effort because certain items that impact this measure are out of PacBio's control and/or cannot be reasonably predicted at this time.

Statement regarding preliminary financial results

This presentation contains preliminary financial results which are unaudited and based on current expectations and may be adjusted as a result of, among other things, completion of quarterly review procedures.

Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements, including, but not limited to, statements relating to PacBio's cost-saving plans and initiatives as well as the expected financial impact and timing of these plans and initiatives; PacBio's financial guidance and expectations for future periods; continued reception of PacBio's products and their expansion into new or existing markets; developments affecting our industry and the markets in which we compete, including the impact of new products and technologies and tariffs; anticipated future customer use of our products; and the availability, uses, accuracy, coverage, advantages, quality or performance of, or benefits or expected benefits of using, PacBio products or technologies. Reported results and orders for any instrument system should not be considered an indication of future performance. You should not place undue reliance on forward-looking statements because they are subject to assumptions, risks, and uncertainties and could cause actual outcomes and results to differ materially from currently anticipated results, including, but not limited to, challenges inherent in developing, manufacturing, launching, marketing and selling new products, and achieving anticipated new sales; potential cancellation of existing instrument orders; assumptions, risks and uncertainties related to the ability to attract new customers and retain and grow sales from existing customers; risks related to PacBio's ability to successfully execute and realize the benefits of acquisitions; the impact of new, increased or enhanced tariffs and export restrictions; rapidly changing technologies and extensive competition in genomic sequencing; unanticipated increases in costs or expenses; interruptions or delays in the supply of components or materials for, or manufacturing of, PacBio products and products under development; potential product performance and quality issues and potential delays in development timelines; the possible loss of key employees, customers, or suppliers; customers and prospective customers curtailing or suspending activities using PacBio's products; third-party claims alleging infringement of patents and proprietary rights or seeking to invalidate PacBio's patents or proprietary rights; risks associated with international operations; and other risks associated with general macroeconomic conditions and geopolitical instability. Additional factors that could materially affect actual results can be found in PacBio's most recent filings with the Securities and Exchange Commission, including PacBio's most recent reports on Forms 8-K, 10-K, and 10-Q, and include those listed under the caption "Risk Factors." These forward-looking statements are based on current expectations and speak only as of the date hereof; except as required by law, PacBio disclaims any obligation to revise or update these forward-looking statements to reflect events or circumstances in the future, even if new information becomes available.

The unaudited condensed consolidated financial statements that follow should be read in conjunction with the notes set forth in PacBio's Quarterly Report on Form 10-Q when filed with the Securities and Exchange Commission.

Business & Commercial Updates

Christian Henry, President & CEO

Q2 summary

$39.8M

Product and service revenue: +7% sequentially and +10% compared to Q2 of last year. Strong international growth with revenue in our APAC and EMEA regions combined +45% compared to Q2 of 2024

$18.9M

Consumable revenue: +11% year over year and ahead of our expectations and Revio pull-through within our expected range in the low-to-mid $200,000s per system

$14.2M

Instrument revenue: up sequentially and -4% year over year, as funding constraints, particularly with academic and government customers—continued to pressure higher-capex purchases

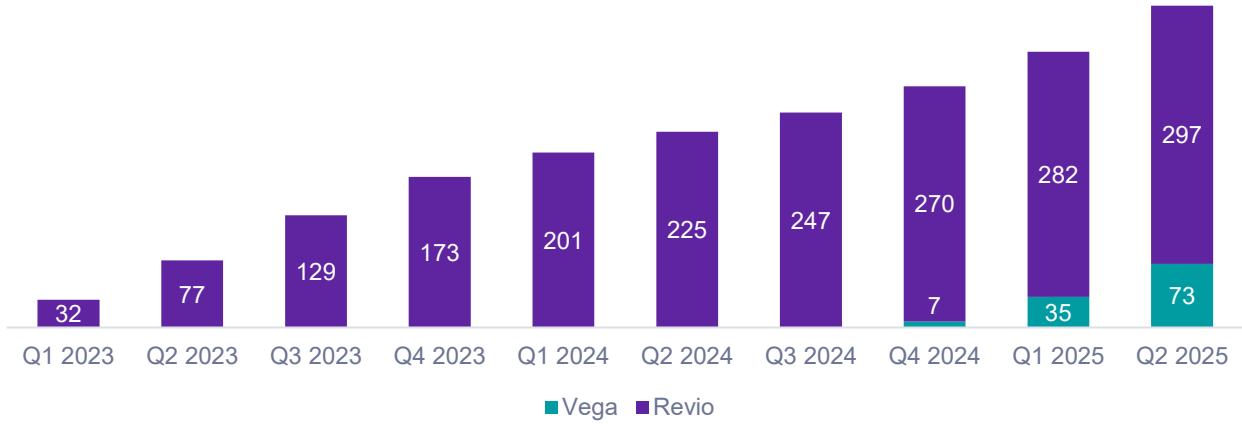
15

Revio systems
60% to new customers and 1/3 to Dx/LDT and hospital labs

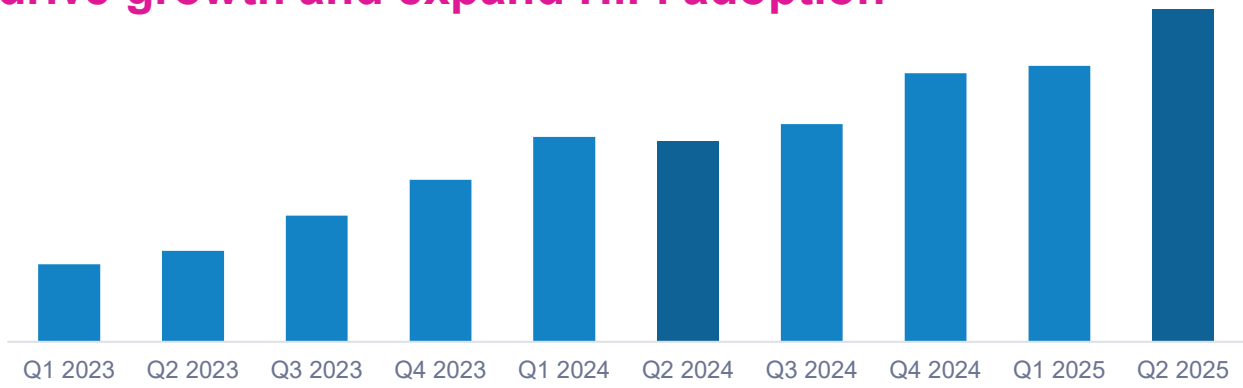
38

Vega systems
Nearly 60% to new customers

297 cumulative Revio shipments and 73 cumulative Vega shipments



Our recently-launched SPRQ chemistry is helping to drive growth and expand HiFi adoption



Sequencing gigabase output hit an all-time high in Q2, up ~66% year over year

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Full year outlook

Updated assumptions:

Impact from tariffs in China lower than expected last quarter. It continues to be difficult to predict how tariffs will impact our business, particularly in China.

Capital spending remains constrained—particularly among U.S. academic institutions, which continue to face funding headwinds and NIH-related uncertainty.

We are maintaining the midpoint of our FY revenue guidance but narrowing the range to:

$155M to $165M

Representing 1% to 7% growth over 2024

Mid point assumes **mid-teen growth in consumables** revenue as Revio utilization continues to ramp across a growing installed base.

Partially offset by **mid-teen decline in instrument revenue** due to the current macroeconomic environment, including uncertainty around academic funding.

Note: Guidance as of August 7, 2025 only

Encouraging signs that HiFi is gaining share from legacy technologies and increasingly being adopted in genetic and rare disease testing

Variantyx, a diagnostics lab based in Boston and a new PacBio customer, that is seeking to improve key genetic disease assays by using Revio and PacBio HiFi sequencing in lieu of legacy sequencing technologies.

GeneDx added another Revio to its fleet in Q2 and plans to incorporate our PureTarget chemistry to further advance key tests.

Placed additional Revio systems into hospital systems in northern Europe, where HiFi is being used to advance the understanding and improve solve rates for rare disease at scale.

Continued Vega momentum in Q2 with strong field performance

Since Q4 launch, Vega has brought >40 new labs into PacBio ecosystem

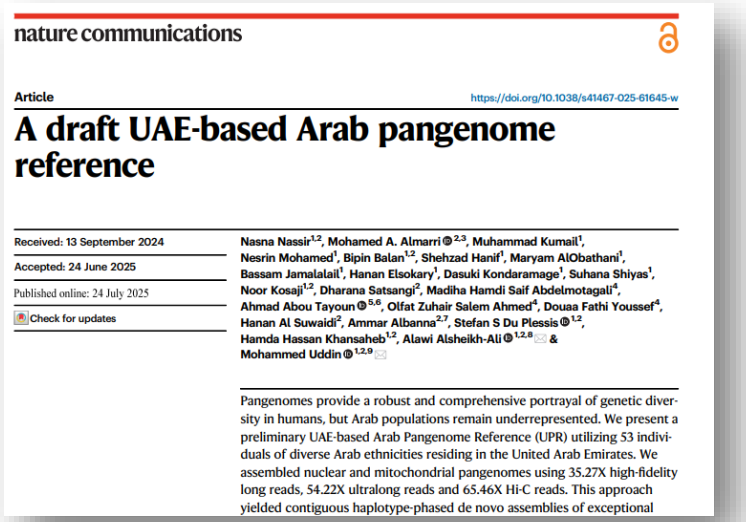
"With our short-read workflow I was publishing six or seven papers per year, and now with Vega I'm publishing fifteen, because ***I'm able to skip months of struggling with data. And it has really improved the quality of the research as well,*** *to have entire projects of complete chromosomes from the beginning."* - Dr. Ibrahim Bitar, PhD, Assistant Professor of Microbiology at Charles University in Prague, and CEO of Gene Omics

PacBio | Gene Omics | Charles University

"During our PacBio training for the Vega, we had several students who had no previous experience in next-gen sequencing, but were able to perform the full workflow from beginning to end, no problem. A lot of ***people were quite shocked how simple it was*** *because they expected it to be difficult. So, the overwhelming response was 'Wow, that was much easier than I thought it would be."* - Andor J. Kiss, PhD, Director of the Center for Bioinformatics and Functional Genomics at Miami University

PacBio | Miami University College of Arts & Science

Progress in population genomics + multi-omic initiatives



nature communications

Article

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A draft UAE-based Arab pangenome reference

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Check for updates

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Pangenomes provide a robust and comprehensive portrayal of genetic diversity in humans, but Arab populations remain underrepresented. We present a preliminary UAE-based Arab Pangenome Reference (UPR) utilizing 53 individuals of diverse Arab ethnicities residing in the United Arab Emirates. We assembled nuclear and mitochondrial pangenomes using 35.27X high-fidelity long reads, 54.22X ultralong reads and 65.46X Hi-C reads. This approach yielded contiguous haplotype-phased de novo assemblies of exceptional

Uncovered millions of previously undetected variants, reinforcing the importance of long-read accuracy when it comes to capturing genetic diversity and improving reference genomes.

Expanding beyond its original nanopore-only design to now include HiFi-based sequencing. As part of this next phase, PacBio plans to contribute full-length isoform RNA data from roughly **1,000 samples using our Kinnex RNA kits and Revio systems**.

Continued adoption in the clinical and translational sequencing applications

Quest's Athena Diagnostics division is **using PacBio HiFi sequencing to enhance its Ataxia movement disorder panel** to detect repeat expansions and complex variants that can be frequently missed by conventional short-read tests.

Haorui's established footprint brings HiFi sequencing to new customers including **hospital labs and regional blood centers with a focus on transfusion medicine and hematology**.

Selected by Target ALS to support the **largest global ALS genomics study utilizing HiFi sequencing to date**. This project is expected to use Revio to generate whole genome data from thousands of ALS patient samples—aiming to uncover the complex genetic contributors to this devastating disease and generate the largest long-read open-access database for ALS.

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Financial Results

Jim Gibson, Chief Financial Officer

Q2 2025 revenue

$39.8M
Q2 2025 Revenue
(vs. $36.0M in Q2 2024)

$219,000
Q2 2025 annualized Revio pull through

297
Cumulative Revio shipments as of June 30, 2025
(+72 vs. June 30, 2024)

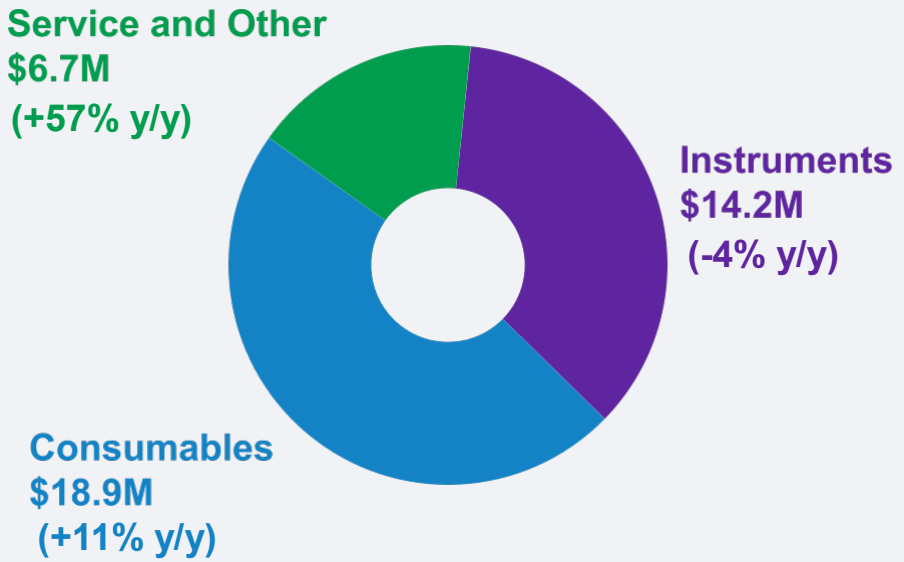
Regional commentary

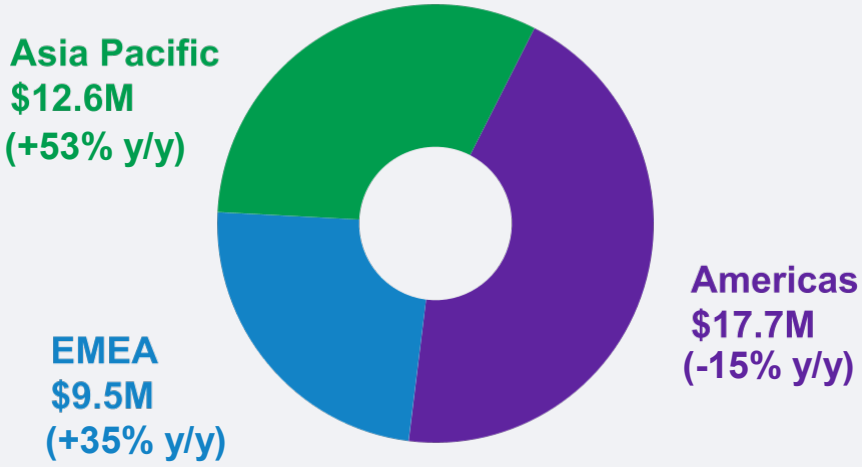
Americas: Continuing to be impacted the most by government funding headwinds and NIH funding uncertainty.

Asia Pacific: Year-over-year growth from increased Revio and Vega placements + increased revenue from a popgen project in SE Asia.

EMEA: Building off momentum in the first quarter, the region continued to see strength in Revio placements in the hospital and clinical research customer base and growing demand for the Vega platform.

Q2 2025 Revenue





Q2 2025 financials

Non-GAAP gross margin: Higher compared to Q2 of 2024 primarily due to higher consumable margin from lower Revio consumable per unit cost, partially offset by lower instrument margin as we work toward shipping our production rate systems in the second half of 2025.

Non-GAAP OpEx: Decreased year-over-year primarily due to the restructuring initiative we implemented earlier in 2025.

Cash and Investments: ~$28 million in cash burn in Q2 and expect continued quarterly improvement in 2H 2025.

~38%

Q2 2025 Non-GAAP gross margin[1]
(vs. 37% in Q2 2024)

$58.1M

Q2 2025 Non-GAAP OpEx[1]
(-18% vs. Q2 2024)
Includes $11.0M in non-cash share-based compensation

491

Headcount as of June 30, 2025 (vs. 575 as of December 31, 2024)

~$315M

Cash, cash equivalents, and investments as of June 30, 2025

$40.0M

Q2 2025 non-GAAP net loss representing -$0.13 per share[1]

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[1]See Appendix for statement regarding use of non-GAAP financial measures

2025 revenue guidance

Revenue

$155M to $165M *(previously $150-170M)*

Representing ~4% growth at midpoint

Q3 2025 guidance

Revenue

~flat vs. Q2 2025

Other commentary and expectations

Midpoint assumptions:

- Mid-teens growth in consumable revenue.
- Mid-teens decline in instrument revenue.
- Annualized pull-through per Revio system in the low-to-mid $200,000s.

Regional guidance:

- **Americas:** Continue to assume significant uncertainty in broader academic research community, especially in near term with accelerating activity in the clinical research market anticipated to offset some of the potential headwinds.
- **Asia Pacific:** Continue to anticipate revenue growth in 2025; expect a slight sequential decline in Q3 compared to Q2 due to modest tariff-related order acceleration in Q2.
- **EMEA:** Continue to expect it to be fastest growing region in 2025 as population sequencing programs scale, whole-genome sequencing in a clinical setting grows, and we work to expand our customer base with Vega.

Note: Guidance as of August 7, 2025 only

2025 P&L and cash guidance

Non-GAAP gross margin

37% to 40% *(previously 35-40%)*

Exiting the year >40%

Non-GAAP OpEx

$235M to $240M *(previously $240-250M)*

Representing 18% decline at the midpoint

Interest & other income

$6M to $8M *(previously $5-7M)*

Weighted average shares

~298M *(previously ~299M)*

Ending cash/investments

$270M *(unchanged)*

Other commentary:

Expect cost improvements for Revio system, consumables in 2H.

Vega per unit cost expected to improve in 2H as the platform moves onto the regular production line.

Should the U.S. enact tariffs on certain countries in our supply chain, we could face incremental pressure to our cost of goods in the 2H. Our guidance does not factor in a material increase in COGS related to tariffs.

Ending cash/investments implies $115M burn in FY25 when excluding the $5 million licensing payment in Q1; represents an improvement of ~$72M in adjusted cash burn compared to 2024.

We remain on track to achieve positive cash flow by the end of 2027 and believe our $315 million in cash and investments as of June 30 will fund us through this transition.

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Note: Guidance as of August 7, 2025 only

Closing remarks

Christian Henry, President and CEO

We believe PacBio is positioned to deliver long-term value to all stakeholders

1. HiFi technology is fundamentally different from anything else in the market.

- Long reads up to 25 kb in length
- High accuracy
- Comprehensive coverage
- Direct single-molecule sequencing
- Methylation with no special library prep

2. Enabling end-to-end solutions with a cost + throughput profile nearing threshold for accelerated adoption in both research and clinical research markets.

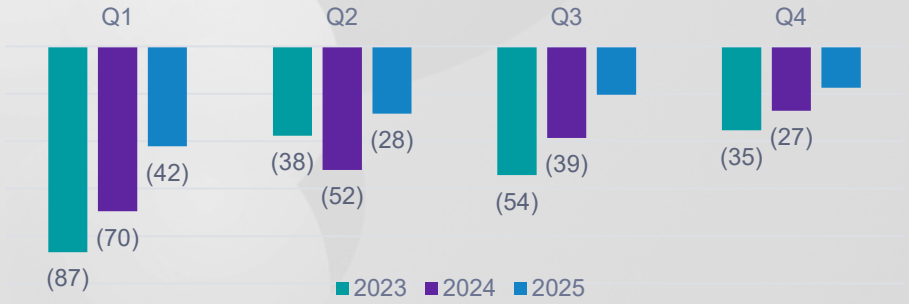
Kinnex **Nanobind**

PureTarget **SPRQ**

Multi-use SMRT Cells – in development

3. Investing efficiently and narrowing our strategic priorities, we've meaningfully reduced our burn and are tracking toward our goal of turning CF+ as we exit 2027.

Change in quarterly cash/investment balance in $M – adjusted[1]



[1]Net change in cash/investments **excludes:** 1Q23: $189.2M net financing proceeds; 2Q23: $7.4M debt issuance costs in connection with refinancing convertible notes; 3Q23: $7.7M in cash related to Apton acquisition; 3Q23/4Q23: $101M cash paid to former Omniome shareholders in connection with milestone achievement; 4Q24: $54M debt exchange; 1Q25: $5.0M license pmt; **Includes:** all severance, WARN and restructuring pmts; Q3 2025 and Q4 2025 directional representation based on guidance.

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MISSION

Enabling the promise of genomics to better human health

We create the world’s most advanced sequencing technologies

Appendix

Pacific Biosciences of California, Inc.
Unaudited Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)	Three Months Ended June 30, 2025	March 31, 2025	June 30, 2024
Revenue:			
Product revenue	$ 33,083	$ 31,113	$ 31,746
Service and other revenue	6,683	6,040	4,267
Total revenue	39,766	37,153	36,013
Cost of Revenue:			
Cost of product revenue [1]	20,022	26,333	23,083
Cost of service and other revenue	4,853	3,778	3,366
Amortization of acquired intangible assets	183	4,345	2,628
Loss on purchase commitment [1]	24	4,068	998
Total cost of revenue	25,082	38,524	30,075
Gross profit (loss)	14,684	(1,371)	5,938
Operating Expense:			
Research and development [1]	22,529	29,053	38,485
Sales, general and administrative [1]	36,175	40,168	45,877
Impairment charges [2]	—	15,000	93,200
Amortization of acquired intangible assets [3]	833	362,042	4,222
Change in fair value of contingent consideration [4]	—	(18,700)	—
Total operating expense	59,537	427,563	181,784
Operating loss	(44,853)	(428,934)	(175,846)
Interest expense	(1,738)	(1,737)	(3,542)
Other income, net	4,696	4,294	6,069
Loss before income taxes	(41,895)	(426,377)	(173,319)
Income tax provision (benefit)	35	(302)	—
Net loss	$ (41,930)	$ (426,075)	$ (173,319)
Net loss per share:			
Basic	$ (0.14)	$ (1.44)	$ (0.64)
Diluted	$ (0.14)	$ (1.44)	$ (0.64)
Weighted average shares outstanding used in calculating net loss per share:			
Basic	300,162	296,858	272,385
Diluted	300,162	296,858	272,385

[1] Balances include restructuring costs. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

[2] In-process research and development ("IPR&D") impairment charge during the three months ended March 31, 2025 was driven primarily by macroeconomic factors and restructuring initiatives, including the focus on long-read innovation, resulting in changes to the timing and amounts of cash flows. Goodwill impairment charge during the three months ended June 30, 2024 was related to a sustained decrease in the Company's share price, among other factors.

[3] Balance for the three months ended March 31, 2025 includes accelerated amortization of acquired intangible assets related to restructuring initiatives. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

[4] Change in fair value of contingent consideration for the three months ended March 31, 2025 was due to fair value adjustments of a milestone payment payable upon the achievement of a milestone event.

Pacific Biosciences of California, Inc.
Unaudited Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue:				
Product revenue	$ 33,083	$ 31,746	$ 64,196	$ 66,755
Service and other revenue	6,683	4,267	12,723	8,068
Total revenue	39,766	36,013	76,919	74,823
Cost of Revenue:				
Cost of product revenue [1]	20,022	23,083	46,355	45,530
Cost of service and other revenue	4,853	3,366	8,631	7,104
Amortization of acquired intangible assets	183	2,628	4,528	3,971
Loss on purchase commitment [1]	24	998	4,092	998
Total cost of revenue	25,082	30,075	63,606	57,603
Gross profit	14,684	5,938	13,313	17,220
Operating Expense:				
Research and development [1]	22,529	38,485	51,582	81,940
Sales, general and administrative [1]	36,175	45,877	76,343	89,630
Impairment charges [2]	—	93,200	15,000	93,200
Amortization of acquired intangible assets [3]	833	4,222	362,875	9,728
Change in fair value of contingent consideration [4]	—	—	(18,700)	(70)
Total operating expense	59,537	181,784	487,100	274,428
Operating loss	(44,853)	(175,846)	(473,787)	(257,208)
Interest expense	(1,738)	(3,542)	(3,475)	(7,117)
Other income, net	4,696	6,069	8,990	12,828
Loss before income taxes	(41,895)	(173,319)	(468,272)	(251,497)
Income tax provision (benefit)	35	—	(267)	—
Net loss	$ (41,930)	$ (173,319)	$ (468,005)	$ (251,497)
Net loss per share:				
Basic	$ (0.14)	$ (0.64)	$ (1.57)	$ (0.93)
Diluted	$ (0.14)	$ (0.64)	$ (1.57)	$ (0.93)
Weighted average shares outstanding used in calculating net loss per share:				
Basic	300,162	272,385	298,519	270,982
Diluted	300,162	272,385	298,519	270,982

[1] Balances include restructuring costs. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

[2] In-process research and development ("IPR&D") impairment charge during the six months ended June 30, 2025 was driven primarily by macroeconomic factors and restructuring initiatives, including the focus on long-read innovation, resulting in changes to the timing and amounts of cash flows. Goodwill impairment charge during the three and six months ended June 30, 2024 was related to a sustained decrease in the Company's share price, among other factors.

[3] Balance for the six months ended June 30, 2025 includes accelerated amortization of acquired intangible assets related to restructuring initiatives. Refer to the Reconciliation of Non-GAAP Financial Measures table below for additional information on such costs and related amounts.

[4] Change in fair value of contingent consideration during the six months ended June 30, 2025 and 2024 was due to fair value adjustments of milestone payments payable upon the achievement of the respective milestone event.

Pacific Biosciences of California, Inc.
Unaudited Condensed Consolidated Balance Sheets

(in thousands)	June 30, 2025	December 31, 2024
Assets		
Cash and investments	$ 314,735	$ 389,931
Accounts receivable, net	32,257	27,524
Inventory, net	53,839	58,755
Prepaid expenses and other current assets	12,266	18,781
Property and equipment, net	23,102	30,505
Operating lease right-of-use assets, net	43,504	16,091
Restricted cash	1,832	2,222
Intangible assets, net	17,163	389,572
Goodwill	317,761	317,761
Other long-term assets	9,011	9,305
Total Assets	$ 825,470	$ 1,260,447
Liabilities and Stockholders' Equity		
Accounts payable	$ 15,055	$ 16,590
Accrued expenses	26,541	22,595
Deferred revenue	20,572	19,764
Operating lease liabilities	52,785	24,940
Contingent consideration liability	—	18,700
Convertible senior notes, net	646,436	647,494
Other liabilities	2,592	3,770
Stockholders' equity	61,489	506,594
Total Liabilities and Stockholders' Equity	$ 825,470	$ 1,260,447

Pacific Biosciences of California, Inc.
Reconciliation of Non-GAAP Financial Measures

(in thousands, except per share amounts)	Three Months Ended			Six Months Ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
GAAP net loss	$ (41,930)	$ (426,075)	$ (173,319)	$ (468,005)	$ (251,497)
Change in fair value of contingent consideration [1]	—	(18,700)	—	(18,700)	(70)
Impairment charges [2]	—	—	93,200	—	93,200
Amortization of acquired intangible assets	1,016	7,128	6,850	8,144	13,699
Income tax benefit [3]	—	(546)	—	(546)	—
Restructuring [4]	963	393,788	18,028	394,751	18,028
Non-GAAP net loss	$ (39,951)	$ (44,405)	$ (55,241)	$ (84,356)	$ (126,640)
GAAP basic net loss per share	$ (0.14)	$ (1.44)	$ (0.64)	$ (1.57)	$ (0.93)
Change in fair value of contingent consideration [1]	—	(0.06)	—	(0.06)	—
Impairment charges [2]	—	—	0.34	—	0.34
Amortization of acquired intangible assets	—	0.02	0.03	0.03	0.05
Restructuring [4]	—	1.33	0.07	1.32	0.07
Other adjustments and rounding differences	0.01	—	—	—	—
Non-GAAP basic net loss per share	$ (0.13)	$ (0.15)	$ (0.20)	$ (0.28)	$ (0.47)
GAAP gross profit (loss)	$ 14,684	$ (1,371)	$ 5,938	$ 13,313	$ 17,220
Amortization of acquired intangible assets	183	4,345	2,628	4,528	3,971
Restructuring [4]	348	12,027	4,650	12,375	4,650
Non-GAAP gross profit	$ 15,215	$ 15,001	$ 13,216	$ 30,216	$ 25,841
GAAP gross profit (loss) %	37 %	(4)%	16 %	17 %	23 %
Non-GAAP gross profit %	38 %	40 %	37 %	39 %	35 %
GAAP total operating expense	$ 59,537	$ 427,563	$ 181,784	$ 487,100	$ 274,428
Change in fair value of contingent consideration [1]	—	18,700	—	18,700	70
Impairment charges [2]	—	—	(93,200)	—	(93,200)
Amortization of acquired intangible assets	(833)	(2,783)	(4,222)	(3,616)	(9,728)
Restructuring [4]	(615)	(381,761)	(13,378)	(382,376)	(13,378)
Non-GAAP total operating expense	$ 58,089	$ 61,719	$ 70,984	$ 119,808	$ 158,192

[1] Change in fair value of contingent consideration during the three months ended March 31, 2025 and six months ended June 30, 2025 and 2024 was due to fair value adjustments of milestone payments payable upon the achievement of the respective milestone event.

[2] Goodwill impairment charge during the three and six months ended June 30, 2024 was related to a sustained decrease in the Company's share price, among other factors.

[3] A deferred income tax benefit during the three months ended March 31, 2025 and six months ended June 30, 2025 is primarily related to the change in the deferred tax liability balance resulting from the accelerated amortization of acquired intangible assets and impairment of IPR&D.

[4] Restructuring costs related to the 2025 plan during the three months ended March 31, 2025 and June 30, 2025 and six months ended June 30, 2025 consist primarily of costs included in cost of revenue related to excess inventory and purchase commitment losses, as well as costs included in operating expenses related to employee separation, accelerated depreciation, IPR&D impairment, and accelerated amortization of acquired intangibles.

Restructuring costs related to the 2024 plan during the three and six months ended June 30, 2024 consist primarily of employee separation costs, accelerated amortization and depreciation for right-of-use assets, leasehold improvements, and furniture and fixtures relating to the abandonment of the San Diego office, including charges for excess inventory due to a decrease in internal demand relating to the expense reduction initiatives during the three months ended June 30, 2024.

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