

**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 June 30, 2023

OR

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

Commission File Number: 001-40839

GigCapital5, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

86-1728920
(I.R.S. Employer
Identification No.)

1731 Embarcadero Rd., Suite 200
Palo Alto, CA
(Address of principal executive offices)

94303
(Zip Code)

Registrant's telephone number, including area code: (650) 276-7040

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 \$0.0001 per share	GIA	The Nasdaq Stock Market LLC

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 Exchange Act). Yes No

As of August 11, 2023, the registrant had 9,564,001 shares of common stock, \$0.0001 par value per share, outstanding.

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GIGCAPITAL5, INC.
Quarterly Report on Form 10-Q

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Financial Statements (Unaudited).

GIGCAPITAL5, INC.
Condensed Balance Sheets
(Unaudited)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
ASSETS		
Current assets		
Cash	\$ 7,480	\$ 78,196
Prepaid expenses and other current assets	46,746	172,508
Total current assets	<u>54,226</u>	<u>250,704</u>
Cash and marketable securities held in Trust Account	32,365,352	41,561,656
Interest receivable on cash and marketable securities held in Trust Account	131,605	133,211
TOTAL ASSETS	<u>\$ 32,551,183</u>	<u>\$ 41,945,571</u>
LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 453,893	\$ 195,064
Accrued legal fees	3,330,175	2,157,037
Accrued liabilities	703,580	103,344
Payable to related parties	1,147,646	781,561
Notes payable to related party	1,298,948	603,880
Notes payable to related party at fair value	1,000,938	257,492
Other current liabilities	87,479	88,021
Total current liabilities	<u>8,022,659</u>	<u>4,186,399</u>
Warrant liability	15,900	31,800
Deferred underwriting fee payable	2,760,000	9,200,000
Total liabilities	<u>10,798,559</u>	<u>13,418,199</u>
Commitments and contingencies (Note 6)		
Common stock subject to possible redemption, 3,019,001 shares, at a redemption value of \$10.74 per share, and 4,014,050 shares, at a redemption value of \$10.37 per share, as of June 30, 2023 and December 31, 2022, respectively	<u>32,409,478</u>	<u>41,606,846</u>
Stockholders' deficit		
Preferred stock, par value of \$0.0001 per share; 1,000,000 shares authorized; none issued or outstanding	—	—
Common stock, par value of \$0.0001 per share; 100,000,000 shares authorized; 6,545,000 shares issued and outstanding as of June 30, 2023 and December 31, 2022	655	655
Additional paid-in capital	5,311,855	—
Accumulated deficit	<u>(15,969,364)</u>	<u>(13,080,129)</u>
Total stockholders' deficit	<u>(10,656,854)</u>	<u>(13,079,474)</u>
TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' DEFICIT	<u>\$ 32,551,183</u>	<u>\$ 41,945,571</u>

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

GIGCAPITAL5, INC.
Condensed Statements of Operations and Comprehensive Loss
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues	\$ —	\$ —	\$ —	\$ —
General and administrative expenses	1,637,096	973,852	3,404,454	1,586,735
Loss from operations	(1,637,096)	(973,852)	(3,404,454)	(1,586,735)
Other income, net				
Other income, net	13,454	127,200	12,454	357,750
Interest expense	(56,267)	—	(99,180)	—
Interest income on cash and marketable securities held in Trust Account	368,259	300,140	811,539	317,653
Loss before provision for income taxes	(1,311,650)	(546,512)	(2,679,641)	(911,332)
Provision for income taxes	104,697	89,562	209,594	94,677
Net loss and comprehensive loss	\$(1,416,347)	\$ (636,074)	\$(2,889,235)	\$ (1,006,009)
Net income attributable to common stock subject to possible redemption	<u>\$ 263,562</u>	<u>\$ 210,578</u>	<u>\$ 601,945</u>	<u>\$ 222,976</u>
Basic and diluted weighted-average shares outstanding, common stock subject to possible redemption	<u>3,019,001</u>	<u>23,000,000</u>	<u>3,491,787</u>	<u>23,000,000</u>
Basic and diluted net income per share, common stock subject to possible redemption	<u>\$ 0.09</u>	<u>\$ 0.01</u>	<u>\$ 0.17</u>	<u>\$ 0.01</u>
Net loss attributable to common stockholders	<u>\$(1,679,909)</u>	<u>\$ (846,652)</u>	<u>\$(3,491,180)</u>	<u>\$ (1,228,985)</u>
Weighted-average common shares outstanding, basic and diluted	<u>6,540,000</u>	<u>6,540,000</u>	<u>6,540,000</u>	<u>6,540,000</u>
Net loss per share common share, basic and diluted	<u>\$ (0.26)</u>	<u>\$ (0.13)</u>	<u>\$ (0.53)</u>	<u>\$ (0.19)</u>

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

GIGCAPITAL5, INC.
Condensed Statements of Stockholders' Deficit
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount			
Three Months Ended June 30, 2023					
Balance as of March 31, 2023	6,545,000	\$ 655	\$ 5,831,448	\$ (14,553,017)	\$ (8,720,914)
Debt discount on note payable to related party	—	—	61,187		61,187
Shares subject to redemption	—	—	(580,780)	—	(580,780)
Net loss	—	—	—	(1,416,347)	(1,416,347)
Balance as of June 30, 2023	6,545,000	\$ 655	\$ 5,311,855	\$ (15,969,364)	\$ (10,656,854)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount			
Three Months Ended June 30, 2022					
Balance as of March 31, 2022	6,545,000	\$ 655	\$ —	\$ (9,301,226)	\$ (9,300,571)
Shares subject to redemption	—	—	(210,578)	—	(210,578)
Reclass of negative additional paid-in capital to accumulated deficit	—	—	210,578	(210,578)	—
Net loss	—	—	—	(636,074)	(636,074)
Balance as of June 30, 2022	6,545,000	\$ 655	\$ —	\$ (10,147,878)	\$ (10,147,223)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount			
Six Months Ended June 30, 2023					
Balance as of December 31, 2022	6,545,000	\$ 655	\$ —	\$ (13,080,129)	\$ (13,079,474)
Debt discount on note payable to related party	—	—	124,112		124,112
Shares subject to redemption	—	—	(1,252,257)	—	(1,252,257)
Adjustment to deferred underwriting fees	—	—	6,440,000	—	6,440,000
Net loss	—	—	—	(2,889,235)	(2,889,235)
Balance as of June 30, 2023	6,545,000	\$ 655	\$ 5,311,855	\$ (15,969,364)	\$ (10,656,854)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount			
Six Months Ended June 30, 2022					
Balance as of December 31, 2021	6,545,000	\$ 655	\$ —	\$ (8,918,893)	\$ (8,918,238)
Shares subject to redemption	—	—	(222,976)	—	(222,976)
Reclass of negative additional paid-in capital to accumulated deficit	—	—	222,976	(222,976)	—
Net loss	—	—	—	(1,006,009)	(1,006,009)
Balance as of June 30, 2022	6,545,000	\$ 655	\$ —	\$ (10,147,878)	\$ (10,147,223)

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

GIGCAPITAL5, INC.
Condensed Statements of Cash Flows
(Unaudited)

	<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Net loss	\$ (2,889,235)	\$ (1,006,009)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of warrant liability and related party note	(12,454)	(357,750)
Interest earned on cash and marketable securities held in Trust Account	(811,539)	(317,653)
Amortization on debt discount on note payable to related party	99,180	—
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	125,762	210,033
Other long-term assets	—	165,230
Payable to related parties	366,085	358,786
Accounts payable	258,829	165,179
Accrued legal fees	1,173,138	473,789
Accrued liabilities	600,236	(149,773)
Other current liabilities	(542)	91,777
Net cash used in operating activities	<u>(1,090,540)</u>	<u>(366,391)</u>
INVESTING ACTIVITIES		
Investment of cash in Trust Account	(720,000)	—
Cash withdrawn from Trust Account	10,729,449	—
Net cash provided by investing activities	<u>10,009,449</u>	<u>—</u>
FINANCING ACTIVITIES		
Borrowings from related parties	720,000	—
Borrowings from related parties at fair value	740,000	—
Redemption of Public Units	(10,449,625)	—
Net cash used in financing activities	<u>(8,989,625)</u>	<u>—</u>
Net decrease in cash during period	(70,716)	(366,391)
Cash, beginning of period	78,196	421,549
Cash, end of period	<u>\$ 7,480</u>	<u>\$ 55,158</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Change in value of common stock subject to possible redemption	<u>\$ 1,252,257</u>	<u>\$ 222,976</u>
Waiver of deferred underwriting fees	<u>\$ 6,440,000</u>	<u>\$ —</u>
Debt discount on note payable to related party	<u>\$ 124,112</u>	<u>\$ —</u>
Offering costs included in accounts payable	<u>\$ —</u>	<u>\$ 85,000</u>

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

GIGCAPITAL5, INC.
Notes to Unaudited Condensed Financial Statements
(Unaudited)

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Organization and General

GigCapital5, Inc. (the “Company”) was incorporated in the state of Delaware on January 19, 2021. The Company was founded as a blank check company or special purpose acquisitions company (“SPAC”), formed by an affiliate of the serial SPAC issuer GigCapital Global, for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or similar business combination with one or more businesses (the “Business Combination”). The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”).

As of June 30, 2023, the Company had not commenced any operations. All activity for the period from January 19, 2021 (date of inception) through June 30, 2023 relates to the Company’s formation, the initial public offering (the “Offering”), as described in Note 4, and identifying a target Business Combination, as described below. The Company will not generate any operating revenues until after completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the Offering. The Company has selected December 31 as its fiscal year end.

On September 23, 2021, the registration statement on Form S-1 (File No. 333-254038), as amended, relating to the Offering of the Company was declared effective by the U.S. Securities and Exchange Commission (the “SEC”). The Company entered into an underwriting agreement with Wells Fargo Securities, LLC (“Wells Fargo”) and William Blair & Company, L.L.C. (“William Blair” and collectively with Wells Fargo the “Underwriters”) on September 23, 2021 to conduct the Offering of 20,000,000 units (the “Public Units”) in the amount of \$200.0 million in gross proceeds, with a 45-day option provided to the Underwriters to purchase up to 3,000,000 additional Public Units solely to cover over-allotments, if any, in the amount of up to \$30.0 million in additional gross proceeds. Each Public Unit consists of one share of the Company’s common stock (a “Public Share”), \$0.0001 par value, and one redeemable warrant (a “Public Warrant”). Each Public Warrant is exercisable for one Public Share at a price of \$11.50 per full share.

On September 28, 2021, the Company consummated the Offering of 23,000,000 Public Units, including the issuance of 3,000,000 Public Units as a result of the Underwriters’ exercise in full of their over-allotment option. The Public Units were sold at a price of \$10.00 per Public Unit, generating gross proceeds to the Company of \$230,000,000.

Simultaneously with the closing of the Offering, the Company consummated the closing of a private placement sale (the “Private Placement”) to the Company’s sponsor GigAcquisitions5, LLC, a Delaware limited liability company (the “Founder” or “Sponsor”), of 795,000 units (the “Private Placement Units”), at a price of \$10.00 per Private Placement Unit. The Private Placement generated aggregate gross proceeds of \$7,950,000.

Following the closing of the Offering, net proceeds in the amount of \$225,400,000 from the sale of the Public Units and proceeds in the amount of \$6,900,000 from the sale of Private Placement Units, for a total of \$232,300,000, were placed in a trust account (the “Trust Account”), which is described further below.

Transaction costs amounted to \$13,193,740, consisting of \$4,600,000 of underwriting fees, \$9,200,000 of deferred underwriting fees and \$843,740 of Offering costs, of which \$25,000 remains in accounts payable as of June 30, 2023, partially offset by the reimbursement of \$1,450,000 of Offering expenses by the Underwriters. On March 20, 2023, one of the Underwriters, Wells Fargo, without any consideration from the Company, waived all of their portion of the deferred underwriting fees totaling \$6,440,000 and disclaimed any responsibility for the proposed business combination (see Note 2), but would be entitled to such compensation in connection with an alternative Business Combination, should the proposed business combination (see Note 2) be terminated, and remains entitled to customary indemnification and contribution obligations of the Company in connection with the proposed business combination (see Note 2). The Company’s remaining cash after payment of the Offering costs will be held outside of the Trust Account for working capital purposes.

Extensions

The Company's Offering prospectus and Amended and Restated Certificate of Incorporation provided that the Company initially had until September 28, 2022 (the date which was 12 months after the consummation of the Offering) to complete its initial Business Combination (the "Combination Period"). On September 23, 2022, the Company held a special meeting of its stockholders and the Company's stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation that extends the date by which the Company must consummate a Business Combination transaction from September 28, 2022 up to March 28, 2023 in one-month extensions (the "First Extension"). The Company's stockholders elected to redeem 18,985,950 Public Shares. Following such redemptions, \$192,138,312 was withdrawn from the Trust Account on September 27, 2022.

On September 26, 2022, the Company issued an unsecured, non-interest-bearing, non-convertible promissory note (the "Extension Note") to the Sponsor for a principal amount of \$160,000. The proceeds from the Extension Note were deposited into the Trust Account in accordance with the terms of the Company's Amended and Restated Certificate of Incorporation. The Extension Note matures on the earlier of the date on which the Company consummates its initial Business Combination or the date the Company winds up and may be prepaid without penalty. The Extension Note was subsequently amended and restated five times on October 26, 2022, November 28, 2022, December 27, 2022, January 25, 2023, and February 27, 2023, respectively, for a collective principal amount of \$960,000. The Sponsor deposited such funds into the Company's Trust Account with Continental Stock Transfer & Trust Company. The Extension Note is expected to be paid back upon the completion of its initial Business Combination.

On March 28, 2023, the Company held the 2023 special meeting of stockholders. At the special meeting, the stockholders approved two proposals: (A) to amend the Company's Amended and Restated Certificate of Incorporation, giving the Company the right to extend the date by which it has to consummate a Business Combination up to six (6) times for an additional one (1) month each time, from March 28, 2023 to September 28, 2023 provided that the Sponsor (or its designees) must deposit into the Trust Account for each one-month extension funds equal to \$100,000 (the "Second Extension"); (B) to amend the Company's investment management trust agreement, dated as of September 23, 2021, by and between the Company and Continental Stock Transfer & Trust Company, allowing the Company to extend the Combination Period up to six (6) times for an additional one (1) month each time from March 28, 2023 to September 28, 2023 by depositing into the Trust Account for each one-month extension, the sum of \$100,000.

The Extension Note was further amended on March 28, 2023, April 27, 2023, May 25, 2023, and June 26, 2023, to increase the principal amount to \$1,360,000. Also, in conjunction with the special meeting, the stockholders elected to redeem 995,049 Public Shares. Following such redemptions, \$10,449,625 was withdrawn from the Trust Account. As a result of this redemption, our Founder and management team beneficially own approximately 68.4% of our issued and outstanding common stock.

Working Capital Loans

On September 26, 2022, the Company issued a convertible, non-interest bearing, unsecured promissory note (the "Working Capital Note") to the Sponsor for a principal amount of \$65,000. The Working Capital Note was subsequently amended and restated eight times on October 26, 2022, November 28, 2022, December 27, 2022, and January 25, 2023 to add additional principal amounts of \$65,000 per month for each respective month, February 27, 2023 to add an additional principal amount of \$350,000, March 28, 2023 to add an additional principal amount of \$130,000, April 27, 2023 to add an additional principal amount of \$65,000, and June 26, 2023 to add an additional principal amount of \$130,000, for an aggregate principal amount outstanding as of June 30, 2023 under the Working Capital Note of \$1,000,000. The Working Capital Note was issued to provide the Company with additional working capital during the First Extension and Second Extension and was not deposited into the Trust Account. The Working Capital Note is convertible at the Sponsor's election upon the consummation of the initial Business Combination. Upon such election, the Working Capital Note will convert, at a price of \$10.00 per unit, into units identical to the Private Placement Units issued in connection with the Offering. Each Private Placement Unit consists of one share of the Company's common stock, par value \$0.0001 per share, and one redeemable warrant. The warrants constituting a part of the Private Placement Units would be exercisable, subject to the terms and conditions of the warrant and during the exercise period as provided in the warrant agreement governing the warrants. The Company has relied upon Section 4(a)(2) of the Securities Act, in connection with the issuance and sale of the convertible promissory note, as it was issued to a sophisticated investor without a view to distribution and was not issued through any general solicitation or advertisement.

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The Trust Account

The funds in the Trust Account have been invested only in U.S. government treasury bills with a maturity of one hundred and eighty-five (185) days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940 which invest only in direct U.S. government obligations. Funds will remain in the Trust Account until the earlier of (i) the consummation of the Business Combination or (ii) the distribution of the Trust Account as described below. The remaining proceeds from the Offering outside the Trust Account may be used to pay for business, legal and accounting due diligence expenses on acquisition targets and continuing general and administrative expenses.

The Company's Amended and Restated Certificate of Incorporation provides that, other than the withdrawal of interest to pay taxes none of the funds held in the Trust Account will be released until the earlier of: (1) the completion of a Business Combination; (2) the redemption of 100% of the outstanding Public Shares if the Company has not completed an initial Business Combination within 24 months from the closing of the Offering; or (3) the redemption of any Public Shares properly tendered in connection with a stockholder vote to amend the Amended and Restated Certificate of Incorporation (A) to modify the substance or timing of the Company's obligation to redeem 100% of the Company's Public Shares if the Company does not complete its initial Business Combination within the required time period or (B) with respect to any other provision relating to the Company's pre-business combination activity and related stockholders' rights.

Business Combination

The Company has 24 months from September 28, 2021, the closing date of the Offering, to complete its initial Business Combination, provided that the extension payment for each one-month extension from September 28, 2022 through March 28, 2023 equal to \$160,000 and the extension payment for each one-month extension from March 28, 2023 through September 28, 2023 equal to \$100,000 is deposited into the Trust Account on or prior to the date of the same applicable deadline. If the Company does not complete a Business Combination within this period of time, it shall (i) cease all operations except for the purposes of winding up; (ii) as promptly as reasonably possible, but not more than ten business days thereafter, redeem the Public Shares for a per share pro rata portion of the Trust Account, including interest, but less taxes payable (less up to \$100,000 of such net interest to pay dissolution expenses) and (iii) as promptly as possible following such redemption, dissolve and liquidate the balance of the Company's net assets to its creditors and remaining stockholders, as part of its plan of dissolution and liquidation. The Founder, Brad Weightman, the Company's Treasurer and Chief Financial Officer, and Interest Solutions, LLC, a Connecticut limited liability company and an affiliate of ICR, LLC, an investor relations firm providing services to the Company ("ICR") (the "Insiders" as it relates to Mr. Weightman and ICR) entered into letter agreements with the Company, pursuant to which they waived their rights to participate in any redemption with respect to their founder shares, insider shares and private shares, and the Founder waived its redemption right with respect to any Public Shares purchased during or after the Offering. However, if the Founder, the Underwriters or the Insiders or any of the Company's officers, directors or affiliates acquire units or shares of common stock, previously included in the Public Units, in or after the Offering, they will be entitled to a pro rata share of the Trust Account upon the Company's liquidation (and in case of the Underwriters and Insiders, upon the Company's redemption) in the event the Company does not complete a Business Combination within the required time period.

In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the Offering price per Public Unit in the Offering.

Going Concern Consideration

As of June 30, 2023, the Company had \$7,480 in cash and a working capital deficit of \$7,968,433. All remaining cash held in the Trust Account is generally unavailable for the Company's use, prior to an initial Business Combination, and is restricted for use either in a Business Combination or to redeem its shares of common stock. Further, the Company has no present revenue, its business plan is dependent on the completion of a Business Combination and it expects to continue to incur significant costs in pursuit of its Business Combination plans.

In connection with the Company's assessment of going concern considerations, management has determined that the liquidity condition and the potential mandatory liquidation and subsequent dissolution, should the Company be unable to complete a Business Combination by the liquidation date up to September 28, 2023, raises substantial doubt about the Company's ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate after September 28, 2023.

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If the proceeds not held in the Trust Account become insufficient to allow the Company to operate up to September 28, 2023 if all one-month extensions are exercised prior to the consummation of a Business Combination, assuming that a Business Combination is not consummated during that time, the Company intends to manage its cash flow through the timing and payment of expenses or, if necessary, raising additional funds from the Sponsor to ensure the proceeds not held in the Trust Account will be sufficient to allow it to operate for the remaining available extension period. In the event that additional financing is required from outside sources, the Company may not be able to raise it on terms acceptable to the Company or at all. Over this time period, the Company intends to use these funds primarily for consummating the Business Combination.

2. BUSINESS COMBINATION AND RELATED AGREEMENT

On December 8, 2022, the Company and QTI Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“Merger Sub”), entered into a Business Combination Agreement (the “Business Combination Agreement”) with QT Imaging, Inc., a Delaware corporation (“QT Imaging”), pursuant to which, and subject to the approval of the stockholders of the Company, Merger Sub will merge with and into QT Imaging, with QT Imaging surviving the merger as a wholly owned subsidiary of the Company (the “Merger”). Following the closing of the Merger (the “Closing”), the Company, which will be renamed “QT Imaging Holdings, Inc.,” will be referred to as the “Combined Company.”

Subject to the terms of the Business Combination Agreement, at the effective time of the Merger (the “Effective Time”), each issued and outstanding share of the common stock of QT Imaging, par value \$0.001 per share (the “QT Imaging Common Stock”) (excluding each share of QT Imaging Common Stock held in the treasury and dissenting shares) will be automatically cancelled and converted into (A) the right to receive a number of shares of common stock, par value \$0.0001 per share, of the Company (the “GigCapital5 Common Stock”) calculated based on the Exchange Ratio (as defined below) and (B) the contingent right to receive a portion of additional shares of GigCapital5 Common Stock based on the performance of the Combined Company if certain requirements are achieved in accordance with the terms of the Business Combination Agreement, if, as and when payable. The “Exchange Ratio” means the quotient of (a) the Aggregate Closing Merger Consideration (as defined in the Business Combination Agreement) divided by (b) the QT Imaging Fully Diluted Capital Stock (as defined in the Business Combination Agreement). In addition, at the Effective Time, certain warrants of QT Imaging to purchase QT Imaging Common Stock will be converted into a warrant to acquire a number of shares of GigCapital5 Common Stock at an adjusted exercise price per share.

The shares of the Company common stock are currently listed on the Nasdaq Global Market (“Nasdaq”) under the symbol “GIA,” and from now until the Effective Time, the Public Units and the warrants trade at the OTC Markets Group Inc. under the symbols “GIAFU” and “GIAFW,” respectively. The Company intends to apply for listing of the common stock of the Combined Company and the warrants of the Combined Company on the Nasdaq under the symbols “QTI” and “QTI.WS,” respectively, at the Effective Time.

In connection with the execution of the Business Combination Agreement, the Company may enter into agreements with investors (the “PIPE Investors”) for the subscription for GigCapital5 Common Stock, convertible promissory notes or other securities or any combination of such securities to be subscribed for pursuant to the terms of one or more subscription agreements (all such subscription agreements, collectively (the “PIPE Subscription Agreements”) on terms and conditions mutually agreeable to the Company and QT Imaging (such agreement not to be unreasonably withheld, conditioned or delayed), provided that, unless otherwise agreed to, the aggregate gross proceeds under the PIPE Subscription Agreements will not exceed \$26,000,000 (the “PIPE Investment Amount”).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the SEC and reflect all adjustments, consisting only of normal recurring adjustments, which are, in

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the opinion of management, necessary for a fair presentation of the accompanying condensed financial statements. Certain information and disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations.

The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 31, 2023. The condensed balance sheet as of December 31, 2022, has been derived from the audited financial statements but does not include all disclosures required by GAAP. The results of operations for the six months ended June 30, 2023 are not necessarily indicative of the results for the year ending December 31, 2023 or any future interim period.

Emerging Growth Company

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when an accounting standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised accounting standard at the time private companies adopt the new or revised standard.

Net Loss Per Share of Common Stock

The Company's condensed statements of operations and comprehensive loss include a presentation of income per share for common stock subject to possible redemption in a manner similar to the two-class method of income (loss) per share. Net income per share, basic and diluted, for common stock subject to possible redemption is calculated by dividing the proportionate share of income or loss on marketable securities held in the Trust Account, net of tax, by the weighted-average number of common stock subject to possible redemption outstanding.

Net loss per share, basic and diluted, for non-redeemable common stock is calculated by dividing the net loss, adjusted for income or loss on marketable securities attributable to common stock subject to possible redemption, net of tax, by the weighted-average number of non-redeemable common stock outstanding for the period, basic and diluted.

When calculating its diluted net loss per share, the Company has not considered the effect of (i) the incremental number of shares of common stock to settle warrants sold in the Offering and Private Placement, as calculated using the treasury stock method, (ii) the shares issued to Mr. Weightman subject to forfeiture representing 5,000 shares of common stock underlying a restricted stock award for the period it was outstanding and (iii) the potential shares issued to the Sponsor if the Working Capital Note is converted. Since the Company was in a net loss position during the period after deducting net income attributable to common stock subject to redemption, diluted net loss per common share is the same as basic net loss per common share for the period presented as the inclusion of all potential common shares outstanding would have been anti-dilutive.

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Reconciliation of Net Loss Per Common Share

In accordance with the two-class method, the Company's net loss is adjusted for net income that is attributable to common stock subject to redemption, net of tax, as these shares only participate in the income of the Trust Account and not the losses of the Company. Accordingly, net loss per common share, basic and diluted, is calculated as follows:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Common stock subject to possible redemption				
Numerator: Earnings allocable to common stock subject to redemption				
Interest earned on marketable securities held in Trust Account, net of taxes	\$ 263,562	\$ 210,578	\$ 601,945	\$ 222,976
Net income attributable to common stock subject to possible redemption	\$ 263,562	\$ 210,578	\$ 601,945	\$ 222,976
Denominator: Weighted average common shares subject to redemption				
Basic and diluted weighted average shares outstanding, common stock subject to possible redemption	3,019,001	23,000,000	3,491,787	23,000,000
Basic and diluted net income per share, common stock subject to possible redemption	\$ 0.09	\$ 0.01	\$ 0.17	\$ 0.01
Non-Redeemable common stock				
Numerator: Net loss minus net earnings – Basic and diluted				
Net loss	\$(1,416,347)	\$ (636,074)	\$(2,889,235)	\$(1,006,009)
Less: net income attributable to common stock subject to redemption	(263,562)	(210,578)	(601,945)	(222,976)
Net loss attributable to non-redeemable common stock	\$(1,679,909)	\$ (846,652)	\$(3,491,180)	\$(1,228,985)
Denominator: Weighted average non-redeemable common shares				
Weighted-average non-redeemable common shares outstanding, basic and diluted	6,540,000	6,540,000	6,540,000	6,540,000
Basic and diluted net loss per share, non-redeemable common stock	\$ (0.26)	\$ (0.13)	\$ (0.53)	\$ (0.19)

Cash and Cash Equivalents

The Company considers all short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains cash balances that at times may be uninsured or in deposit accounts that exceed Federal Deposit Insurance Corporation limits. The Company maintains its cash deposits with major financial institutions. There were no cash equivalents as of June 30, 2023 and December 31, 2022.

Cash and Marketable Securities Held in Trust Account

As of June 30, 2023 and December 31, 2022, the assets held in the Trust Account consisted of money market funds investing in U.S. Treasury Bills.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which at times, may exceed federally insured limits. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

Convertible Promissory Note—Related Party

The Company accounts for its Working Capital Note under Accounting Standards Codification (“ASC”) 815, Derivatives and Hedging (“ASC 815”). Under ASC 815-15-25, an election can be made at the inception of a financial instrument to account for the instrument under the fair value option under ASC 825, Financial Instruments. The Company has made such election for its Working Capital Note. Using the fair value option, the Working Capital Note is required to be recorded at its initial fair value on the date of issuance, each drawdown date, and each balance sheet date thereafter. Differences between the face value of the Working Capital Note and fair value at each drawdown date are recognized as either an expense in the condensed statements of operations and comprehensive loss (if issued at a premium) or as a capital contribution (if issued at a discount). Changes in the estimated fair value of the Working Capital Note are recognized as non-cash gains or losses in the condensed statements of operations and comprehensive loss. The Extension Note is not included in the calculation as it does not have a conversion feature.

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Financial Instruments

The fair value of the Company's assets and liabilities approximates the carrying amounts represented in the condensed balance sheets primarily due to their short-term nature.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Offering Costs

Offering costs in the amount of \$13,193,740 consist of legal, accounting, underwriting fees and other costs incurred that are directly related to the Offering. Offering costs were charged to stockholders' deficit and recorded in additional paid-in capital as a reduction to the gross proceeds received upon completion of the Offering.

Common Stock Subject to Possible Redemption

Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, as of June 30, 2023 and December 31, 2022, common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' deficit section of the Company's condensed balance sheets. As of June 30, 2023 and December 31, 2022, 3,019,001 and 4,014,050 shares of common stock were issued and outstanding that are subject to possible redemption, respectively.

Stock-based Compensation

Stock-based compensation related to restricted stock awards is based on the fair value of common stock on the grant date. The shares underlying the Company's restricted stock award to Mr. Weightman are subject to forfeiture if he resigns or is terminated for cause prior to the completion of the Business Combination. Therefore, the related stock-based compensation will be recognized upon the completion of a Business Combination, unless the related shares are forfeited prior to a Business Combination occurring.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the condensed financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that is included in the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of June 30, 2023 and December 31, 2022. The Company recognizes accrued

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interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of June 30, 2023 and December 31, 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

Warrant Liability

The Company accounts for warrants for shares of the Company's common stock that are not indexed to its own stock as liabilities at fair value on the condensed balance sheets. The warrants are subject to remeasurement at each balance sheet date and any change in fair value is recognized as a component of other income (expense) on the condensed statements of operations and comprehensive loss. The Company will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the common stock warrants. At that time, the portion of the warrant liability related to the common stock warrants will be reclassified to additional paid-in capital.

Recent Accounting Pronouncements

The Company does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's condensed financial statements.

4. OFFERING

On September 28, 2021, the Company completed the closing of the Offering whereby the Company sold 23,000,000 Public Units at a price of \$10.00 per Public Unit. Each Public Unit consists of one Public Share and one Public Warrant. Each whole Public Warrant is exercisable for one share of common stock at a price of \$11.50 per full share. The exercise price of the Public Warrants may be adjusted in certain circumstances as discussed in Note 7. Under the terms of the warrant agreement (the "Warrant Agreement"), the Company has agreed to use its best efforts to file a new registration statement under the Securities Act, following the completion of the Company's initial Business Combination.

Each Public Warrant will become exercisable on the later of 30 days after the completion of the Company's initial Business Combination or 12 months from the closing of the Offering and will expire five years after the completion of the Company's initial Business Combination or earlier upon redemption or liquidation. However, if the Company does not complete a Business Combination on or prior to the 24-month period allotted to complete a Business Combination (or such lesser period depending upon the number of one-month extensions which occur), the Public Warrants will expire at the end of such period. If the Company is unable to deliver registered shares of common stock to the holder upon exercise of the Public Warrants during the exercise period, there will be no net cash settlement of these Public Warrants and the Public Warrants will expire worthless, unless they may be exercised on a cashless basis in the circumstances described in the Warrant Agreement. Once the Public Warrants become exercisable, the Company may redeem the outstanding Public Warrants in whole and not in part at a price of \$0.01 per Public Warrant upon a minimum of 30 days' prior written notice of redemption, only in the event that the last sale price of the Company's shares of common stock equals or exceeds \$18.00 per share for any 20 trading days within the 30-trading day period ending on the third trading day before the Company sends the notice of redemption to the Public Warrant holders.

On November 1, 2021, the Company announced that the holders of the Company's Public Units may elect to separately trade the securities underlying such Public Units which commenced on November 4, 2021.

On April 6, 2023, the units, common stock and warrants of the Company were delisted from the New York Stock Exchange ("NYSE"). Following the redemptions that occurred in March 2023, the Company had fallen below the NYSE's continued listing standard requiring a listed acquisition company to maintain an average aggregate global market capitalization attributable to its publicly-held shares over a consecutive 30 trading day period of at least \$40,000,000.

On April 11, 2023, the Company announced that it is moving the listing of its common stock from the NYSE to the Nasdaq. GigCapital5 Common Stock commenced trading on Nasdaq on April 26, 2023 under the symbol "GIA." While the GigCapital5 Common Stock will be listed for trading on the Nasdaq, any underlying warrants that are separated will trade on the OTC Markets Group Inc. under the symbol "GIAFW." Any Public Units not separated will continue to trade on the OTC Markets Group Inc. under the symbol "GIAFU."

5. RELATED PARTY TRANSACTIONS

Founder Shares

During the period from January 19, 2021 (date of inception) to December 31, 2021, the Founder purchased 5,735,000 shares of common stock (the “Founder Shares”), after giving effect to the forfeiture on September 23, 2021 of 4,312,500 Founder Shares, for an aggregate purchase price of \$25,000, or \$0.0043592 per share. The Company also issued 5,000 shares of common stock, solely in consideration of future services, to Mr. Weightman, its Treasurer and Chief Financial Officer, pursuant to the Insider Shares Grant Agreements dated September 23, 2021 between the Company and Mr. Weightman. The 5,000 shares granted to Mr. Weightman are subject to forfeiture and cancellation if he resigns or the services are terminated for cause prior to the completion of the Business Combination. The Founder Shares are identical to the common stock included in the Public Units sold in the Offering except that the Founder Shares are subject to certain transfer restrictions, as described in more detail below.

Private Placement

The Founder purchased from the Company an aggregate of 795,000 Private Placement Units at a price of \$10.00 per Private Placement Unit in a Private Placement that occurred simultaneously with the completion of the closing of the Offering. Each Private Placement Unit consists of one share of the Company’s common stock and one warrant (a “Private Placement Warrant”). Each whole Private Placement Warrant will be exercisable for \$11.50 per share, and the exercise price of the Private Placement Warrants may be adjusted in certain circumstances as described in Note 7. Under the terms of the Warrant Agreement, the Company has agreed to use its best efforts to file a new registration statement under the Securities Act, following the completion of the Company’s initial Business Combination.

Each Private Placement Warrant will become exercisable on the later of 30 days after the completion of the Company’s initial Business Combination or 12 months from the closing of the Offering and will expire five years after the completion of the Company’s initial Business Combination or earlier upon redemption or liquidation. However, if the Company does not complete a Business Combination on or prior to the 24-month period allotted to complete the Business Combination (or such lesser period depending upon the number of one-month extensions which occur), the Private Placement Warrants will expire at the end of such period. If the Company is unable to deliver registered shares of common stock to the holder upon exercise of the Private Placement Warrants during the exercise period, there will be no net cash settlement of these Private Placement Warrants and the Private Placement Warrants will expire worthless, unless they may be exercised on a cashless basis in the circumstances described in the Warrant Agreement. Once the Private Placement Warrants become exercisable, the Company may redeem the outstanding Private Placement Warrants in whole and not in part at a price of \$0.01 per Private Placement Warrant upon a minimum of 30 days’ prior written notice of redemption, only in the event that the last sale price of the Company’s shares of common stock equals or exceeds \$18.00 per share for any 20 trading days within the 30-trading day period ending on the third trading day before the Company sends the notice of redemption to the Private Placement Warrant holders.

The Company’s Founder, Insiders and Underwriters have agreed not to transfer, assign or sell any of their respective Founder Shares, shares held by the Insiders, Private Placement Units, shares or other securities underlying such Private Placement Units that they may hold until the date that is (i) in the case of the Founder Shares or shares held by the Insiders, the earlier of (A) six months after the date of the consummation of the Company’s initial Business Combination or (B) subsequent to the Company’s initial Business Combination, (x) the date on which the last sale price of the Company’s common stock equals or exceeds \$11.50 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 90 days after the Company’s initial Business Combination, or (y) the date on which the Company consummates a liquidation, merger, stock exchange or other similar transaction after the Company’s initial Business Combination that results in all of the Company’s stockholders having the right to exchange their shares of common stock for cash, securities or other property, and (ii) in the case of the Private Placement Units and shares or other securities underlying such Private Placement Units, until 30 days after the completion of the Company’s initial Business Combination.

Unlike the Public Warrants included in the Public Units sold in the Offering, if held by the original holder or its permitted transferees, the Private Placement Warrants are not redeemable by the Company and, subject to certain limited exceptions, will be subject to transfer restrictions until one year following the consummation of a Business Combination. If the Private Placement Warrants are held by holders other than the initial holders or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by holders on the same basis as the Public Warrants.

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If the Company does not complete a Business Combination, then a portion of the proceeds from the sale of the Private Placement Units will be part of the liquidating distribution to the public stockholders.

Administrative Services Agreement and Other Agreements

The Company agreed to pay \$30,000 a month for office space, administrative services and secretarial support to an affiliate of the Founder, GigManagement, LLC. Services commenced on September 24, 2021, the date the securities were first listed on the NYSE, and will terminate upon the earlier of the consummation by the Company of a Business Combination or the liquidation of the Company.

On September 23, 2021, the Company entered into a Strategic Services Agreement with Mr. Weightman, its Treasurer and Chief Financial Officer, who holds 5,000 Insider shares. Mr. Weightman is initially receiving \$2,500 per month for his services and such amount could increase to up to \$15,000 per month dependent upon the scope of services provided, as may be mutually agreed by the parties. The Company will pay Mr. Weightman for services rendered since September 23, 2021 and on a monthly basis thereafter for all services rendered after the consummation of the Offering.

Working Capital Loans

On September 26, 2022, the Company issued the Working Capital Note to the Sponsor for a principal amount of \$65,000. The Working Capital Note was subsequently amended and restated on October 26, 2022, November 28, 2022, December 27, 2022, and January 25, 2023 to add additional principal amounts of \$65,000 per month for each respective month, February 27, 2023 to add an additional principal amount of \$350,000, March 28, 2023 to add an additional principal amount of \$130,000, April 27, 2023 to add an additional principal amount of \$65,000, and June 26, 2023 to add an additional principal amount of \$130,000, for an aggregate principal amount outstanding as of June 30, 2023 under the Working Capital Note of \$1,000,000. The Working Capital Note was issued to provide the Company with additional working capital during the extension period. The Working Capital Note matures on the earlier of the date on which the Company consummates its initial Business Combination or the date the Company winds up and may be prepaid without penalty. Upon consummation of a Business Combination and any time prior to the payment of the Working Capital Note, the Sponsor, at its option, may convert all or a portion of the principal into units of the post-Business Combination entity at a conversion price of \$10.00 per unit. Each unit shall have the same terms and conditions as the Private Placement Units, which are discussed further above. An aggregate of 100,000 Private Placement Units of the Company would be issued if the entire principal balance of the Working Capital Note is converted. Each Private Placement Unit consists of one share of the Company's common stock, par value \$0.0001 per share, and one redeemable warrant. The warrants constituting a part of the Private Placement Units would be exercisable, subject to the terms and conditions of the warrant and during the exercise period as provided in the Warrant Agreement governing the warrants. The Company has relied upon Section 4(a)(2) of the Securities Act, in connection with the issuance and sale of the convertible promissory note, as it was issued to a sophisticated investor without a view to distribution and was not issued through any general solicitation or advertisement.

The Company has determined that the Working Capital Note contains only one embedded feature, which is the conversion option. The conversion option is an embedded derivative that would require bifurcation pursuant to ASC 815-15-25-1, so the instrument qualifies for the fair value option. The Company has elected to value the Working Capital Note under the fair value option at \$1,000,938 as of June 30, 2023. The change in the fair value of the Working Capital Note was a decrease of \$5,504 and an increase of \$3,446 for the three months and six months ended June 30, 2023, respectively, and was recorded in other income, net on the condensed statements of operations and comprehensive loss.

Extension Notes

On September 26, 2022, the Company issued the Extension Note to the Sponsor for a principal amount of \$160,000. The Extension Note was subsequently amended and restated on October 26, 2022, November 28, 2022, December 27, 2022, January 25, 2023, February 27, 2023, March 28, 2023, April 27, 2023, May 25, 2023 and June 26, 2023 to add additional monthly funding installments at \$160,000 per month until February 27, 2023, and on March 28, 2023, April 27, 2023, May 25, 2023, and June 26, 2023 to add additional monthly funding installments at \$100,000 per month, for a collective principal

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amount outstanding as of June 30, 2023 under the Extension Note of \$1,360,000. The proceeds from the Extension Note were deposited into the Trust Account in accordance with the terms of the Company's Amended and Restated Certificate of Incorporation. The Extension Note matures on the earlier of the date on which the Company consummates its initial Business Combination or the date the Company winds up and may be prepaid without penalty. The Company imputed interest on the Extension Note using the equivalent average market discount rate for an unsecured loan (26.6% for the period from September 26, 2022 to December 31, 2022, 23.4% for the period from January 1, 2023 to March 31, 2023, and 10.2% for the period from April 1, 2023 to June 30, 2023), resulting in an aggregate debt discount of \$178,146 recorded as a reduction to the carrying principal amount of the Extension Note with a corresponding increase to additional paid-in capital. As of June 30, 2023, the outstanding principal on the Extension Note, net of the debt discount, was \$1,298,948 and the remaining unamortized debt discount was \$61,052. For the three and six months ended June 30, 2023, interest expense related to the Extension Note was \$56,267 and \$99,180, respectively.

6. COMMITMENTS AND CONTINGENCIES

Registration Rights

On September 23, 2021, the Company entered into a registration rights agreement with its Founder and Insiders. These holders will be entitled to make up to two demands, excluding short form registration demands, that the Company register such securities for sale under the Securities Act. In addition, these holders will have "piggy-back" registration rights to include their securities in other registration statements filed by the Company. The Company will bear the expenses incurred in connection with the filing of any such registration statements. There will be no penalties associated with delays in registering the securities under the registration rights agreement.

Underwriters Agreement

The Company granted the Underwriters a 45-day option to purchase up to 3,000,000 additional Public Units to cover any over-allotments, at the Offering price less underwriting discounts and commissions. On September 28, 2021, the over-allotment was exercised in full by the Underwriters.

The Company paid an underwriting discount of \$0.20 per Public Unit to the Underwriters at the closing of the Offering. The underwriting discount was paid in cash. In addition, the Company has agreed to pay deferred underwriting commissions of \$0.40 per Public Unit, or \$9,200,000 in the aggregate, including the Underwriters' over-allotment option which was exercised in full. The deferred underwriting commission will become payable to the Underwriters from the amount held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement, including the performance of services described therein.

On March 20, 2023, one of the Underwriters, Wells Fargo, waived all of its portion of the deferred underwriting fees totaling \$6,440,000.

The Underwriters will use their commercially reasonable efforts to provide the Company with the following services: 1) originating and introducing the Company to potential targets for a Business Combination; 2) arranging non-deal roadshows on behalf of the Company in connection with a proposed Business Combination; 3) assisting the Company in meeting its securities exchange listing requirements following the closing of the Offering; and 4) providing capital markets advice and liquidity to the Company following the closing of the Offering. If the Company uses its best efforts (and the Underwriters use commercially reasonable efforts) to obtain financing in private placements or privately negotiated transactions, but notwithstanding such efforts, the Company does not have sufficient cash necessary to consummate a Business Combination and pay the deferred underwriting commission, the Company and the Underwriters will cooperate in good faith to come to a mutually-satisfactory solution with respect to the payment of the deferred underwriting commission so as to ensure that the Company's obligation to pay the deferred underwriting commission shall not impede the closing of a Business Combination.

7. STOCKHOLDERS' DEFICIT

Common Stock

The authorized common stock of the Company includes up to 100,000,000 shares. Holders of the Company's common stock are entitled to one vote for each share of common stock. As of June 30, 2023 and December 31, 2022,

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there were 6,545,000 shares of common stock issued and outstanding and not subject to possible redemption. There were 3,019,001 and 4,014,050 shares of common stock subject to possible redemption issued and outstanding as of June 30, 2023 and December 31, 2022, respectively.

As of June 30, 2023, common stock reserved for future issuance was 23,895,000, which included warrants to purchase 23,795,000 shares of common stock and 100,000 potential shares of common stock to be issued if the Working Capital Note is converted in full.

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors. As of June 30, 2023 and December 31, 2022, there were no shares of preferred stock issued and outstanding.

Warrants (Public Warrants and Private Placement Warrants)

Warrants will be exercisable at \$11.50 per share, and the exercise price and number of warrant shares issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation of the Company. In addition, if (x) the Company issues additional shares of common stock or equity-linked securities for capital raising purposes in connection with the closing of its initial Business Combination at an issue price or effective issue price of less than \$9.20 per share of common stock (with such issue price or effective issue price to be determined in good faith by the Company's Board of Directors, and in the case of any such issuance to the Company's Founder or its affiliates, without taking into account any Founder Shares held by it prior to such issuance), (y) the aggregate gross proceeds from such issuances represent more than 65% of the total equity proceeds, and interest thereon, available for the funding of the Company's initial Business Combination on the date of the consummation of its initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Company's common stock during the 20 trading-day period starting on the trading day prior to the day on which the Company consummates its initial Business Combination (such price, the "Market Value") is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the greater of (i) the Market Value or (ii) the price at which the Company issues the additional shares of common stock or equity-linked securities.

Each warrant will become exercisable on the later of 30 days after the completion of the Company's initial Business Combination or 12 months from the closing of the Offering and will expire five years after the completion of the Company's initial Business Combination or earlier upon redemption. However, if the Company does not complete its initial Business Combination on or prior to the 24-month period allotted to complete its initial Business Combination, (or such lesser period depending upon the number of one-month extensions which occur), the Private Placement Warrants will expire at the end of such period. If the Company is unable to deliver registered shares of common stock to the holder upon exercise of the warrants during the exercise period, there will be no net cash settlement of these warrants and the warrants will expire worthless, unless they may be exercised on a cashless basis in the circumstances described in the Warrant Agreement. Once the warrants become exercisable, the Company may redeem the outstanding warrants in whole and not in part at a price of \$0.01 per warrant upon a minimum of 30 days' prior written notice of redemption, only in the event that the last sale price of the Company's shares of common stock equals or exceeds \$18.00 per share for any 20 trading days within the 30-trading day period ending on the third trading day before the Company sends the notice of redemption to the warrant holders.

Under the terms of the Warrant Agreement, the Company has agreed to use its best efforts to file a new registration statement under the Securities Act, following the completion of the Company's initial Business Combination, for the registration of the shares of common stock issuable upon exercise of the warrants included in the Public Units and Private Placement Units.

As of June 30, 2023 and December 31, 2022, there were 23,795,000 warrants outstanding.

Stock-based Compensation

Included in the outstanding shares of common stock are 15,000 Insider shares, of which 5,000 Insider shares were issued to Mr. Weightman, the Company's Treasurer and Chief Financial Officer, and 10,000 Insider shares were issued to ICR solely in consideration of future services pursuant to the Insider Shares Grant Agreements dated

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September 23, 2021, between the Company and each of the Insiders. The 5,000 Insider shares issued to Mr. Weightman are subject to forfeiture as described in Note 5 while the 10,000 Insider shares issued to ICR are not subject to forfeiture. The grant date fair value of the 10,000 shares was expensed upon issuance. If an initial Business Combination occurs and the 5,000 shares have not been previously forfeited, the fair value of the common stock on the date the shares vest will be recognized as stock-based compensation in the Company's statements of operations and comprehensive loss when the completion of a Business Combination becomes probable.

8. FAIR VALUE MEASUREMENTS

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

- Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs which are supported by little or no market activity and which are significant to the fair value of the assets or liabilities.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description:	Level	June 30, 2023	December 31, 2022
Assets:			
Cash and marketable securities held in Trust Account	1	<u>\$ 32,365,352</u>	<u>\$ 41,561,656</u>
Liabilities:			
Warrant liability	2	<u>\$ 15,900</u>	<u>\$ 31,800</u>
Note payable to related party at fair value	3	<u>\$ 1,000,938</u>	<u>\$ 257,492</u>

The marketable securities held in the Trust Account are considered trading securities as they are generally used with the objective of generating profits on short-term differences in price and therefore, the realized and unrealized gain and loss are recorded in the condensed statements of operations and comprehensive loss for the period presented.

Additionally, there was \$131,605 and \$133,211 of interest accrued, but not yet credited to the Trust Account, which was recorded in the condensed balance sheets in interest receivable on cash and marketable securities held in Trust Account as of June 30, 2023 and December 31, 2022, respectively.

The Company has determined that the Private Placement Warrants are subject to treatment as a liability, as the transfer of the warrants to anyone other than the purchasers or their permitted transferees would result in these warrants having substantially the same terms as the Public Warrants. The Public Warrants did not start trading separately until November 4, 2021, so the Company initially determined the fair value of each warrant using a Black-Scholes option-pricing model, which requires the use of significant unobservable market values. Accordingly, the Private Placement Warrants were initially classified as Level 3 financial instruments. After Public Warrants started trading separately, the Company determined that the fair value of each Private Placement Warrant approximates the fair value of a Public Warrant. Accordingly, the Private Placement Warrants are valued upon observable data and have been classified as Level 2 financial instruments.

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The Working Capital Note was valued using a combination of Black-Scholes option pricing model and present value methods, which is considered to be a Level 3 fair value measurement. The estimated fair value of the Working Capital Note was based on the following ranges of significant inputs at issuance for advances under the Working Capital Note at issuance and as of June 30, 2023:

<u>Assumptions</u>	<u>At Issuance</u>	<u>As of June 30, 2023</u>
Expected Term	0.7 - 0.8	0.7
Volatility	65.0%	65.0%
Risk free rate	4.5% - 5.4%	5.4%
Discount rate	10.7 - 25.8%	10.7%
Probability of conversion	25.0 - 55.0%	25.0%

The following table presents information about the fair value of the Company's Working Capital Note for the three and six months ended June 30, 2023, respectively.

	<u>Three Months Ended June 30, 2023</u>	<u>Six Months Ended June 30, 2023</u>
Fair value - beginning of period	\$ 811,442	\$ 257,492
Additions	195,000	740,000
Change in fair value	(5,504)	3,446
Fair value - end of period	<u>\$ 1,000,938</u>	<u>\$ 1,000,938</u>

9. SUBSEQUENT EVENTS

On July 25, 2023, the Company further amended and restated the Extension Note (the "Tenth Restated Extension Note") to reflect an additional principal amount of \$100,000 extended by the Sponsor to the Company for a collective principal amount under the Tenth Restated Extension Note of \$1,460,000. The Sponsor deposited the additional principal amount of \$100,000 into the Trust Account with Continental Stock Transfer & Trust Company. The Tenth Restated Extension Note was issued in connection with the extension of the initial Business Combination period from July 28, 2023 to August 28, 2023.

On July 25, 2023, the Company further amended and restated the Working Capital Note (the "Ninth Restated Working Capital Note") to reflect an additional principal amount of \$65,000 extended by the Sponsor to the Company for a collective principal amount under the Ninth Restated Working Capital Note of \$1,065,000. The Ninth Restated Working Capital Note is convertible at the Sponsor's election upon the consummation of the initial Business Combination. Upon such election, the convertible note will convert, at a price of \$10.00 per unit, into units identical to the Private Placement Units issued in connection with the Company's Offering. An aggregate of 106,500 Private Placement Units of the Company would be issued if the entire principal balance of the Seventh Restated Working Capital Note is converted.

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

References in this report (the “Quarterly Report”) to “we,” “us,” “our” or the “Company” refer to GigCapital5, Inc. References to our “management” or our “management team” refer to our officers and directors. References to the “Sponsor” or “Founder” refer to GigAcquisitions5, LLC. References to the “Insiders” refer to Mr. Weightman, our Treasurer and Chief Financial Officer, and Interest Solutions, LLC, a Connecticut limited liability company and an affiliate of ICR, LLC, an investor relations firm providing services to the Company. References to “Initial Stockholders” refer to the Founder together with the Insiders. References to “Founder Shares” refer to the initial shares of common stock purchased by the Founder. References to “Insider Shares” refer to shares of common stock granted to the Insiders. References to “Private Placement Units” refer to the units sold to the Founder in a private placement and “Public Units” refer to units sold to the public stockholders and underwriters at the initial public offering (the “Offering”). The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the condensed financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding the Company’s financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as “expect,” “believe,” “anticipate,” “intend,” “estimate,” “seek,” “may,” “might,” “plan,” “possible,” “potential,” “should,” “would” and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management’s current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company’s Annual Report on Form 10-K filed on March 31, 2023 with the U.S. Securities and Exchange Commission (the “SEC”). The Company’s securities filings can be accessed on the EDGAR section of the SEC’s website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Overview

We are a Delaware corporation formed for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, reorganization, recapitalization or other similar business combination with one or more businesses, which we refer to throughout this Annual Report as our initial business combination. On December 8, 2022, the Company entered into a business combination agreement (the “Business Combination Agreement”) with QT Imaging, Inc., a Delaware corporation (“QT Imaging”), a medical device company engaged in the research, development and commercialization of innovative body imaging systems using low energy sound, for the Company’s initial business combination. Upon consummation of the business combination with QT Imaging, we expect to change our name and be known as QT Imaging Holdings, Inc.

We seek to capitalize on the significant experience and contacts of our management team to complete our initial business combination. We believe our management team’s distinctive background and record of acquisition and operational success could have a transformative impact on verified target businesses.

Our management team has significant hands-on experience helping companies optimize their existing and new growth initiatives. We intend to apply a unique “Mentor-Investor” philosophy to partner with QT Imaging where we will offer financial, operational and executive mentoring in order to accelerate its growth and development from a privately held entity to a publicly traded company. Further, we intend to share best practices and key learnings gathered from our management team’s operating and investing experience, as well as strong relationships in the advanced

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medical equipment industries to help shape corporate strategies. Additionally, our management team has operated and invested in leading global advanced medical equipment companies across their corporate life cycles, and has developed deep relationships with key large multi-national organizations and investors. We believe that these relationships and our management team's know-how present a significant opportunity to help drive strategic dialogue, access new customer relationships and achieve global ambitions following the completion of our initial business combination. We believe that we are providing an interesting alternative investment opportunity that capitalizes on key trends impacting the capital markets for advanced medical equipment companies.

We intend to effectuate our initial business combination using cash from the proceeds from the sale of the Public Units in our Offering, the sale of the Private Placement Units to our Founder, the sale of common stock to our Founder, our common equity or any preferred equity that we may create in accordance with the terms of our charter documents, debt, or a combination of cash, common or preferred equity and debt. The Public Units sold in the Offering each consisted of one share of common stock, and one redeemable warrant to purchase our common stock (no fractional shares will be issued upon exercise of the warrants). The Private Placement Units were substantially similar to the Public Units sold in the Offering, but for certain differences in the warrants included in each of them.

The issuance of additional shares of common stock or the creation of one or more classes of preferred stock during our initial business combination:

- may significantly dilute the equity interest of investors in the Offering who would not have pre-emption rights in respect of any such issue;
- may subordinate the rights of holders of common stock if the rights, preferences, designations and limitations attaching to the preferred shares are senior to those afforded our shares of common stock;
- could cause a change in control if a substantial number of shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors;
- may have the effect of delaying or preventing a change of control of us by diluting the share ownership or voting rights of a person seeking to obtain control of us; and
- may adversely affect prevailing market prices for our shares of common stock.

Similarly, if we issue debt securities or otherwise incur significant indebtedness, it could result in:

- default and foreclosure on our assets if our operating revenues after our initial business combination are insufficient to repay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we make all principal and interest payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt is payable on demand;
- our inability to obtain necessary additional financing if any document governing such debt contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- our inability to pay dividends on our shares of common stock;
- using a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for dividends on our common stock if declared, expenses, capital expenditures, acquisitions and other general corporate purposes;
- limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- increased vulnerability to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation; and
- limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, execution of our strategy and other purposes and other disadvantages compared to our competitors who have less debt.

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We expect to incur significant costs in the pursuit of our acquisition plans. We cannot assure you that our plans to complete our initial business combination will be successful.

The Company's Offering prospectus and Amended and Restated Certificate of Incorporation provided that the Company initially had until September 28, 2022 (the date which was 12 months after the consummation of the Offering) to complete the initial business combination (the "Combination Period"). On September 23, 2022, the Company held a special meeting (the "September 2022 Special Meeting") and the Company's stockholders approved to extend the date by which the Company must consummate an initial business combination from September 28, 2022 up to March 28, 2023 in one-month extensions. On March 28, 2023, the Company held a special meeting (the "March 2023 Special Meeting") and the Company's stockholders approved to extend the date by which the Company must consummate an initial business combination from March 28, 2023 up to September 28, 2023 in one-month extensions.

The Company previously entered into an Investment Management Trust Agreement (the "IMTA"), dated September 23, 2021, with Continental Stock Transfer & Trust Company, as trustee. At the September 2022 Special Meeting, the Company's stockholders approved an amendment to reflect the extension period from September 28, 2022 up to March 28, 2023 by depositing \$160,000 into the trust account for each one-month extension. In addition, at the March 2023 Special Meeting, the Company's stockholders approved an additional amendment to the IMTA (the "March 2023 Trust Amendment") to reflect the extension period from March 28, 2023 up to September 28, 2023 by depositing \$100,000 into the trust account for each one-month extension.

In connection with the September 2022 extension of the Combination Period as approved by the stockholders of the Company, on a monthly basis and with a required deposit in the amount of \$160,000 each month beginning September 28, 2022 up to February 28, 2023, on September 26, 2022, the Company issued a non-convertible, non-interest bearing, unsecured promissory note to the Sponsor, which prior to December 31, 2022, was subsequently amended and restated three more times on October 26, 2022, November 28, 2022, and December 27, 2022 (the "Extension Note"), respectively, for a collective principal amount of \$640,000 as of December 31, 2022. The Extension Note is expected to be paid back upon the completion of the initial business combination.

On September 23, 2022, the Company's stockholders elected to redeem 18,985,950 shares of the Company's common stock, which represented approximately 82.5% of the shares that were part of the Public Units sold in the Offering. Following such redemptions, \$192,138,312 was withdrawn from the trust account on September 27, 2022.

On December 8, 2022, the Company executed the Business Combination Agreement with QTI Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company, and QT Imaging. Consistent with our strategy, we have identified and used general criteria and guidelines that we believe are important in evaluating the target's businesses, and we conducted a thorough due diligence review that encompassed, among other things, meetings with incumbent management and employees, document reviews and inspection of facilities, as applicable, as well as a review of financial and other information related to the business combination with QT Imaging.

The Company further amended and restated the Extension Note to reflect additional principal amounts of \$160,000 each on January 25, 2023 and February 27, 2023, under the fourth restated extension note and fifth restated extension note, respectively. In conjunction with each extension, the Sponsor deposited the additional principal amount of \$160,000 into the Company's trust account. Furthermore, in conjunction with the March 2023 Trust Amendment, on March 28, 2023, April 27, 2023, May 25, 2023, and June 26, 2023, the Company further amended and restated the Extension Note to reflect an additional monthly principal amount of \$100,000 which was deposited into the trust account by the Sponsor to extend the time the Company has to complete an initial business combination to July 28, 2023. As of June 30, 2023, the Extension Note has a collective principal amount of \$1,360,000.

On March 24, 2023, in conjunction with the approval of the extension of the date by which the Company must consummate an initial business combination from March 28, 2023 to September 28, 2023, the Company's stockholders elected to redeem 995,049 shares of the Company's common stock, which represented approximately 4.3% of the shares that were part of the Public Units sold in the Offering. Following such redemptions, and after the deposit of the additional principal amount of \$100,000, approximately \$31.7 million remained in the trust account.

Results of Operations and Known Trends or Future Events

We have neither engaged in any operations nor generated any revenues to date. For the period from January 19, 2021 (date of inception) through June 30, 2023, our only activities have been organizational activities, those necessary

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to prepare for the Offering and to search for a target business for the initial business combination. We do not expect to generate any operating revenues until after completion of our initial business combination. We generate non-operating income in the form of interest income on cash and marketable securities held in a trust account (the "Trust Account") at Oppenheimer & Co., Inc. in New York, New York with Continental Stock Transfer & Trust Company acting as trustee, which was funded after the Offering to hold an amount of cash and marketable securities equal to that raised in the Offering. There has been no significant change in our financial or trading position and no material adverse change has occurred since the date of our audited financial statements as of and for the year ended December 31, 2022 as filed with the SEC on March 31, 2023. We expect to incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended June 30, 2023, we had a net loss of \$1,416,347, which consisted of operating expenses of \$1,637,096, a provision for income taxes of \$104,697, and interest expense of \$56,267, that were partially offset by interest income on marketable securities held in the Trust Account of \$368,259 and other income from the change in fair value of the warrant liability and fair value of Working Capital Note of \$13,454.

For the six months ended June 30, 2023, we had a net loss of \$2,889,235, which consisted of operating expenses of \$3,404,454, a provision for income taxes of \$209,594, and interest expense of \$99,180, that were partially offset by interest income on marketable securities held in the Trust Account of \$811,539 and other income from the change in fair value of the warrant liability and fair value of Working Capital Note of \$12,454.

For the three months ended June 30, 2022, we had a net loss of \$636,074, which consisted of operating expenses of \$973,852 and a provision for income taxes of \$89,562, that were partially offset by interest income on marketable securities held in the Trust Account of \$300,140 and other income from the change in fair value of the warrant liability of \$127,200.

For the six months ended June 30, 2022, we had a net loss of \$1,006,009, which consisted of operating expenses of \$1,586,735 and a provision for income taxes of \$94,677, that were partially offset by interest income on marketable securities held in the Trust Account of \$317,653 and other income from the change in fair value of the warrant liability of \$357,750.

Liquidity and Capital Resources

During the period from January 19, 2021 (date of inception) to December 31, 2021, the Founder purchased a net of 5,735,000 Founder Shares, after giving effect to the forfeiture on September 23, 2021 of 4,312,500 Founder Shares, for an aggregate purchase price of \$25,000, or \$0.0043592 per share. The Company also issued 5,000 Insider Shares to Mr. Weightman, its Treasurer and Chief Financial Officer, pursuant to the Insider Shares Grant Agreement dated September 23, 2021 between the Company and Mr. Weightman. The 5,000 shares granted to Mr. Weightman are subject to forfeiture and cancellation if he resigns or the services are terminated for cause prior to the completion of the initial business combination.

On September 28, 2021, the Company consummated the Offering of 23,000,000 Public Units, including the issuance of 3,000,000 Public Units as a result of the Underwriters' exercise in full of their over-allotment option. The Public Units were sold at a price of \$10.00 per Public Unit, generating gross proceeds to the Company of \$230,000,000.

Simultaneously with the closing of the Offering, the Company consummated the closing of the Private Placement to the Sponsor of 795,000 Private Placement Units, at a price of \$10.00 per Private Placement Unit. The Private Placement generated aggregate gross proceeds of \$7,950,000.

Following the closing of the Offering, net proceeds in the amount of \$225,400,000 from the sale of the Public Units and proceeds in the amount of \$6,900,000 from the sale of Private Placement Units, for a total of \$232,300,000, were placed in the Trust Account.

Transaction costs for the Offering amounted to \$13,193,740, consisting of \$4,600,000 of underwriting fees, \$9,200,000 of deferred underwriting fees for the two underwriters, Wells Fargo Securities, LLC ("Wells Fargo") and William Blair & Company, L.L.C. ("William Blair") (collectively, the "Underwriters"), and \$843,740 of offering costs, of which \$25,000 remains in accounts payable as of June 30, 2023, partially offset by the reimbursement of \$1,450,000 of offering expenses by the Underwriters. On March 20, 2023, one of the Underwriters, Wells Fargo, without any consideration from the Company, waived all of their portion of the deferred underwriting fees totaling \$6,440,000 and disclaimed any responsibility for the proposed business combination with QT Imaging, but would be

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entitled to such compensation in connection with an alternative business combination, should the proposed business combination with QT Imaging be terminated, and remains entitled to customary indemnification and contribution obligations of the Company in connection with the proposed business combination with QT Imaging. The Company's remaining cash after payment of the Offering costs will be held outside of the Trust Account for working capital purposes.

On September 26, 2022, the Company issued the Extension Note to the Sponsor for a principal amount of \$160,000. The Extension Note was subsequently amended and restated on October 26, 2022, November 28, 2022, December 27, 2022, January 25, 2023, and February 27, 2023 to add additional principal amounts for each extension of \$160,000 per month and again on March 28, 2023, April 27, 2023, May 25, 2023, and June 26, 2023 to add an additional principal amount for each extension of \$100,000, for a collective principal amount outstanding as of June 30, 2023 under the Extension Note of \$1,360,000. The proceeds from the Extension Note were deposited into the Trust Account in accordance with the terms of the Company's Amended and Restated Certificate of Incorporation. The Extension Note matures on the earlier of the date on which the Company consummates its initial business combination or the date the Company winds up and may be prepaid without penalty.

On September 26, 2022, the Company also issued a convertible, non-interest bearing, unsecured promissory note (the "Working Capital Note") to the Sponsor for a principal amount of \$65,000. The Working Capital Note was subsequently amended and restated eight more times on October 26, 2022, November 28, 2022, December 27, 2022, and January 25, 2023 to add additional principal amounts of \$65,000 per month for the respective months, February 27, 2023 to add an additional principal amount of \$350,000, March 28, 2023 to add an additional principal amount of \$130,000, April 27, 2023 to add an additional principal amount of \$65,000, and June 26, 2023 to add an additional principal amount of \$130,000, for an aggregate principal amount outstanding as of June 30, 2023 under the Working Capital Note of \$1,000,000. The Working Capital Note was issued to provide the Company with additional working capital during the extension and was not deposited into the Trust Account. The Working Capital Note is convertible at the Sponsor's election upon the consummation of the initial business combination. Upon such election, the Working Capital Note will convert, at a price of \$10.00 per unit, into units identical to the Private Placement Units issued in connection with the Offering. Each Private Placement Unit consists of one share of the Company's common stock, par value \$0.0001 per share, and one redeemable warrant. The warrants constituting a part of the Private Placement Units would be exercisable, subject to the terms and conditions of the warrant and during the exercise period as provided in the warrant agreement governing the warrants.

As of June 30, 2023, we held marketable securities in the amount of \$32,365,352 in the Trust Account. In addition, there was interest receivable to the Trust Account of \$131,605. The marketable securities consisted of money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940 which invest only in direct U.S. government obligations. Interest income earned from the funds held in the Trust Account may be used by us to pay taxes. For the six months ended June 30, 2023, tax relating to interest earned on the Trust Account totaled \$209,594.

For the six months ended June 30, 2023, cash used in operating activities was \$1,090,540, consisting of a net loss of \$2,889,235 and interest earned on marketable securities held in the Trust Account of \$811,539, a net decrease in the fair value of the warrant liability and related party note of \$12,454 and other current liabilities of \$542, that were partially offset by the increases in the amortization of debt discount on note payable to related party of \$99,180, payable to related parties of \$366,085, accounts payable of \$258,829, accrued legal fees of \$1,173,138, accrued liabilities of \$600,236, and the decreases in prepaid expenses and other current assets of \$125,762.

For the six months ended June 30, 2022, cash used in operating activities was \$366,391, consisting of a net loss of \$1,006,009, interest earned on marketable securities held in the Trust Account of \$317,653, decreases in the fair value of the warrant liability of \$357,750 and accrued liabilities of \$149,773, that were partially offset by the increases in the payable to related parties of \$358,786, accounts payable of \$165,179, accrued legal fees of \$473,789, other current liabilities of \$91,777, and the decreases in other long-term assets of \$165,230, and prepaid expenses and other current assets of \$210,033.

For the six months ended June 30, 2023, cash provided by investing activities was \$10,009,449, consisting of cash withdrawn from the Trust Account of \$10,729,449 that was partially offset by an investment of cash in Trust Account of \$720,000.

There were no cash flows from investing activities for the six months ended June 30, 2022.

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For the three months ended June 30, 2023, cash used in financing activities was \$8,989,625, consisting of cash paid for the redemption of public units of \$10,449,625, that were partially offset by cash proceeds from a related party borrowing of \$720,000 on the Extension Note and \$740,000 on the Working Capital Note.

For the six months ended June 30, 2022, there were no financing activities.

We intend to use substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account (which interest shall be net of taxes payable by us). We may withdraw interest to pay taxes. We estimate our annual franchise tax obligations to be approximately \$160,800. Our annual income tax obligations will depend on the amount of interest and other income earned on the amounts held in the Trust Account. To the extent that our capital stock is used in whole or in part as consideration to affect our initial business combination, the remaining proceeds held in the Trust Account as well as any other net proceeds not expended will be used as working capital to finance the operations of the target business or businesses. Such working capital funds could be used in a variety of ways including continuing or expanding the target business' operations, for strategic acquisitions and for marketing, research and development of existing or new products. Such funds could also be used to repay any operating expenses or finders' fees which we had incurred prior to the completion of our initial business combination if the funds available to us outside of the Trust Account were insufficient to cover such expenses.

As of June 30, 2023 and December 31, 2022, we had cash of \$7,480 and \$78,196, respectively, held outside the Trust Account. From September 2022 to June 2023, we obtained working capital loans from the Sponsor to ensure the proceeds not held in the Trust Account will be sufficient to allow us to operate for at least 24 months from the closing date of the Offering, assuming that a business combination will be consummated during that time. Over this time period, we intend to use these funds primarily for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices, plants or similar locations of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the business combination.

If our estimates of the costs of undertaking in-depth due diligence and negotiating our initial business combination are less than the actual amount necessary to do so, we may have insufficient funds available to operate our business prior to our initial business combination. Moreover, we may need to obtain additional financing either to consummate our initial business combination or because we become obligated to redeem a significant number of our Public Shares upon consummation of our initial business combination, in which case we may issue additional securities or incur debt in connection with such business combination. In order to finance operating and/or transaction costs in connection with a business combination, our Founder, executive officers, directors, or their affiliates may, but are not obligated to, loan us funds. In the event that our initial business combination does not close, we may use a portion of the working capital held outside the Trust Account to repay such loaned amounts but no proceeds from our Trust Account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into units of the post-business combination entity at a price of \$10.00 per unit at the option of the lender. The units would be identical to the Private Placement Units.

Following our initial business combination, if cash on hand is insufficient, we may need to obtain additional financing in order to meet our obligations.

If the Company is unable to consummate its initial business combination by September 28, 2023, the Company shall (i) cease all operations except for the purposes of winding up; (ii) as promptly as reasonably possible, but not more than ten business days thereafter, redeem the Public Shares of common stock for a per share pro rata portion of the Trust Account, including interest, but less taxes payable (less up to \$100,000 of such net interest to pay dissolution expenses) and (iii) as promptly as possible following such redemption, dissolve and liquidate the balance of the Company's net assets to its creditors and remaining stockholders, as part of its plan of dissolution and liquidation. The mandatory liquidation and subsequent dissolution raises substantial doubt about the Company's ability to continue as a going concern.

Off-Balance Sheet Arrangements

As of June 30, 2023, we have not entered into any off-balance sheet financing arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

Contractual Obligations

As of June 30, 2023, we do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities, other than an agreement to pay our Founder a monthly fee of \$30,000 for office space, administrative services and secretarial support. We began incurring these fees on September 24, 2021, and will continue to incur these fees monthly until the earlier of the completion of the business combination or our liquidation.

On September 23, 2021, the Company entered into a Strategic Services Agreement with Mr. Weightman, its Treasurer and Chief Financial Officer, who holds 5,000 Insider shares. Mr. Weightman is initially receiving \$2,500 per month for his services and such amount could increase to up to \$15,000 per month dependent upon the scope of services provided, as may be mutually agreed by the parties. The Company will pay Mr. Weightman for services rendered since September 23, 2021 and on a monthly basis thereafter for all services rendered after the consummation of the Offering.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

Emerging Growth Company

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when an accounting standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, will adopt the new or revised accounting standard at the time private companies adopt the new or revised standard.

Net Loss Per Common Share

Our condensed statements of operations and comprehensive loss include a presentation of income per share for common stock subject to possible redemption in a manner similar to the two-class method of income (loss) per share. Net income per share, basic and diluted, for common stock subject to possible redemption is calculated by dividing the proportionate share of income or loss on marketable securities held by the Trust Account, net of tax, by the weighted-average number of common stock subject to possible redemption outstanding.

Net loss per share, basic and diluted, for non-redeemable common stock is calculated by dividing the net loss, adjusted for income or loss on marketable securities attributable to common stock subject to possible redemption, net of tax, by the weighted-average number of non-redeemable common stock outstanding for the period, basic and diluted.

When calculating our diluted net loss per share, we have not considered the effect of (i) the incremental number of shares of common stock to settle warrants sold in the Offering and Private Placement, as calculated using the treasury stock method, (ii) the shares issued to Mr. Weightman subject to forfeiture representing 5,000 shares of common stock underlying a restricted stock award for the period it was outstanding and (iii) the potential shares issued to the Sponsor if the Working Capital Note is converted. Since we were in a net loss position during the period after deducting net income attributable to common stock subject to redemption, diluted net loss per common share is the same as basic net loss per common share for the period presented as the inclusion of all potential common shares outstanding would have been anti-dilutive.

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In accordance with the two-class method, our net loss is adjusted for net income that is attributable to common stock subject to redemption, net of tax, as these shares only participate in the income of the Trust Account and not our losses. Accordingly, net loss per common share, basic and diluted, is calculated as follows:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Common stock subject to possible redemption				
Numerator: Earnings allocable to common stock subject to redemption				
Interest earned on marketable securities held in Trust Account, net of taxes	\$ 263,562	\$ 210,578	\$ 601,945	\$ 222,976
Net income attributable to common stock subject to possible redemption	<u>\$ 263,562</u>	<u>\$ 210,578</u>	<u>\$ 601,945</u>	<u>\$ 222,976</u>
Denominator: Weighted average common shares subject to redemption				
Basic and diluted weighted average shares outstanding, common stock subject to possible redemption	<u>3,019,001</u>	<u>23,000,000</u>	<u>3,491,787</u>	<u>23,000,000</u>
Basic and diluted net income per share, common stock subject to possible redemption	<u>\$ 0.09</u>	<u>\$ 0.01</u>	<u>\$ 0.17</u>	<u>\$ 0.01</u>
Non-Redeemable common stock				
Numerator: Net loss minus net earnings - Basic and diluted				
Net loss	\$(1,416,347)	\$ (636,074)	\$(2,889,235)	\$ (1,006,009)
Less: net income attributable to common stock subject to redemption	<u>(263,562)</u>	<u>(210,578)</u>	<u>(601,945)</u>	<u>(222,976)</u>
Net loss attributable to non-redeemable common stock	<u>\$(1,679,909)</u>	<u>\$ (846,652)</u>	<u>\$(3,491,180)</u>	<u>\$ (1,228,985)</u>
Denominator: Weighted average non-redeemable common shares				
Weighted-average non-redeemable common shares outstanding, basic and diluted	<u>6,540,000</u>	<u>6,540,000</u>	<u>6,540,000</u>	<u>6,540,000</u>
Basic and diluted net loss per share, non-redeemable common stock	<u>\$ (0.26)</u>	<u>\$ (0.13)</u>	<u>\$ (0.53)</u>	<u>\$ (0.19)</u>

Common Stock subject to possible redemption

Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders' deficit. Our common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, as of June 30, 2023 and December 31, 2022, common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' deficit section of our condensed balance sheets.

Warrant Liability

The Company accounts for warrants for shares of the Company's common stock that are not indexed to its own stock as liabilities at fair value on the condensed balance sheets. The warrants are subject to remeasurement at each balance sheet date and any change in fair value is recognized as a component of other income (expense) on the condensed statements of operations and comprehensive loss. The Company will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the common stock warrants. At that time, the portion of the warrant liability related to the common stock warrants will be reclassified to additional paid-in capital.

Convertible Promissory Note—Related Party

The Company accounts for its Working Capital Note under Accounting Standards Codification ("ASC") 815, Derivatives and Hedging ("ASC 815"). Under ASC 815-15-25, an election can be made at the inception of a financial instrument to account for the instrument under the fair value option under ASC 825, Financial Instruments. The

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Company has made such election for its Working Capital Note. Using the fair value option, the Working Capital Note is required to be recorded at its initial fair value on the date of issuance, each drawdown date, and each balance sheet date thereafter. Differences between the face value of the Working Capital Note and fair value at each drawdown date are recognized as either an expense in the condensed statements of operations and comprehensive loss (if issued at a premium) or as a capital contribution (if issued at a discount). Changes in the estimated fair value of the Working Capital Note are recognized as non-cash gains or losses in the condensed statements of operations and comprehensive loss.

Recent Accounting Pronouncements

The Company does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's condensed financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

Item 4. Controls and Procedures.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2023. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

Changes in Internal Control over Financial Reporting

During our most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or any of our officers or directors in their corporate capacity.

Item 1A. Risk Factors.

As of the date of this Quarterly Report on Form 10-Q, we supplement the risk factors disclosed in our Annual Report on Form 10-K that was filed with the SEC on March 31, 2023 with the following risk factor. Any of these factors disclosed in our Annual Report on Form 10-K or herein could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Nasdaq may not list the securities of the post-combination company on its exchange, which could limit investors' ability to make transactions in such securities and subject the post-combination company to additional trading restrictions.

In connection with the business combination, in order to obtain the listing of the post-combination company's securities on Nasdaq, we will be required to demonstrate compliance with Nasdaq's initial listing requirements, which are more rigorous than Nasdaq's continued listing requirements. We will seek to have the post-combination company's securities listed on Nasdaq upon consummation of the business combination. We cannot assure you that we will be able to meet all initial listing requirements. Even if the post-combination company's securities are listed on Nasdaq, we may be unable to maintain the listing of its securities in the future.

If we fail to meet the initial listing requirements and Nasdaq does not list the post-combination company's securities on its exchange, the company with which we combine would not be required to consummate the business combination. In the event that such company elected to waive this condition, and the business combination was consummated without the post-combination company's securities being listed on Nasdaq or on another national securities exchange, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our common stock is a "penny stock" which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." If the post-combination company's securities were not listed on Nasdaq, such securities would not qualify as covered securities and we would be subject to regulation in each state in which we offer our securities because states are not preempted from regulating the sale of securities that are not covered securities. Although the states are preempted from regulating the sale of our securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. While we are not aware of a state, other than the State of Idaho, having used these powers to prohibit or restrict the sale of securities issued by blank check companies, certain state securities regulators view blank check companies unfavorably and might use these powers, or threaten to use these powers, to hinder the sale of securities of blank check companies in their states.

Market conditions, economic uncertainty or downturns could adversely affect our business, financial condition, operating results and our ability to consummate a business combination.

In recent years, the United States and other markets have experienced cyclical or episodic downturns, and worldwide economic conditions remain uncertain, including as a result of the COVID-19 pandemic, supply chain disruptions, the Ukraine-Russia conflict, instability in the U.S. and global banking systems, rising fuel prices, increasing interest rates or foreign exchange rates and high inflation and the possibility of a recession. A significant downturn in economic conditions may make it more difficult for us to consummate a business combination.

We cannot predict the timing, strength, or duration of any future economic slowdown or any subsequent recovery generally, or in any industry. If the conditions in the general economy and the markets in which we operate worsen from present levels, our business, financial condition, operating results and our ability to consummate a business combination could be adversely affected. For example, in January 2023, the outstanding national debt of the U.S. government reached its statutory limit. The U.S. Department of the Treasury (the "Treasury Department") has announced that, since then, it has been using extraordinary measures to prevent the U.S. government's default on its payment obligations, and to extend the time that the U.S. government has to raise its statutory debt limit or otherwise resolve its funding situation. The failure by Congress to raise the federal debt ceiling could have severe repercussions within the U.S. and to global credit and financial markets. If Congress does not raise the debt ceiling, the U.S. government could default on its payment obligations, or experience delays in making payments when due. A payment default or delay by the U.S. government, or continued uncertainty surrounding the U.S. debt ceiling, could result in a variety of adverse effects for financial markets, market participants and U.S. and global economic conditions. In addition, U.S. debt ceiling and budget deficit concerns have increased the possibility a downgrade in the credit rating of the U.S. government and could result in economic slowdowns or a recession in the U.S. Although U.S. lawmakers have passed legislation to raise the federal debt ceiling on multiple occasions, ratings agencies have lowered or threatened to lower the long-term sovereign credit rating on the United States as a result of disputes over the debt ceiling. The impact of a potential downgrade to the U.S. government's sovereign credit rating or its perceived creditworthiness could adversely affect economic conditions, as well as our business, financial condition, operating results and our ability to consummate a business combination.

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

Founder Shares

During the period from January 19, 2021 (date of inception) to December 31, 2021, the Founder purchased a net 5,735,000 shares of common stock (the “Founder Shares”), after giving effect to the forfeiture on September 23, 2021 of 4,312,500 Founder Shares, for an aggregate purchase price of \$25,000, or \$0.0043592 per share. Founder Shares are identical to the common stock included in the public units sold in the Offering except that the Founder Shares are subject to certain transfer restrictions, as described in more detail below.

The Founder Shares were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”). Each holder of Founder Shares is an “accredited investor” as such term is defined in Rule 501(a) of Regulation D under the Securities Act.

Private Placement

The Founder purchased from the Company an aggregate of 795,000 Private Placement Units, at a price of \$10.00 per Private Placement Unit in a private placement that occurred simultaneously with the completion of the Offering (the “Private Placement”). Each Private Placement Unit consists of one share of the Company’s common stock, \$0.0001 par value and one Private Placement Warrant. Each whole Private Placement Warrant will be exercisable for \$11.50 per share, and the exercise price of the Private Placement Warrants may be adjusted in certain circumstances as described in Note 7 of the Notes to Unaudited Condensed Financial Statements. Unlike the warrants included in the Public Units sold in the Offering, if held by the original holder or its permitted transferees, the warrants included in the Private Placement Units are not redeemable by the Company and subject to certain limited exceptions, will be subject to transfer restrictions until one year following the consummation of the business combination. If the warrants included in the Private Placement Units are held by holders other than the initial holders or their permitted transferees, the warrants included in the Private Placement Units will be redeemable by the Company and exercisable by holders on the same basis as the warrants included in the Offering.

The Private Placement Units were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act. The Founder is an “accredited investor” as such term is defined in Rule 501(a) of Regulation D under the Securities Act.

Insider Shares

The Company issued 5,000 Insider Shares to Mr. Weightman, its Treasurer and Chief Financial Officer, pursuant to the Insider Shares Grant Agreement dated September 23, 2021, between the Company and Mr. Weightman. The 5,000 shares of common stock granted to Mr. Weightman are subject to forfeiture and cancellation if he resigns or the services are terminated for cause prior to the completion of the business combination.

The Company also issued 10,000 Insider Shares to Interest Solutions, LLC, a Connecticut limited liability company and an affiliate of ICR, LLC, an investor relations firm providing services to the Company (“ICR”). The 10,000 Insider Shares granted to ICR are not subject to forfeiture. The grant date fair value of the 10,000 shares of common stock was expensed upon issuance.

Use of Proceeds

On September 23, 2021, the SEC declared the Company’s initial Registration Statement on Form S-1 (File No 333-254038), in connection with the Offering of \$200.0 million, effective.

The Company entered into an underwriting agreement with Wells Fargo and William Blair on September 23, 2021 to conduct the Offering of 20,000,000 Public Units in the amount of \$200.0 million in gross proceeds, with a 45-day option provided to the Underwriters to purchase up to 3,000,000 additional Public Units solely to cover over-allotments, if any, in the amount of up to \$30.0 million in additional gross proceeds. Each Public Unit consists of one share of the Company’s common stock, \$0.0001 par value, and one redeemable warrant (a “Public Warrant”). Each whole Public Warrant is exercisable for one share of common stock at a price of \$11.50 per full share.

On September 28, 2021, the Company consummated the Offering of 23,000,000 units, including the issuance of 3,000,000 Public Units as a result of the Underwriters’ exercise in full of their over-allotment option. The Public Units were sold at a price of \$10.00 per Public Unit, generating gross proceeds to the Company of \$230,000,000.

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Simultaneously with the closing of the Offering, the Company consummated the closing of the Private Placement to the Company's Founder of 795,000 Private Placement Units, at a price of \$10.00 per Private Placement Unit. The Private Placement generated aggregate gross proceeds of \$7,950,000.

After deducting the underwriting discounts and commissions and offering expenses paid, the total net proceeds in the amount of \$225,400,000 from the sale of the Public Units, net proceeds in the amount of \$6,900,000 from the sale of the Private Placement Units to the Founder, for a total of \$232,300,000, were placed in the Trust Account at Oppenheimer & Co., Inc. in New York, New York with Continental Stock Transfer & Trust Company acting as trustee. The proceeds held in the Trust Account may be invested by the trustee only in U.S. government treasury bills with a maturity of one hundred and eighty-five (185) days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940 which invest only in direct U.S. government obligations.

The Company incurred \$13,193,740 in transaction costs, consisting of \$4,600,000 of underwriting fees, \$9,200,000 of deferred underwriting fees for the two underwriters, Wells Fargo and William Blair, and \$843,740 of offering costs, of which \$25,000 remains in accounts payable as of June 30, 2023, partially offset by the reimbursement of \$1,450,000 of offering expenses by the Underwriters. On March 20, 2023, one of the Underwriters, Wells Fargo, waived all of their portion of the deferred underwriting fees totaling \$6,440,000. Using a portion of the net proceeds of the Offering that was not placed in the Trust Account, we repaid promissory notes issued to our Sponsor and an affiliate, which bore a total combined outstanding principal amount of \$133,465.

On March 28, 2023, stockholders elected to redeem 995,049 shares of the Company's common stock. Following such redemptions, \$10,449,625 was withdrawn from the Trust Account. As a result of this redemption, our Founder and management team beneficially own approximately 68.4% of our issued and outstanding common stock.

For the six months ended June 30, 2023, the Company also incurred \$286,070 in taxes, consisting of \$76,476 of franchise taxes to the State of Delaware and \$209,594 of income taxes for interest earned in the Trust Account.

As of June 30, 2023, we had cash of \$7,480 held outside the Trust Account for working capital purposes. There has been no material change in the planned use of the proceeds from the Offering and the Private Placement as is described in the final prospectus included in the Offering Registration Statement.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

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Item 6. Exhibits.

Exhibit Number	Description
31.1*	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>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.</u>
32.2*	<u>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.</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

SIGNATURES

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

GigCapital5, Inc.

Date: August 14, 2023

By: /s/ Dr. Raluca Dinu
Dr. Raluca Dinu
Chief Executive Officer, President and Secretary
(Principal Executive Officer)

Date: August 14, 2023

By: /s/ Brad Weightman
Brad Weightman
Treasurer and Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Raluca Dinu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GigCapital5, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Dr. Raluca Dinu

Name: Dr. Raluca Dinu
Chief Executive Officer, President and Secretary
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brad Weightman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GigCapital5, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Brad Weightman

Name: Brad Weightman
Treasurer and Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Pursuant to 18 U.S.C. 1350

(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report on Form 10-Q of GigCapital5, Inc. (the "Company") for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Raluca Dinu, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: August 14, 2023

By: /s/ Dr. Raluca Dinu

Dr. Raluca Dinu

Chief Executive Officer, President and Secretary

(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Pursuant to 18 U.S.C. 1350

(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report on Form 10-Q of GigCapital5, Inc. (the "Company") for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Brad Weightman, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(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: August 14, 2023

By: /s/ Brad Weightman

Brad Weightman

Treasurer and Chief Financial Officer

(Principal Financial and Accounting Officer)