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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-40646

**ABSCI CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

18105 SE Mill Plain Blvd  
Vancouver, WA

(Address of Principal Executive Offices)

85-3383487

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

98683

(Zip Code)

(360) 949-1041

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value	ABSI	The Nasdaq Global Select Market

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

The registrant had outstanding 92,938,477 shares of \$0.0001 par value common stock as of October 31, 2023.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs and other information that is not historical information. Many of these statements appear, in particular, under the headings “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Risk Factors”. Forward-looking statements can often be identified by the use of terminology such as “may,” “might,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking. In particular, these forward-looking statements include, but are not limited to:

- our expectations regarding our further development of, successful application of, and the rate and degree of market acceptance of, our Integrated Drug Creation platform, including progress towards fully *in silico* biologic drug discovery;
- our expectations regarding our ability to leverage our Integrated Drug Creation platform to shorten preclinical development of biologics;
- our expectations regarding the markets for our services and technologies, including the growth rate of the biologics market;
- our ability to attract new partners and enter into technology development agreements that contain milestone and royalty obligations in favor of us;
- our potential to receive revenue from the achievement of milestones and from royalties on net sales under agreements with our partners with respect to products originating from our Integrated Drug Creation platform;
- our ability to enter into license agreements for our existing Active Programs with those partners who do not currently have milestone payment and royalty obligations to us;
- our ability to manage and grow our business by expanding our relationships with existing partners or introducing our Integrated Drug Creation platform to new partners and developing lead drug candidates for our internal drug discovery efforts;
- the effects of the organizational realignment that we announced in September 2023;
- our expectations regarding our current and future partners’ continued development of, and ability to commercialize, biologic drugs generated utilizing our platform;
- our plans and expectations regarding our internal discovery and development of programs using our platform;
- our estimates of our expenses, ongoing losses, future revenue, capital requirements and our need for or ability to obtain additional funding before we can expect to generate additional revenue;
- our estimates of the sufficiency of our cash and cash equivalents and short-term investments;
- our calculations and estimates related to the valuation of our intangible assets;
- our ability to establish, maintain or expand collaborations, partnerships or strategic relationships;
- our ability to provide our partners with a full biologic drug discovery and cell line development solution from target to Investigational New Drug application (IND)-ready, including non-standard amino acid incorporation capabilities;

- our ability to obtain, maintain and enforce intellectual property protection for our platform, products and technologies, the duration of such protection and our ability to operate our business without infringing on the intellectual property rights of others;
- our ability to attract, hire and retain key personnel and to manage our growth effectively;
- our expectations regarding use of our cash and cash equivalents and short-term investments;
- our financial performance and that of companies in our industry and the financial markets generally;
- the volatility of the trading price of our common stock;
- our competitive position and the development of and projections relating to our competitors or our industry;
- the impact of laws and regulations;
- our expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act of 2012 (JOBS Act); and
- global economic conditions, including market volatility, acts of war and civil and political unrest, and our expectations about market trends and effects from inflation.

We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements we make. Moreover, we operate in a competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, collaborations, joint ventures, or investments we may make or enter into.

You should read this Quarterly Report and the documents that we file with the Securities and Exchange Commission, or the SEC, with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements contained in this Quarterly Report are made as of the date of this Quarterly Report, and we do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

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

Except as otherwise indicated, references in this Quarterly Report on Form 10-Q to “Absci,” the “Company,” “we,” “us,” and “our” refer to Absci Corporation and its subsidiaries.

#### Trademarks

This Quarterly Report on Form 10-Q contains references to our trademarks and service marks and to those belonging to third parties. Absci®, SoluPro® and SoluPure® are our registered trademarks with the U.S. Patent and Trademark Office. We also use various other trademarks, service marks and trade names in our business, including the Absci’s stylized A logo, HiPrBind, Bionic proteins, Translating Ideas into Drugs, Bionic SoluPro, Integrated Drug Creation, Unlimit with us, Creating drugs at the speed of Ai, Better biologics for patients, faster, Breakthrough therapeutics at the click of a button, for everyone, Denovium, and Denovium Engine. All other trademarks, service marks or trade names referred to in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, the trademarks and trade names in this Quarterly Report on Form 10-Q may be referred to with or without the ® and ™ symbols, but references which omit the ® and ™ symbols should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

#### Availability of Other Information about Absci

Investors and others should note that we routinely communicate with investors and the public using our website ([www.absci.com](http://www.absci.com)) and our investor relations website ([investors.absci.com](http://investors.absci.com)) free of charge, including without limitation, through the posting of investor presentations, SEC filings (including amendments and exhibits to such filings as soon as reasonably practicable after filed with or furnished to the SEC), press releases, public conference calls and webcasts on these websites, as well as on X (Twitter), LinkedIn and YouTube. The information that we post on these websites and social media outlets could be deemed to be material information. As a result, investors, the media, and others interested in Absci are encouraged to review this information on a regular basis. The contents of our website and social media postings, or any other website that may be accessed from our website or social media postings, shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

## Part I. Financial Information

### Item 1. Financial Statements

#### ABSCI CORPORATION UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except for share and per share data)	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 69,733	\$ 59,955
Restricted cash	16,035	15,023
Short-term investments	43,746	104,476
Receivables under development arrangements, net	800	1,550
Prepaid expenses and other current assets	4,399	5,859
Total current assets	134,713	186,863
Operating lease right-of-use assets	4,688	5,319
Property and equipment, net	45,213	52,723
Intangibles, net	49,095	51,622
Goodwill	—	21,335
Restricted cash, long-term	1,098	1,864
Other long-term assets	1,537	1,282
<b>TOTAL ASSETS</b>	<b>\$ 236,344</b>	<b>\$ 321,008</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,909	\$ 2,412
Accrued expenses	19,677	20,481
Long-term debt	3,213	2,946
Operating lease obligations	1,746	1,690
Financing lease obligations	1,083	2,296
Deferred revenue	345	445
Total current liabilities	27,973	30,270
Long-term debt - net of current portion	5,549	7,984
Operating lease obligations - net of current portion	5,995	7,317
Finance lease obligations - net of current portion	162	750
Deferred tax, net	249	238
Other long-term liabilities	—	35
<b>TOTAL LIABILITIES</b>	<b>39,928</b>	<b>46,594</b>
Commitments (See Note 8)		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 0 shares issued and outstanding as of September 30, 2023 and December 31, 2022	—	—
Common stock, \$0.0001 par value; 500,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 92,936,980 and 92,411,103 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	9	9
Additional paid-in capital	579,416	570,454
Accumulated deficit	(382,950)	(295,929)
Accumulated other comprehensive loss	(59)	(120)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>196,416</b>	<b>274,414</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 236,344</b>	<b>\$ 321,008</b>

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

**ABSCI CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(In thousands, except for share and per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenues</b>				
Technology development revenue	\$ 744	\$ 2,004	\$ 5,380	\$ 3,094
Collaboration revenue	—	365	—	1,096
Total revenues	744	2,369	5,380	4,190
<b>Operating expenses</b>				
Research and development	11,029	15,525	35,798	47,593
Selling, general and administrative	9,505	11,407	28,508	32,803
Depreciation and amortization	3,513	3,404	10,515	9,451
Goodwill impairment	—	—	21,335	—
Total operating expenses	24,047	30,336	96,156	89,847
Operating loss	(23,303)	(27,967)	(90,776)	(85,657)
<b>Other income (expense)</b>				
Interest expense	(229)	(279)	(806)	(685)
Other income, net	1,572	675	4,613	948
Total other income (expense), net	1,343	396	3,807	263
Loss before income taxes	(21,960)	(27,571)	(86,969)	(85,394)
Income tax (expense) benefit	(34)	312	(52)	(39)
Net loss	\$ (21,994)	\$ (27,259)	\$ (87,021)	\$ (85,433)
<b>Net loss per share:</b>				
Basic and diluted	\$ (0.24)	\$ (0.30)	\$ (0.95)	\$ (0.94)
<b>Weighted-average common shares outstanding:</b>				
Basic and diluted	92,217,234	91,105,265	91,844,221	90,686,517
<b>Comprehensive loss:</b>				
Net loss	\$ (21,994)	\$ (27,259)	\$ (87,021)	\$ (85,433)
Foreign currency translation adjustments	78	(27)	22	(77)
Unrealized gain on investments	9	114	39	116
Comprehensive loss	\$ (21,907)	\$ (27,172)	\$ (86,960)	\$ (85,394)

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

**ABSCI CORPORATION**  
**UNAUDITED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(In thousands, except for share and per share data)	Common Stock				Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit		
<b>Balances - December 31, 2022</b>	92,411,103	\$ 9	\$ 570,454	\$ (295,929)	\$ (120)	\$ 274,414
Issuance of shares under stock plans, net of shares withheld for tax payments	171,899	—	229	—	—	229
Stock-based compensation	—	—	2,652	—	—	2,652
Forfeiture of common stock	(101,030)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	(14)	(14)
Unrealized gain on investments	—	—	—	—	39	39
Net loss	—	—	—	(23,355)	—	(23,355)
<b>Balances - March 31, 2023</b>	92,481,972	\$ 9	\$ 573,335	\$ (319,284)	\$ (95)	\$ 253,965
Issuance of shares under stock plans, net of shares withheld for tax payments	108,621	—	116	—	—	116
Stock-based compensation	—	—	3,041	—	—	3,041
Foreign currency translation adjustments	—	—	—	—	(42)	(42)
Unrealized loss on investments	—	—	—	—	(9)	(9)
Net loss	—	—	—	(41,672)	—	(41,672)
<b>Balances - June 30, 2023</b>	92,590,593	\$ 9	\$ 576,492	\$ (360,956)	\$ (146)	\$ 215,399
Issuance of shares under stock plans, net of shares withheld for tax payments	346,387	—	380	—	—	380
Stock-based compensation	—	—	2,544	—	—	2,544
Foreign currency translation adjustments	—	—	—	—	78	78
Unrealized gain on investments	—	—	—	—	9	9
Net loss	—	—	—	(21,994)	—	(21,994)
<b>Balances - September 30, 2023</b>	92,936,980	\$ 9	\$ 579,416	\$ (382,950)	\$ (59)	\$ 196,416



(In thousands, except for share and per share data)	Common Stock			Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount					
<b>Balances - December 31, 2021</b>	92,648,036	\$ 9	\$ 557,136	\$ (191,025)	\$ (13)	\$ 366,107	
Issuance of shares under stock plans, net of shares withheld for tax payments	187,151		213	—	—	213	
Stock-based compensation	—	—	3,680	—	—	3,680	
Foreign currency translation adjustments	—	—	—	—	(10)	(10)	
Net loss	—	—	—	(29,494)	—	(29,494)	
<b>Balances - March 31, 2022</b>	92,835,187	\$ 9	\$ 561,029	\$ (220,519)	\$ (23)	\$ 340,496	
Issuance of shares under stock plans, net of shares withheld for tax payments	195,418	—	215	—	—	215	
Stock-based compensation	—	—	4,200	—	—	4,200	
Forfeiture of common stock	(249,618)	—	—	—	—	—	
Foreign currency translation adjustments	—	—	—	—	(40)	(40)	
Unrealized gain on investments	—	—	—	—	2	2	
Other	1	—	—	—	—	—	
Net loss	—	—	—	(28,680)	—	(28,680)	
<b>Balances - June 30, 2022</b>	92,780,988	\$ 9	\$ 565,444	\$ (249,199)	\$ (61)	\$ 316,193	
Issuance of shares under stock plans, net of shares withheld for tax payments	103,787	—	162	—	—	162	
Stock-based compensation	—	—	3,759	—	—	3,759	
Foreign currency translation adjustments	—	—	—	—	(27)	(27)	
Unrealized gain on investments	—	—	—	—	114	114	
Net loss	—	—	—	(27,259)	—	(27,259)	
<b>Balances - September 30, 2022</b>	92,884,775	\$ 9	\$ 569,365	\$ (276,458)	\$ 26	\$ 292,942	
<b>Balances -</b>							

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

**ABSCI CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)	For the Nine Months Ended September 30,	
	2023	2022
<b>Cash Flows From Operating Activities</b>		
Net loss	(87,021)	(85,433)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	10,515	9,451
Deferred income taxes	11	13
Stock-based compensation	8,237	11,516
Goodwill impairment	21,335	—
Accretion of discount on short-term investments	(2,275)	—
Other	(490)	853
Changes in operating assets and liabilities:		
Receivables under development arrangements	723	965
Prepaid expenses and other current assets	1,460	3,436
Operating lease right-of-use assets and liabilities	(635)	(467)
Other long-term assets	(255)	—
Accounts payable	(380)	(1,224)
Accrued expenses and other liabilities	(839)	(1,207)
Deferred revenue	(100)	(674)
Net cash used in operating activities	(49,714)	(62,771)
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(843)	(15,615)
Acquisitions, net of cash acquired	—	(8,000)
Investment in short-term investments	(122,196)	(73,853)
Proceeds from maturities of short-term investments	185,897	—
Proceeds from sales of property and equipment	128	15
Proceeds from property insurance settlements	—	650
Net cash provided by (used in) investing activities	62,986	(96,803)
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of long-term debt	—	9,407
Principal payments on long-term debt	(2,168)	(4,086)
Principal payments on finance lease obligations	(1,805)	(2,067)
Proceeds from issuance of common stock, net of issuance costs	725	590
Net cash (used in) provided by financing activities	(3,248)	3,844
Net increase (decrease) in cash, cash equivalents, and restricted cash	10,024	(155,730)
Cash, cash equivalents and restricted cash - Beginning of year	76,842	279,926
Cash, cash equivalents, and restricted cash - End of period	\$ 86,866	\$ 124,196
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>		
Right-of-use assets obtained in exchange for operating lease obligation	—	109
Cash paid for amounts included in the measurement of operating lease liabilities	1,783	1,717
Property and equipment purchases included in accounts payable	—	261

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

**ABSCI CORPORATION**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization and nature of operations**

Absci Corporation (the “Company”) is a generative AI drug creation company harnessing deep learning and synthetic biology to expand the therapeutic potential of proteins. Absci leverages its integrated drug creation platform (the “Integrated Drug Creation Platform”) to identify novel drug targets and create promising biotherapeutic candidates. The Company was organized in the State of Oregon in August 2011 as a limited liability company and converted to a limited liability company (“LLC”) in Delaware in April 2016. In October 2020, the Company converted from a Delaware LLC to a Delaware corporation. The Company’s headquarters are located in Vancouver, Washington.

***Unaudited interim financial information***

The Company prepared its interim condensed consolidated financial statements that accompany these notes in conformity with U.S. GAAP, consistent in all material respects with those applied in its Annual Report on Form 10-K for the year ended December 31, 2022.

The Company has made estimates and judgments affecting the amounts reported in its condensed consolidated financial statements and the accompanying notes. The actual results that the Company experiences may differ materially from its estimates. The interim financial information is unaudited and reflects all normal adjustments that are, in the Company’s opinion, necessary to provide a fair statement of results for the interim periods presented. This report should be read in conjunction with the consolidated financial statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 where the Company includes additional information about its critical accounting estimates.

**2. Summary of significant accounting policies**

***Basis of presentation***

The condensed consolidated financial statements are prepared in accordance with U.S. GAAP as defined by the Financial Accounting Standards Board (“FASB”). The condensed consolidated financial statements include the Company’s wholly-owned subsidiaries and entities under its control. The Company has eliminated all intercompany transactions and accounts.

There have been no material changes in the accounting policies from those disclosed in the audited consolidated financial statements and the related notes included in the Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 30, 2023.

**3. Revenue recognition**

***Contract balances***

Contract assets are generated when contractual billing schedules differ from revenue recognition timing and the Company records a contract asset when it has an unconditional right to consideration. As of September 30, 2023 and December 31, 2022, contract assets were \$0.6 million and \$1.1 million, respectively.

Contract liabilities are recorded in deferred revenue when cash payments are received or due in advance of the satisfaction of performance obligations. As of September 30, 2023 and December 31, 2022, contract liabilities were \$0.3 million and \$0.4 million, respectively. During the three and nine months ended September 30, 2023, the Company recognized \$0.0 million and \$0.4 million, respectively, as revenue that had been included in deferred revenue at the beginning of the period. During the three and nine months ended September 30, 2022, the Company recognized \$0.4 million and \$1.2 million, respectively, as revenue that had been included in deferred revenue at the beginning of the period.

**4. Investments**

Cash equivalents, marketable securities and deposits are classified as available-for-sale and are, therefore, recorded at fair value on the condensed consolidated balance sheet, with any unrealized gains and losses reported in accumulated other comprehensive income (loss), which is reflected as a separate component of stockholders’ equity in the Company’s condensed consolidated balance sheet, until realized. The Company

**ABSCI CORPORATION**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The amortized cost and fair value of investments are as follows (in thousands):

	September 30, 2023			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair market value
<b>Assets</b>				
Money market funds	\$ 2,857	\$ —	\$ —	\$ 2,857
U.S. treasury bills	51,439	2	(4)	51,437
Total	\$ 54,296	\$ 2	\$ (4)	\$ 54,294
<b>Classified as:</b>				
Cash equivalents				\$ 10,548
Short-term investments				43,746
Total				\$ 54,294

	December 31, 2022			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair market value
<b>Assets</b>				
Money market funds	\$ 5,050	\$ —	\$ —	\$ 5,050
Certificates of deposit	27,740	—	—	27,740
U.S. treasury bills	76,777	2	(43)	76,736
Total	\$ 109,567	\$ 2	\$ (43)	\$ 109,526
<b>Classified as:</b>				
Cash equivalents				\$ 5,050
Short-term investments				104,476
Long-term investments				—
Total				\$ 109,526

Investments held as of September 30, 2023 consist of cash equivalents with original maturities of three months or less and U.S. treasury bills with original maturities between three and six months. Proceeds from maturities of available for sale securities were \$54.0 million and \$189.9 million for the three and nine months ended September 30, 2023, respectively. Proceeds from maturities of available for sale securities were \$50.0 million for the three and nine months ended September 30, 2022. There were no realized gains and losses on securities for the three and nine months ended September 30, 2023 and September 30, 2022. Unrealized gains and losses on securities were primarily due to changes in interest rates.

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The fair values of investments in an unrealized loss position are as follows (in thousands):

	September 30, 2023			
	Less than 12 Months		12 Months or Greater	
	Fair value	Unrealized loss	Fair value	Unrealized loss
U.S. treasury bills	\$ 25,772	\$ (4)	\$ —	\$ —
Total	\$ 25,772	\$ (4)	\$ —	\$ —

	December 31, 2022			
	Less than 12 Months		12 Months or Greater	
	Fair value	Unrealized loss	Fair value	Unrealized loss
U.S. treasury bills	\$ 61,845	\$ (43)	\$ —	\$ —
Total	\$ 61,845	\$ (43)	\$ —	\$ —

The Company does not intend to sell securities that are in an unrealized loss position and believes that it is not more likely than not that it will be required to sell these securities before recovery of amortized cost.

### 5. Property and equipment, net

Property and equipment consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Construction in progress	\$ —	\$ 293
Lab Equipment	34,324	34,168
Software	298	298
Furniture, Fixtures and Other	6,417	6,307
Leasehold Improvements	27,049	26,860
Total Cost	68,088	67,926
Less accumulated depreciation and amortization	(22,875)	(15,203)
Property and equipment, net	\$ 45,213	\$ 52,723

Depreciation expense was \$2.7 million and \$8.0 million for the three and nine months ended September 30, 2023, respectively. Depreciation expense was \$2.6 million and \$6.9 million for the three and nine months ended September 30, 2022, respectively.

For details regarding the interim impairment assessment performed for long-lived assets see Note 6: Goodwill and Intangibles, net.

### 6. Goodwill and intangibles, net

Goodwill is tested for impairment on an annual basis in the fourth quarter, or sooner if an indicator of impairment exists. The Company may elect to first assess qualitative factors to determine whether it is more-likely-than-not that the fair value of goodwill at the reporting unit level is less than the carrying amount. The qualitative assessment includes consideration of relevant events and circumstances that would affect the Company's single reporting unit, including macroeconomic, industry and market conditions, overall financial performance, and trends in the market price of the Company's common stock.

During the second quarter, the Company performed an interim qualitative impairment assessment of goodwill as of June 30, 2023 and concluded that the duration and extent of the sustained decline in the

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Company's stock price and resulting market capitalization below cash and short-term investments for a period of time within the three months ended June 30, 2023 were indicators of impairment that triggered a quantitative assessment.

The Company performed a quantitative impairment evaluation of goodwill as of June 30, 2023 utilizing both income and market approaches. The income approach utilized the estimated discounted cash flows for the single reporting unit while the market approach utilized comparable company information. The fair value of equity was derived using a discount rate commensurate with the related risk and an estimate of a control premium applied to the Company's implied enterprise value. The discounted cash flow method requires significant judgments, including estimation of future cash flows, which is dependent on internally developed forecasts, estimation of the long-term rate of growth for the business, and determination of weighted average cost of capital. The models used to estimate the fair value of the single reporting unit are reflective of significant assumptions, including the following:

- Forecasted revenues from current and future programs;
- Probability of the Company's partners electing licensing options for clinical development, clinical success, and obtaining regulatory approval;
- Forecasted research and development and general and administrative expenses to sustain forecasted program growth which are reflective of efficiencies gained as the business and platform evolve;
- A discount rate reflecting the Company's weighted average cost of capital and specific entity risk; and
- A control premium based upon recently observed transactions in technology platform-based companies in the life science industry.

The estimates and assumptions used to determine fair value include determinations that are categorized as Level 3 in the fair value hierarchy due to use of internal projections and unobservable measurement inputs. The assumptions used in our impairment analysis are inherently subject to uncertainty and the Company notes that small changes in these assumptions could have a significant impact on the concluded value. In order to further validate the reasonableness of the fair value concluded for the reporting unit, a reconciliation to market capitalization was performed by estimating a reasonable implied control premium and other market factors. The control premium was estimated based upon control premiums observed in recent comparable market transactions. The Company reconciled the estimated fair value of the reporting unit utilizing the market capitalization based on the stock price as of June 30, 2023.

The Company concluded the fair value of the single reporting unit was less than its carrying value and that the Company's recorded goodwill was fully impaired as of June 30, 2023. The Company recognized a non-cash, pre-tax goodwill impairment charge of \$21.3 million during the three months ended June 30, 2023 reported as goodwill impairment on the unaudited condensed consolidated statement of operations and comprehensive loss.

Goodwill assets are as follows (in thousands):

	September 30, 2023			December 31, 2022		
	Gross Assets	Accumulated Impairment	Net	Gross Assets	Accumulated Impairment	Net
Goodwill	\$ 21,335	\$ (21,335)	\$ —	\$ 21,335	\$ —	\$ 21,335

In conjunction with, and in advance of, the interim test of goodwill of the single reporting unit, the Company also performed an interim qualitative impairment assessment of long-lived assets as of June 30, 2023 which indicated that the carrying amount of the long-lived assets might not be recoverable. To test these long-lived assets for recoverability, the Company compared the estimated future cash flows (on an undiscounted basis) to be generated from the use and residual value of the entity-wide asset group to its carrying value and concluded that the long-lived assets were not impaired as of June 30, 2023. It is reasonably possible that changes in future operating results, cash flows, or market capitalization, as well as future changes related to the asset group may result in the need to write down the asset group to fair value. The Company will

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continue to monitor for events occurring or circumstances changing which may suggest that long-lived assets should be reevaluated.

Intangible assets are as follows (in thousands):

	September 30, 2023			December 31, 2022		
	Gross Assets	Accumulated Amortization	Net	Gross Assets	Accumulated Amortization	Net
Denovium Engine	2,507	(1,350)	1,157	2,507	(975)	1,532
Monoclonal antibody library	46,300	(5,377)	40,923	46,300	(3,640)	42,660
Developed software platform and the related methods patents	8,300	(1,285)	7,015	8,300	(870)	7,430
Intangible assets, net	<u>\$ 57,107</u>	<u>\$ (8,012)</u>	<u>\$ 49,095</u>	<u>\$ 57,107</u>	<u>\$ (5,485)</u>	<u>\$ 51,622</u>

Amortization expense related to intangible assets was \$0.8 million for the three months ended September 30, 2023 and 2022 and \$2.5 million for the nine months ended September 30, 2023 and 2022 and is reflected within depreciation and amortization expense on the condensed consolidated statement of operations and comprehensive loss.

Future amortization expense for the Company's intangible assets as of September 30, 2023 is estimated as follows (in thousands):

Years Ending December 31:	
2023 (three months remaining)	\$ 843
2024	3,370
2025	3,370
2026	2,897
2027	2,868

## 7. Long-term debt and other borrowings

### *Equipment financing*

In 2022, the Company received a total of \$12.0 million of proceeds from equipment financing arrangements. Terms of the agreements require monthly payments over 42-48 month maturities with imputed interest rates ranging from 8%-10%. All outstanding principal and accrued and unpaid interest are due and payable at maturity. These loans are secured by certain tangible assets of the Company, include certain financial covenants, and contain subjective acceleration clauses that allow for outstanding amounts under the agreement to become immediately due in the event of a material adverse change in the Company's business condition or change in control. The Company was in compliance with all applicable financial covenants as of September 30, 2023.

The carrying amount of the long-term debt approximates fair value.

## 8. Commitments and contingencies

As of September 30, 2023, future lease payments are secured by irrevocable standby letters of credit totaling \$1.9 million. The irrevocable standby letters of credit are expected to be pledged for the full lease terms which extend through 2024 and 2028 for each of the Company's facility leases.

The Company is not currently party to any material claims or legal proceedings. At each reporting date, the Company evaluates whether or not a potential loss or a potential range of loss is both probable and reasonably estimable.

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**9. Stock-based compensation**

The Company grants stock options, restricted stock units, and stock appreciation rights (“SARs”) under the 2021 Stock Option and Incentive Plan (“2021 Plan”) as awards to incentivize employee service. On January 1, 2023, the number of shares of common stock reserved for future issuance under the 2021 Plan was increased by 4,620,555 shares pursuant to an automatic annual increase. As of September 30, 2023, 6,077,827 shares were available for issuance under the 2021 Plan.

Total stock-based compensation expense related to all of the Company’s stock-based awards was recorded in the condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Research and development	978	1,240	\$ 3,414	\$ 4,360
Selling, general and administrative	1,575	2,352	4,859	7,258
<b>Total stock-based compensation expense</b>	<b>\$ 2,553</b>	<b>\$ 3,592</b>	<b>\$ 8,273</b>	<b>\$ 11,618</b>

**Stock options**

Stock options generally vest 25% after one year from the date of the grant with the remainder vesting monthly over the following three-year period. Certain options have alternative vesting schedules including ratably over 1-4 years and immediate vesting. The Company recognizes forfeitures as they occur and uses the straight-line expense recognition method. Activity for stock options is shown below:

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands \$)
Outstanding at December 31, 2022	11,429,399	\$ 4.49	8.4	\$ 2,949
Granted	10,567,181	2.00		
Exercised	(420,625)	1.10		250
Canceled/Forfeited	(3,009,430)	3.93		
Expired	(373,474)	6.23		
Outstanding at September 30, 2023	18,193,051	3.18	8.6	\$ 489
Exercisable at September 30, 2023	4,687,385	\$ 4.08	6.8	\$ 407
Vested and expected to vest as of September 30, 2023	18,193,051	\$ 3.18	8.6	\$ 489

The aggregate intrinsic value of outstanding stock options as of September 30, 2023 was calculated based on the Company’s closing stock price of \$1.32 per share as reported on the Nasdaq Global Select Market on such date.

The weighted-average grant date fair value of stock options granted during the three and nine months ended September 30, 2023 was \$1.39 and \$1.43, respectively, per share. The weighted-average grant date fair value of stock options granted during the three and nine months ended September 30, 2022 was \$2.05 and \$3.79, respectively, per share. The aggregate grant date fair value of options vested during the three and nine months ended September 30, 2023 was \$2.6 million and \$8.6 million, respectively. The aggregate grant date fair value of options vested during the three and nine months ended September 30, 2022 was \$2.5 million and \$8.2 million, respectively. As of September 30, 2023, total unrecognized stock-based compensation related to stock options was \$24.9 million, which the Company expects to recognize over a remaining weighted average period of 2.8 years.



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**Determination of fair value**

The estimated grant-date fair value of all the Company's stock options was calculated using the Black-Scholes option pricing model, based on the following assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Expected term (in years)	5.8-6.1	5.9-6.9	5.3-6.1	5.5-7.0
Volatility	80%-81%	64%-65%	79%-81%	63%-67%
Risk-free interest rate	4.1%-4.3%	2.6%-3.3%	3.4%-4.3%	0.8%-3.3%
Dividend Yield	—%	—%	—%	—%

**Restricted stock**

Activity for the shares of restricted stock is shown below:

	Number of shares
Unvested as of December 31, 2022	1,013,308
Forfeitures	(101,030)
Vested	(426,917)
Unvested as of September 30, 2023	485,361

As of September 30, 2023, there was \$1.0 million of unrecognized compensation expense related to the outstanding shares of restricted stock expected to be recognized over a remaining weighted-average period of 1.3 years.

**Stock appreciation rights**

In January 2021, the Company issued SARs that are contingent upon a liquidity event that is not probable of occurrence; accordingly, no compensation expense has been recognized for these awards. The aggregate intrinsic value of the 394,736 SARs outstanding as of September 30, 2023 is \$0.5 million based on the Company's closing stock price of \$1.32 per share as reported on the Nasdaq Global Select Market on such date.

Under the Company's 2020 Stock Option and Grant Plan and 2021 Plan, the Company has also granted a limited quantity of cash-settled SARs to certain employees and consultants based outside the United States. As of September 30, 2023, 195,150 of these SARs were outstanding with a weighted average exercise price of \$4.37 per share. The fair value is remeasured at the end of each reporting period based on the Company's stock price, with remeasurements reflected as an adjustment to compensation expense in the condensed consolidated statements of operations and comprehensive loss for such period. As of September 30, 2023 and December 31, 2022, the Company had recognized no liability for SARs classified within other long-term liabilities on the condensed consolidated balance sheets.

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**Employee stock purchase plan**

In July 2021, the Company's Board of Directors adopted the 2021 Employee Stock Purchase Plan ("2021 ESPP"), which was subsequently approved by the Company's stockholders and became effective in connection with the Company's initial public offering. The ESPP allows eligible employees to purchase shares of the Company's common stock through payroll deductions of up to 15% of their regular compensation at a discount of 85% of the fair market value of the Company's common stock on the first day or last day, whichever is less, of the applicable offering period, subject to any plan limitations. A total of 903,750 shares of common stock were reserved for issuance under the 2021 ESPP. On January 1, 2023, the number of shares of common stock reserved for issuance under the 2021 ESPP was increased by 924,111 shares pursuant to an automatic annual increase. As of September 30, 2023, 1,626,658 shares were available for issuance under the 2021 ESPP.

**10. Fair Value Measurements**

The Financial Accounting Standards Board ("FASB") has defined fair value to establish a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

When quoted market prices are available in active markets, the fair value of assets and liabilities is estimated within Level 1 of the valuation hierarchy.

If quoted prices are not available, then fair values are estimated by using pricing models, quoted prices of assets and liabilities with similar characteristics, or discounted cash flows, within Level 2 of the valuation hierarchy. In cases where Level 1 or Level 2 inputs are not available, the fair values are estimated by using inputs within Level 3 of the hierarchy.

The following tables summarize the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
<i>Debt Securities:</i>				
Money market funds	\$ 2,857	\$ —	\$ —	\$ 2,857
U.S. treasury bills	51,437	—	—	51,437
<b>Total assets</b>	<b>\$ 54,294</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 54,294</b>
<b>Liabilities:</b>				
Contingent consideration	\$ —	\$ —	\$ 12,750	\$ 12,750
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 12,750</b>	<b>\$ 12,750</b>

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	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Debt Securities:				
Money market funds	\$ 5,050	\$ —	\$ —	\$ 5,050
Certificates of deposit	27,740	—	—	27,740
U.S. treasury bills	76,736	—	—	76,736
Total assets	<u>\$ 109,526</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 109,526</u>
<b>Liabilities:</b>				
Contingent consideration	\$ —	\$ —	\$ 12,750	\$ 12,750
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,750</u>	<u>\$ 12,750</u>

The following table provides reconciliation for all liabilities measured at fair value using significant unobservable inputs (Level 3) for the nine months ended September 30, 2023 (in thousands):

	Contingent consideration	Total liabilities
Balance at December 31, 2022	\$ 12,750	\$ 12,750
Change in fair value during 2023	—	—
Balance at September 30, 2023	<u>\$ 12,750</u>	<u>\$ 12,750</u>

The Company reviews trading activity and pricing for its available-for-sale securities as of the measurement date.

The contingent consideration liability is related to the acquisition of Totient, Inc. and is included in accrued expenses on the condensed consolidated balance sheet as of September 30, 2023. The fair value estimate is based on a probability-weighted approach. Changes in fair value of the contingent consideration liability are included within research and development expense on the condensed consolidated statement of operations. The contingent consideration of \$15.0 million held in escrow shall be paid upon the achievement of specific milestones and is included in restricted cash on the condensed consolidated balance sheet as of September 30, 2023.

There are significant judgments, assumptions and estimates inherent in the determination of the fair value of each of the instruments described above. In the future, depending on the valuation approaches used and the expected timing and weighting of each, the inputs described above, or other inputs, may have a greater or lesser impact on the Company's estimates of fair value.

#### **11. Net loss per share**

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period.

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The following table sets forth the computation of the Company's basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share amounts):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Numerator:</b>				
Net loss	\$ (21,994)	\$ (27,259)	\$ (87,021)	\$ (85,433)
<b>Denominator:</b>				
Weighted-average common shares outstanding	92,217,234	91,105,265	91,844,221	90,686,517
<b>Net loss per share, basic and diluted</b>	<b>\$ (0.24)</b>	<b>\$ (0.30)</b>	<b>\$ (0.95)</b>	<b>\$ (0.94)</b>

The common stock issuable upon the conversion or exercise of the following dilutive securities has been excluded from the diluted net loss per share calculation because their effect would have been anti-dilutive. Diluted net loss per share, therefore, does not differ from basic net loss per share for the periods presented.

Potentially dilutive securities not included in the calculation of diluted net loss per share because to do so would be anti-dilutive are as follows (in common stock equivalent shares):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Stock options	17,618,318	11,125,698	16,210,430	10,471,807
Restricted stock units	96,367	52,942	51,336	50,056
Unvested restricted stock	527,932	1,745,926	702,412	2,110,865
Employee stock purchase plan	105,842	—	89,520	—

## 12. Income taxes

The Company's effective income tax rate from continuing operations was 0.1% and 0.0% for the nine months ended September 30, 2023 and 2022, respectively. The difference between the effective rate and the statutory rate is primarily attributed to the change in the valuation allowance against net deferred tax assets.

The Company estimates an annual effective income tax rate based on projected results for the year and applies this rate to income before taxes to calculate income tax expense. When applicable, the income tax provision also includes adjustments for discrete tax items. Any refinements made due to subsequent information that affects the estimated annual effective income tax rate are reflected as adjustments in the current period.

The Company recognizes the effect of income tax positions only if those positions are "more likely than not" of being sustained. As of September 30, 2023, the Company has \$2.1 million of unrecognized tax benefits. Interest and penalties accrued on unrecognized tax benefits are recorded as tax expense within the condensed consolidated financial statements. The Company does not expect a significant increase or decrease to the total amounts of unrecognized tax benefits within the next twelve months.

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

### Overview

We are a generative AI drug creation company harnessing deep learning and synthetic biology to expand the therapeutic potential of proteins. We leverage our Integrated Drug Creation platform to identify novel drug targets and create encouraging biotherapeutic candidates. We believe our approach enables us, and our partners, to develop novel biologics that are optimized for many traits at disruptive speed.

We couple our powerful deep learning AI models, built to understand and predict determinants of protein function, with our proprietary synthetic biology capabilities, which include high-throughput single-cell assays that can evaluate billions of drug sequence variants, each within its production cell line, for target binding affinity, protein quality, and production level (titer). This combination of *in silico* modeling with wet lab testing allows us to generate immense real-world datasets that we harness to train and refine our deep learning models. These models guide our protein and cell line designs and enable *in silico* optimization of multiple attributes. Our target platform technology uses machine learning computational methods to evaluate patient tissue samples and, without biological bias, identify disease-relevant fully human antibodies and their disease- and tissue-specific molecular targets. In addition to the direct utility of these antibodies and targets as drug discovery assets, these data comprising antibody-epitope recognition elements expand our AI models' training sets and may improve predictive capabilities for future discovery campaigns.

Through iterative AI predictions, wet lab validation, and AI training, we enable a virtuous cycle that we believe will accelerate us toward fully *in silico* biologic drug discovery. Our unique Integrated Drug Creation approach has the potential to significantly shorten preclinical development timelines and expand therapeutic possibilities.

Our goal is to become the technology leader in biologic drug creation. Our business model is to use our platform for the rapid creation of biologic drug candidates by:

**Establishing partnerships with stakeholders in the drug development life cycle:** We develop drug candidates for partners, including those who are responsible for preclinical and clinical testing of biologics generated through our platform. Our partnerships will provide us with the opportunity to participate in the future success of the biologics generated utilizing our platform, through potential clinical, regulatory and commercial milestone payments as well as royalties on net sales of approved products. We aim to assemble economic interests in a diversified portfolio of partners' biologics across multiple indications.

**Developing our own drug discovery pipeline:** We intend to develop drug candidates for our own drug discovery pipeline. With the ability to find both targets and lead candidates, we intend to develop promising lead candidates up to the Investigational New Drug application (IND) stage or later. We may enter into clinical trials and/or manufacturing partnerships to advance a lead candidate. Advancing development of our own pipeline will increase the value of our internal assets and serve as further validation of our platform.

Total revenue was \$0.7 million and \$5.4 million for the three and nine months ended September 30, 2023, respectively, compared to \$2.4 million and \$4.2 million for the three and nine months ended September 30, 2022, respectively, due to timing of project-based milestones achieved and the mix of ongoing programs utilizing our Integrated Drug Creation platform. For the three and nine months ended September 30, 2023 we incurred net losses of \$22.0 million and \$87.0 million, respectively. Net loss for the nine months ended September 30, 2023 includes a non-cash goodwill impairment charge in the amount of \$21.3 million. Research and development expenses decreased by \$11.8 million, or 25%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. As of September 30, 2023, we had an accumulated deficit of \$383.0 million and cash and cash equivalents and short-term investments totaling \$113.5 million.

We expect to continue to incur significant expenses in connection with our ongoing activities, including as we:

- implement an effective business development strategy to drive adoption of our Integrated Drug Creation platform by new and existing partners;
- develop our internal proprietary asset pipeline of lead drug candidates;
- continue to engage in research and development efforts and scale our technology development activities to meet potential demand at a reasonable cost;
- develop, acquire, in-license or otherwise obtain technologies that enable us to expand our platform capabilities;
- attract, retain and motivate highly qualified personnel;
- implement operational, financial and management information systems; and
- continue to operate as a public company.

In September 2023, we announced a plan to realign internal investments and operations to further focus on and allocate resources to our internal pipeline of drug discovery programs and our Integrated Drug Creation platform. In connection with this decision, we announced a reduction in our global workforce of 15%.

Our corporate headquarters and primary research and development facilities are located in Vancouver, Washington in a 77,974 square foot facility that includes general administrative office space and laboratory space. Our AI Research Lab is located in New York, New York and our Innovation Center is located in Zug, Switzerland. Additionally, we have a research and development presence in Belgrade, Serbia.

### ***Key Factors Affecting Our Results of Operations and Future Performance***

We believe that our future financial performance will be primarily driven by multiple factors as described below, each of which presents growth opportunities for our business. These factors also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations. Our ability to successfully address these challenges is subject to various risks and uncertainties, including those described in the section of this Quarterly Report titled "Risk Factors".

- **Establish new partnerships:** Our potential to grow revenue and long-term earnings will require us to successfully identify and establish technology development arrangements with new partners. We have been expanding and expect to continue to expand our business development team and our capabilities to find new partners.
- **Increase the number of programs under existing partnerships:** The execution of our long-term strategy relies substantially on the value our partners believe can be recognized from our programs. Our continued growth depends on our ability to expand the scope of our existing partnerships and add new molecules for Discovery or Cell Line Development ("CLD") partnerships with current partners.
- **Successfully complete our technology development activities and enter licensing arrangements with our partners:** Our business model depends upon entering into licensing arrangements with our partners to advance the drug candidates which we generate through clinical development to commercialization. Both our ability to successfully complete technology development activities to meet the needs of a partner, and the partner's prioritization of the subject program, impact the likelihood and timing of any election by a partner to enter into a licensing arrangement. There is no assurance that a partner will elect to license.
- **Our partners successfully developing and commercializing the drug candidates generated with our technology:** Our business model is dependent on the eventual progression of biologic drug candidates discovered or initially developed utilizing our Integrated Drug Creation platform into clinical trials and commercialization. Given the nature of our relationships with our partners, we do not control the progression, clinical development, regulatory strategy, public disclosure or eventual commercialization, if approved, of these product candidates. As a result, our future success and our potential eligibility to receive milestone payments and royalties are entirely dependent on our

partners' efforts over which we have no control. The timing and scope of any approval that may be required by the U.S. Food and Drug Administration (FDA), or any other regulatory body, for drugs that are developed based on molecules discovered and/or manufactured using our Integrated Drug Creation platform technologies can significantly impact our results of operations and future performance.

- **Create our proprietary asset pipeline.** We are in the process of selectively creating our own lead drug candidates and intend to advance them up to the IND stage or later. In some cases we may out-license or transfer drug candidates for clinical advancement by a partner, with the expectation of a greater share in the economics relative to the milestones and royalties we may secure for our core platform technology development licenses.
- **Continued significant investments in our research and development of new technologies and platform expansion:** We are seeking to further refine and expand our platform and the scope of our capabilities, which may or may not be successful. This includes, but is not limited to, novel target identification, *de novo* discovery, incorporation of non-standard amino acids (Bionic protein creation), and application of artificial intelligence across our Integrated Drug Creation platform. We may also invest significantly in developing our own proprietary lead drug candidates and advancing them through preclinical, or later, validation. We expect to incur significant expenses to advance these research and development efforts or to invest in or acquire complementary technologies, but these efforts may not be successful.
- **Drive commercial adoption of our Integrated Drug Creation platform capabilities:** Driving the adoption of our Integrated Drug Creation platform across existing and new markets will require significant investment. We plan to further invest in research and development to support the expansion of our platform capabilities including new molecules to existing partners or help deliver our platform to new markets.

### Key Business Metrics

We continue to identify key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Currently, given our stage of development, we believe that the following metrics are the most important for understanding our current business trajectory. These metrics may change or may be substituted for additional or different metrics as our business develops. For example, as our business matures and to the extent drug candidates generated with our technologies enter clinical development, or as we may enter partnerships addressing programs over multiple years, or as certain programs may be discontinued by partners, we anticipate updating these metrics to reflect such changes.

	September 30, 2023	December 31, 2022
Partners, Cumulative <sup>(1)</sup>	21	19
Programs, Cumulative <sup>(2)</sup>	51	47
Active Programs <sup>(3)</sup>	15	16

<sup>(1)</sup> Partners represents the unique number of partners with whom we have executed technology development agreements. We view this metric as an indication of our ability to execute our business development activities and level of our market penetration.

<sup>(2)</sup> Programs represents the number of molecules we have addressed or are addressing with our platform. We view this metric as an indication of the robustness of our technology and the commercial success of our platform.

<sup>(3)</sup> Active Programs represents the number of programs that are subject to ongoing technology development activities intended to determine if the program can be pursued by our partner for future clinical development, as well as any program for which our partner obtains and maintains a license to our technology to advance the program after completion of the technology development phase. There is no assurance, however, that our partners will advance any drug candidates that are currently the subject of Active Programs into further preclinical or clinical development or that our partners will elect to license our

technologies upon completion of the technology development phase in a timely manner, or at all. In light of the inherent risks and uncertainties associated with drug development, we anticipate that our partners may from time to time abandon or terminate the development of one or more drug candidates generated from our platform. As we are notified of such terminations, we will remove the subject programs from our Active Programs count.

We classify our applications into two key categories: Discovery and CLD. We define “Discovery” as any projects for which we are evaluating variants of the protein-of-interest, which may include generation of the production cell line, and we define CLD as a program for which the production cell line alone is the goal of the partnership.

As of September 30, 2023, we had drug candidates in 15 Active Programs across six current partners’ preclinical or clinical pipelines. We had 12 Active Programs comprising Discovery applications consisting of three through our agreement with Merck & Co., Inc., seven with an undisclosed biotechnology company, one with an undisclosed biotechnology company leveraging our platform capabilities to optimize pharmacokinetic properties for a Phase II candidate, and one with an undisclosed biotechnology company leveraging our platform capabilities including our antibody library. We also had three Active Programs focused on developing production cell lines for drug candidates that our partners are developing. Two of these CLD Active Programs are preclinical and one is in Phase 3 clinical development (PhaseBio Pharmaceuticals’ drug candidate, bentracimab, assumed by SFJ Pharmaceuticals, Inc. in January 2023).

As of September 30, 2023, we had negotiated license agreements, or expected to negotiate license agreements upon completion of certain technology development activities, with potential downstream milestone payments and royalties for all Active Programs. We have not negotiated terms for a sufficient number of royalty- and milestone-bearing licenses, however, to enable us to make accurate predictions regarding our potential revenue and financial performance.

During the three months ended September 30, 2023, EQRx, Inc. (EQRx) delivered an opt-out notice underlying our discovery collaboration agreement resulting in a decrease in our Active Program count reflected in the table above. We have taken ownership of one program developed pursuant to the collaboration and plan to internally develop this program, exclusive of our Active Programs.

We are leveraging our technology platform to selectively build an internal asset portfolio. We have identified four wholly-owned internal asset programs focusing on cytokine biology as well as several undisclosed internal pipeline programs under evaluation. We also have several internal programs within the target evaluation stage on undisclosed indications.

Program	Target Description
ABS-101	Candidate targeting TL1A in inflammatory bowel disease
ABS-201	Lead and optimization stage for an undisclosed therapeutic target in dermatology
ABS-301	Lead and optimization stage for an undisclosed therapeutic target in immuno-oncology
ABS-401	Target evaluation stage for an undisclosed therapeutic target in dermatology



Therapeutic area / Target	TARGET EVAL	LEAD	CANDIDATE	IND-ENABLING	IND
Infl. bowel disease / TL1A	ABS-101				
Dermatology / Undisclosed	ABS-201				
Immuno-oncology / Undisclosed	ABS-301				
Dermatology / Undisclosed	ABS-401				

Exclusive of our Active Programs with partners and internal pipeline, we have utilized our platform to perform technology development activities related to 32 additional molecules. These programs include both internal research programs and technology development programs with third parties intended to demonstrate our platform's capabilities as we address successively broader ranges of biologics and modalities. We have not transferred technology or granted licenses related to these programs.

### Components of Results of Operations

#### Revenue

Our revenue currently consists primarily of fees earned from our partners in conjunction with technology development agreements (TDAs) and partnership agreements, which are delineated as technology development revenue in our results of operations. These fees are earned and paid at various points throughout the terms of these agreements including upfront, upon the achievement of specified project-based milestones, and throughout the program.

We expect revenue to increase over time as we enter into additional partnership agreements and as our partnerships continue to include more drug discovery activities. We expect revenue to increase over time as we grant licenses to our partners for the clinical and commercial use of intellectual property rights to the biological assets we create, and as the partners advance product candidates into and through clinical development and commercialization. We expect that our revenue will fluctuate from period to period due to the timing of executing additional partnerships, the uncertainty of the timing of milestone achievements and our dependence on the program decisions of our partners.

#### Operating Expenses

##### Research and development

Research and development expenses include the cost of materials, personnel-related costs (comprised of salaries, benefits and share-based compensation) for personnel performing research and development functions, consulting fees, equipment and allocated facility costs (including occupancy and information technology). These expenses are exclusive of depreciation and amortization. Research and development activities consist of continued development of our Integrated Drug Creation platform, internal pipeline, target discovery and technology development for partners. We derive improvements to our platform from each type of activity. Research and development efforts apply to our platform broadly and across programs.

We expect research and development expenses to continue to increase in absolute dollars over the long-term as we enter into additional partnerships, continue to invest in platform enhancements, and develop our internal pipeline.

##### Selling, general, and administrative

Selling, general, and administrative expenses include personnel-related costs (comprised of salaries, benefits and share-based compensation) for executive, business development, alliance management, legal, finance,

marketing and other administrative functions. Marketing and business development expenses include costs associated with attending conferences and all promotion efforts of our Integrated Drug Creation platform. Professional service expenses such as external legal expenses, accounting and tax service expenses, and other consultants, and allocated facilities costs (including occupancy and information technology) are also included within selling, general and administrative expenses. These expenses are exclusive of depreciation and amortization.

We expect our selling costs to increase in absolute dollars as we continue to grow our business development efforts and increase marketing activities to drive awareness and adoption of our platform. We expect selling costs to fluctuate as a percentage of total revenue due to the timing and magnitude of these expenses, and to decrease as a percentage of total revenue in the long term.

We expect general and administrative expenses to continue to stabilize as we more effectively control costs associated with operating as a public company, including expenses related to legal, accounting, regulatory, maintaining compliance with exchange listing and requirements of the U.S. Securities and Exchange Commission (SEC), director and officer insurance premiums and investor relations. Following an initial reduction due to the September 2023 realignment and resulting reduction in our global workforce, we expect these expenses to vary from period to period as a percentage of revenue in the near term, and to decrease as a percentage of revenue in the long term.

We have a comprehensive intellectual property portfolio directed towards the many aspects of our Integrated Drug Creation platform, including those related to our proprietary cell lines and protein expression technologies, non-standard amino acid technology, proprietary screening assays, antibody discovery methods, and generative AI models. We regularly file patent applications to protect innovations arising from our research and development. We also hold trademarks and trademark applications in the United States and foreign jurisdictions. Costs to secure and defend our intellectual property are expensed as incurred and are classified as selling, general and administrative expenses.

#### ***Depreciation and amortization***

Depreciation and amortization expense consists of the depreciation expense of our property and equipment and amortization of our intangibles. Our equipment is used most actively as part of our lab operations.

We expect depreciation expense to stabilize following the completion of the build-out of our primary facility, though it may fluctuate in the future in line with continued growth and compute demands in absolute dollars if we purchase additional equipment.

#### ***Goodwill impairment***

Goodwill is tested for impairment on an annual basis in the fourth fiscal quarter, or sooner if an indicator of impairment exists. We performed a quantitative impairment evaluation of goodwill as of June 30, 2023 and recorded a full impairment charge in the amount of \$21.3 million.

#### ***Other income (expense)***

##### *Interest expense*

Interest expense, net, consists primarily of interest related to borrowings under our term debt and financed laboratory equipment.

##### *Other income*

Other income consists primarily of interest income from our cash and investments.

## Results of Operations

The results of operations presented below should be reviewed in conjunction with our condensed consolidated financial statements and notes included elsewhere in this Quarterly Report. The following tables set forth our results of operations for the periods presented (In thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenues</b>				
Technology development revenue	\$ 744	\$ 2,004	\$ 5,380	\$ 3,094
Collaboration revenue	—	365	—	1,096
Total revenues	744	2,369	5,380	4,190
<b>Operating expenses</b>				
Research and development	11,029	15,525	35,798	47,593
Selling, general and administrative	9,505	11,407	28,508	32,803
Depreciation and amortization	3,513	3,404	10,515	9,451
Goodwill impairment	—	—	21,335	—
Total operating expenses	24,047	30,336	96,156	89,847
Operating loss	(23,303)	(27,967)	(90,776)	(85,657)
<b>Other income (expense)</b>				
Interest expense	(229)	(279)	(806)	(685)
Other income, net	1,572	675	4,613	948
Total other income (expense), net	1,343	396	3,807	263
Loss before income taxes	(21,960)	(27,571)	(86,969)	(85,394)
Income tax (expense) benefit	(34)	312	(52)	(39)
Net loss	\$ (21,994)	\$ (27,259)	\$ (87,021)	\$ (85,433)

### Comparison of the Three and Nine Months Ended September 30, 2023 and 2022

The following table summarizes our results of operations for the three and nine months ended September 30, 2023 and 2022 (In thousands, except for percentages):

#### Revenue

	For the Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
<b>Revenues</b>				
Technology development revenue	\$ 744	\$ 2,004	\$ (1,260)	(63)%
Collaboration revenue	—	365	(365)	(100)%
Total revenues	\$ 744	\$ 2,369	\$ (1,625)	(69)%

  

	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
<b>Revenues</b>				
Technology development revenue	\$ 5,380	\$ 3,094	\$ 2,286	74 %
Collaboration revenue	—	1,096	(1,096)	(100)%
Total revenues	\$ 5,380	\$ 4,190	\$ 1,190	28 %

Total revenue was \$0.7 million for the three months ended September 30, 2023, representing a decrease of approximately \$1.6 million, or 69%, compared to \$2.4 million for the three months ended September 30, 2022.

Total revenue was \$5.4 million for the nine months ended September 30, 2023, representing an increase of approximately \$1.2 million, or 28%, compared to \$4.2 million for the nine months ended September 30, 2022.

Technology development revenue decreased by \$1.3 million, or 63%, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022 and increased by \$2.3 million, or 74%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, driven by a combination of overall program progress, the timing of project-based milestones achieved, and the mix of ongoing programs activity.

### **Operating expenses**

The following table summarizes our operating expenses for the three and nine months ended September 30, 2023 and 2022 (In thousands, except for percentages):

	For the Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
Operating expenses				
Research and development	\$ 11,029	\$ 15,525	\$ (4,496)	(29)%
Selling, general and administrative	9,505	11,407	(1,902)	(17)%
Depreciation and amortization	3,513	3,404	109	3 %
Total operating expenses	\$ 24,047	\$ 30,336	\$ (6,289)	(21)%

	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Operating expenses				
Research and development	\$ 35,798	\$ 47,593	\$ (11,795)	(25)%
Selling, general and administrative	28,508	32,803	(4,295)	(13)%
Depreciation and amortization	10,515	9,451	1,064	11 %
Goodwill impairment	21,335	—	21,335	100 %
Total operating expenses	\$ 96,156	\$ 89,847	\$ 6,309	7 %

### **Research and development**

Research and development expenses decreased by \$4.5 million, or 29%, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The decrease was primarily attributable to a decrease in laboratory operational costs of \$1.8 million and a \$2.8 million decrease in personnel costs, including stock-based compensation.

Research and development expenses decreased by \$11.8 million, or 25%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The decrease was primarily attributable to a decrease in laboratory operational costs of \$6.9 million and a \$4.2 million decrease in personnel costs, including stock-based compensation.

### **Selling, general and administrative expenses**

Selling, general, and administrative expenses decreased by \$1.9 million, or 17%, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The decrease was primarily attributable to decreased stock-based compensation and personnel costs of \$1.2 million and decreased other administrative costs of \$0.7 million.

Selling, general, and administrative expenses decreased by \$4.3 million, or 13%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The decrease was primarily driven by decreased stock-based compensation of \$2.4 million and decreased other administrative costs of \$1.6 million.

### Depreciation and amortization

Depreciation and amortization expense increased by \$0.1 million, or 3%, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022.

Depreciation and amortization expense increased by \$1.1 million, or 11%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The increase was primarily due to increased leasehold improvements.

### Goodwill impairment

We performed a quantitative impairment evaluation of goodwill as of June 30, 2023 and recorded an impairment charge in the amount of \$21.3 million during the second quarter. See Note 6: Goodwill and Intangibles, net to our unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q for further discussion.

### Other income (expense)

The following table summarizes our other income (expense) for the three and nine months ended September 30, 2023 and 2022 (In thousands, except for percentages):

	For the Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
Other income (expense)				
Interest expense	\$ (229)	\$ (279)	\$ 50	(18)%
Other income, net	1,572	675	897	133 %
Total other income (expense), net	\$ 1,343	\$ 396	\$ 947	239 %

	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Other income (expense)				
Interest expense	\$ (806)	\$ (685)	\$ (121)	18 %
Other income, net	4,613	948	3,665	387 %
Total other income (expense), net	\$ 3,807	\$ 263	\$ 3,544	1348 %

### Interest expense

Interest expense was \$0.2 million for the three months ended September 30, 2023, compared to \$0.3 million for the three months ended September 30, 2022, representing a decrease of 18% primarily attributable to decreased finance lease obligations.

Interest expense was \$0.8 million for the nine months ended September 30, 2023 compared to \$0.7 million for the nine months ended September 30, 2022, representing an increase of \$0.1 million, or 18% primarily attributable to equipment financing.

### Other income, net

Other income, net, was \$1.6 million income for the three months ended September 30, 2023 compared to \$0.7 million income for the three months ended September 30, 2022, representing a change of \$0.9 million, or 133%, primarily attributable to increases in investment income from cash equivalents and short-term investments.

Other income, net, was \$4.6 million income for the nine months ended September 30, 2023 compared to \$0.9 million income for the nine months ended September 30, 2022, representing a change of \$3.7 million, or 387%, primarily attributable to increases in investment income from cash equivalents and short-term investments.

## Liquidity and Capital Resources

### Overview

As of September 30, 2023, we had \$113.5 million of cash and cash equivalents and short-term investments.

We have incurred net operating losses since inception. As of September 30, 2023, our accumulated deficit was \$383.0 million. To date, we have funded operations through issuances and sales of equity securities and debt, in addition to revenue generated from our technology development agreements. We believe that our cash and cash equivalents and short-term investments will be sufficient to meet our operating expenses, working capital and capital expenditure needs over at least the next 12 months following the date of this filing.

Our future capital requirements will depend on many factors, including, but not limited to our ability to raise additional capital through equity or debt financing, our ability to successfully secure additional partnerships under contract with new partners and increase the number of programs covered under contracts with existing partners, the successful preclinical and clinical development by our partners of product candidates generated using our Integrated Drug Creation platform and the successful commercialization by our partners of any such product candidates that are approved. If we are unable to execute on our business plan and adequately fund operations, or if our business plan requires a level of spending in excess of cash resources, we may be required to negotiate partnerships in which we receive greater near-term payments at the expense of potential downstream revenue. Alternatively, we may need to seek additional equity or debt financing, which may not be available on terms acceptable to us or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants restricting our ability to take specific actions, such as incurring additional debt, selling or licensing our assets, making product acquisitions, making capital expenditures, or declaring dividends. If we are unable to generate sufficient revenue or raise additional capital when desired, our business, financial condition, results of operations and prospects would be adversely affected.

### Sources of liquidity

Since our inception, we have financed our operations primarily from the issuance and sale of our redeemable convertible preferred stock, issuances of equity securities, borrowings under long-term debt agreements, and to a lesser extent, cash flow from operations.

#### Initial public offering

In July 2021, we completed our initial public offering (IPO) and issued 14.4 million shares of our common stock, including 1.9 million shares pursuant to the full exercise of the underwriters' option to purchase additional shares, at a price of \$16.00 per share and received net proceeds of \$210.1 million from the IPO.

#### Equipment financing

In 2022, we received a total of \$12.0 million of proceeds from equipment financing arrangements. Terms of the agreements require monthly payments over 42-48 month periods with imputed interest rates ranging from 8%-10%. As of September 30, 2023, the combined outstanding balance on these agreements is \$8.8 million.

#### Shelf registration statement on form S-3

On August 24, 2022, we filed a shelf registration statement on Form S-3 (the Shelf Registration Statement) with the SEC relating to the registration of up to an aggregate of \$250.0 million in shares of our common stock, preferred stock, debt securities, warrants and units or any combination thereof. The Shelf Registration Statement was declared effective by the SEC on September 2, 2022.

On June 16, 2023, we entered into a sales agreement with Cowen and Company, LLC, as sales agent, with respect to an "at the market offering" program under which we may offer and sell, from time to time at our sole discretion, shares of our common stock, par value \$0.0001 per share, having an aggregate offering price of up to \$100.0 million through the sales agent. We will pay the sales agent a commission up to 3.0% of the gross sales proceeds of any shares sold under the sales agreement.

To date, we have not issued any securities or received any proceeds from the sale of any securities registered pursuant to the Shelf Registration Statement.

## Cash Flows

The following summarizes our cash flows (In thousands):

	For the Nine Months Ended September 30,	
	2023	2022
Net cash provided by (used in)		
Operating activities	(49,714)	(62,771)
Investing activities	62,986	(96,803)
Financing activities	(3,248)	3,844
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 10,024	\$ (155,730)

### ***Cash flows from operating activities***

In the nine months ended September 30, 2023, net cash used in operating activities was \$49.7 million and consisted primarily of a net loss of \$87.0 million adjusted for non-cash items, including depreciation and amortization expense of \$10.5 million, stock-based compensation of \$8.2 million, and goodwill impairment of \$21.3 million.

In the nine months ended September 30, 2022, net cash used in operating activities was \$62.8 million and consisted primarily of a net loss of \$85.4 million adjusted for non-cash items, including depreciation and amortization expense of \$9.5 million, stock-based compensation of \$11.5 million, an increase to our contingent consideration liability of \$0.8 million, and a net decrease in operating assets and liabilities in the amount of \$0.8 million.

### ***Cash flows from investing activities***

In the nine months ended September 30, 2023, net cash provided by investing activities was \$63.0 million. The net cash provided resulted primarily from maturities of short-term investments of \$185.9 million, partially offset by cash used for purchases of short-term investments of \$122.2 million and purchases of lab equipment of \$0.8 million.

In the nine months ended September 30, 2022, net cash used in investing activities was \$96.8 million primarily from purchases of short-term investments of \$73.9 million, purchases of lab equipment and leasehold improvements of \$15.6 million as we expanded our operations and overall capacity and cash paid as part of our acquisition of Totient, Inc. of \$8.0 million.

### ***Cash flows from financing activities***

In the nine months ended September 30, 2023, net cash used in financing activities was \$3.2 million. The net cash used resulted primarily from principal payments of \$4.0 million made for financed equipment, partially offset by proceeds from the issuance of common stock of \$0.7 million from stock option exercises and our employee stock purchase plan.

In the nine months ended September 30, 2022, net cash provided by financing activities was \$3.8 million primarily from proceeds from equipment financing agreements of \$9.4 million and proceeds from the issuance of common stock of \$0.6 million, partially offset by cash used for principal payments of \$6.2 million made for financed equipment and long-term debt.

## Income taxes

Our effective income tax rate from continuing operations was 0.1% and 0.0% for the nine months ended September 30, 2023 and 2022, respectively. The difference between the effective rate and the statutory rate is primarily attributed to the change in the valuation allowance against net deferred tax assets.

We estimate an annual effective income tax rate based on projected results for the year and apply this rate to income before taxes to calculate income tax expense. When applicable, the income tax provision also includes

adjustments for discrete tax items. Any refinements made due to subsequent information that affects the estimated annual effective income tax rate are reflected as adjustments in the current period.

### **Critical Accounting Estimates**

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

This report should be read in conjunction with the Consolidated Financial Statements in our 2022 Annual Report on Form 10-K where we include additional information on our business, operating segments, risk factors, critical accounting estimates, policies, and the methods and assumptions used in our estimates, among other important information.

#### *Long-lived asset impairment*

We tested long-lived assets for recoverability as of June 30, 2023 by comparing the estimated future cash flows (on an undiscounted basis) to be generated from the use and residual value of the entity wide asset group to its carrying value and concluded that the long-lived assets were not impaired. For details regarding the interim impairment assessment performed for long-lived assets see Note 6: Goodwill and Intangibles, net.

#### *Goodwill impairment*

We performed a quantitative impairment evaluation of goodwill as of June 30, 2023 and recorded an impairment charge in the amount of \$21.3 million reported as goodwill impairment on the condensed consolidated statement of operations and comprehensive loss. For details regarding the interim impairment assessments performed for goodwill see Note 6: Goodwill and Intangibles, net.

There were no other material changes in our critical accounting policies and estimates during the nine months ended September 30, 2023.

### **Emerging Growth Company Status**

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Section 107 of the JOBS Act provides that an emerging growth company may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 for complying with new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Section 107 of the JOBS Act provides that we can elect to opt out of the extended transition period at any time, which election is irrevocable. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Subject to certain conditions, as an emerging growth company, we may rely on certain other exemptions and reduced reporting requirements, including without limitation (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board (PCAOB) regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the consolidated financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year in which we have total annual gross revenue of \$1.235 billion or more; (b) December 31, 2026, the last day of the fiscal year following the fifth anniversary of the date of the completion of our IPO; (c) the



date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years; or (d) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

### **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

There have been no material changes in our reported market risks or risk management policies since the filing of our [Annual Report](#) on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 30, 2023.

### **Item 4. Controls and Procedures**

#### *Evaluation of disclosure controls and procedures*

Our “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), are designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on its evaluation, management concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective at the reasonable assurance level.

#### *Changes in internal control over financial reporting*

There was no change in our internal control over financial reporting that occurred during the three months ended September 30, 2023 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 a party to any material litigation or other legal proceedings. From time to time, we may, however, in the ordinary course of business face various claims brought by third parties, and we may, from time to time, make claims or take legal actions to assert our rights. Any such claims and associated legal proceedings could, in the opinion of our management, have a material adverse effect on our business, financial condition, results of operations or prospects. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

### **Item 1A. Risk Factors**

Factors that could cause or contribute to differences in our future financial and operating results include those discussed in the risk factors set forth in our [Annual Report](#) on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 30, 2023. The risks described in our Annual Report and this Quarterly Report on Form 10-Q are not the only risks that we face. Additional risks not presently known to us or that we do not currently consider significant may also have an adverse effect on the Company. If any of the risks actually occur, our business, results of operations, cash flows or financial condition could suffer.

Other than as set forth below, there have been no material changes to the risk factors set forth in our [Annual Report](#) on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 30, 2023.

***Our organizational realignment and the associated workforce reduction announced in September 2023 may not result in the full anticipated savings and may disrupt operations.***

In September 2023, we announced an organizational realignment to further focus on and allocate resources to our internal pipeline of drug discovery programs and our Integrated Drug Creation platform. We may not fully realize the anticipated benefits, savings and improvements in our cost structure from our realignment efforts due to unforeseen difficulties, delays or unexpected costs. If we are unable to realize anticipated cost savings from the realignment efforts, our operating results and financial condition may be adversely affected. Furthermore, our realignment plans may be disruptive to our operations. For example, our workforce reduction could lead to unanticipated consequences, such as turnover beyond planned reductions, increased difficulties in our day-to-day operations or claims of unlawful discharge. Our workforce reduction may also harm our ability to attract and retain qualified personnel who are critical to our business. Any failure to attract or retain qualified personnel could prevent us from successfully executing key technical initiatives.

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

### *Unregistered Sales of Equity Securities*

None.

### *Use of proceeds*

We completed our IPO pursuant to the registration statement on Form S-1 (File No. 333-257553), as amended, that was declared effective on July 21, 2021. On July 26, 2021, we sold 14,375,000 shares of our common stock, including the full exercise of the underwriters' 30-day option to purchase additional shares, at a public offering price of \$16.00 per share for aggregate gross proceeds of \$230.0 million. J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, BofA Securities, Inc., Cowen and Company, LLC, and Stifel, Nicolaus & Company, Incorporated acted as joint book-running managers for the offering.

The net proceeds of our IPO were \$210.1 million, after deducting underwriting discounts and commissions of \$16.1 million and offering related expenses of \$3.8 million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates.

Cash used since the IPO is described elsewhere in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our periodic reports filed with the SEC. To date, we have used all of the net proceeds from the IPO, and there was no material change in our actual use of the net proceeds from the IPO from that described in the final prospectus for our IPO.

### *Issuer purchases of equity securities*

None.

## **Item 3. Defaults Upon Senior Securities**

Not applicable.

## **Item 4. Mine Safety Disclosures**

Not applicable.

## **Item 5. Other Information**

None.

## **Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
3.1	<a href="#"><u>Amended and Restated Certificate of Incorporation of Absci Corporation (filed as Exhibit 3.1 to the Form 8-K, File No. 001-40646, filed by Absci Corporation on June 16, 2023 and incorporated herein by reference).</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws of the Absci Corporation (filed as Exhibit 3.1 to the Form 8-K, File No. 001-40646, filed by Absci Corporation on December 15, 2022 and incorporated herein by reference).</u></a>

4.1	<a href="#"><u>Investors' Rights Agreement by and among the Registrant and certain of its stockholders dated October 19, 2020 (filed as Exhibit 4.2 to the Form S-1, File No. 333-257553, filed by Absci Corporation on June 30, 2021 and incorporated herein by reference).</u></a>
10.1*#	<a href="#"><u>Offer Letter, by and between Absci Corporation and Zachariah Jonasson, dated August 12, 2023.</u></a>
10.2*#	<a href="#"><u>Employment Agreement, by and between Absci Corporation and Zachariah Jonasson, dated August 31, 2023.</u></a>
10.3*#	<a href="#"><u>Transition Agreement, by and between Absci Corporation and Gregory Schiffman, dated August 14, 2023.</u></a>
10.4*#	<a href="#"><u>Separation Agreement, by and between Absci Corporation and Sarah Korman, dated August 16, 2023.</u></a>
31.1*	<a href="#"><u>Certification of Chief 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></a>
31.2*	<a href="#"><u>Certification of Chief 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></a>
32.1+	<a href="#"><u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2+	<a href="#"><u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* Filed herewith.

# Represents management compensation plan, contract or arrangement.

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

## 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.

ABSCI CORPORATION

Date: November 14, 2023

By: /s/ Zachariah Jonasson  
Zachariah Jonasson, Ph.D.  
Chief Financial Officer (Principal Financial Officer)  
and Chief Business Officer

Date: November 14, 2023

By: /s/ Todd Bedrick  
Todd Bedrick  
Chief Accounting Officer (Principal Accounting  
Officer)



Dear Zach:

On behalf of Absci Corporation ("Absci"), I am excited to offer you a position as a Chief Financial Officer / Chief Business Officer. This position is critical to the success of Absci, and we know that you will be a valuable addition to our team. The whole team is excited to welcome you onboard as an Unlimiter. We look forward to the valuable contributions your experience and knowledge will bring to Absci, where we Believe in the Impossible!

This offer of at-will employment is conditioned on your satisfactory completion of certain requirements, as explained in this letter. Your employment is subject to the terms and conditions set forth in this letter.

You will work full time remotely. Your first day of work will be August 31<sup>st</sup>, 2023. You will be classified as exempt under the federal Fair Labor Standards Act and Washington state law.

In your capacity as an employee, you will perform duties described that are reasonable and consistent with your position as may be assigned to you from time to time. You will report directly to the Chief Executive Officer, Sean McClain. You agree to devote your attention and best efforts to the performance of your duties and to the furtherance of Absci's interests. You will be subject to all applicable employment and other policies of Absci, as outlined in the employee handbook and elsewhere.

In consideration of your service, your starting salary will be \$520,000 per year, paid monthly, in accordance with Absci's standard payroll practices and subject to all withholdings and deductions as required or permitted by law. In addition, we will provide you with a one-time payment of \$25,000.00 ("Signing Bonus"). The Signing Bonus will be paid to you on the first regular payday following your start date, subject to applicable withholdings and deductions. In the event that you (i) voluntarily terminate or resign from employment with Absci for any reason or (ii) are terminated by the Company for Cause (as defined in Executive Employment Agreement), in either case within twelve (12) months of your employment start date, you agree that you will repay to Absci the Signing Bonus within thirty (30) days following your last day of employment with Absci.

You will be eligible to receive a bonus for this year, pro-rated based on your start date, pursuant to Absci's Senior Executive Cash Bonus Policy. Absci's Senior Executive Cash Bonus Policy provides that each individual will have a specific bonus target. The bonus target for this position is 50%. As described more completely in Absci's Senior Executive Cash Bonus Policy, bonus payments are not guaranteed and are subject to Absci's Board of Directors, Compensation Committee, and/or Executive Leadership Team approval.

As a full-time employee, you are eligible:

- To take unlimited days off from work pursuant to Absci's Unlimited Vacation Policy. Unlimited vacation provides Absci employees autonomy to determine what balance between work and personal lives makes the most sense for them and for Absci. You will be eligible to take time off from work for vacation as needed provided that you are able to fulfill your assigned roles and responsibilities and deliver exceptional work in a timely fashion without disrupting the needs of the business or of your team. Absci does not observe federal holidays, but you may request for time off if you wish to observe certain holidays.
- To take time off from work for family and medical leave in accordance with applicable federal, state and local laws.
- To receive medical, dental and vision benefits beginning the 1st of the month following your first day of employment. Depending on the coverage you elect, Absci will pay as much as 100% and no less than 78% of the employee and 74% of the dependent medical premiums for the base plan. Absci covers 80% of the employee and dependent dental insurance premiums.
- To participate in a 401(k) plan, the 1st of the month following successful completion of thirty (30) days of employment. The plan provides a basic safe harbor match of 100% up to 3% of compensation and 50% of the next 2% of compensation.
- For the voluntary Long-Term Disability and Life Insurance Plans.
- For an annual professional development stipend.

Plan enrollment details will be provided to you during your on-board process. Absci reserves the right, in its sole discretion, to prospectively modify or terminate any of its benefits plans or programs from time to time, to the extent permitted by applicable law.

In addition to your cash compensation, you will be eligible to participate in the Plan, subject to approval by the Board of Directors or the Compensation Committee or authorized delegate(s) thereof. We will recommend to the Board of Directors or the Compensation Committee or authorized delegate(s) as soon as practicable after you join the Company that you be granted stock options for 1,000,000 shares under the Plan (subject to adjustment for any stock split or combination occurring after the date hereof). Stock option awards granted under the Plan will represent a right to purchase shares of the Company's common stock at a per share exercise price that will not be less than the fair market value of the shares as determined by the Board of Directors or the Compensation Committee or authorized delegate(s) at the date of grant. The shares will vest monthly over a four-year period for as long as you are engaged in a Service Relationship (as defined in the Plan) with Absci. Additionally, we will recommend that you be granted 250,000 restricted stock units ("RSUs") under the Plan (subject to adjustment for any stock split or combination occurring after the date hereof). The RSUs will vest and become non-forfeitable over a three-year period (i.e., 33% after one year and 1/12th for each fiscal quarter thereafter), for as long as you are engaged in a Service Relationship with Absci. The equity awards will be subject to the terms and conditions of the Plan and applicable award agreements under which each award will be granted to you.

On your first day, you will receive a brief orientation, which includes completing your on-board process, reviewing applicable Absci policies, and touring the Absci headquarters and state-of-the-art campus. Please have appropriate documentation for the completion of your new hire forms, including proof that you are presently eligible to work in the United States for I-9 purposes.

This offer is contingent upon the following requirements:

- Verification of your right to work in the United States within 3 days of your start date.
- Execution of this offer letter on or before your start date.
- Execution of Absci's Confidentiality and Proprietary Rights Agreement.
- Authorization and successful completion of background and reference checks.

During the period of your employment, you will not, without the express written consent of Absci, engage in any employment or business activity other than for Absci.

If you have any questions, please contact Karin Wierinck at [kwierinck@abs-ci.com](mailto:kwierinck@abs-ci.com). This conditional offer of employment is valid through close of business on August 31<sup>st</sup>, 2023.

Zach, we will be truly thrilled to have you on the team and we look forward to working with you! Kindly indicate your understanding and acceptance of this job offer by signing below.

Sincerely:

/s/ Sean McClain  
**Sean McClain**

I have read and understand all the terms of the offer of employment set forth in this letter and I accept each of those terms. I also understand and agree that my employment is at-will and, with the exception of a subsequent written agreement signed by an authorized Absci representative, no statements or communications, whether oral or written, will modify my at-will employment status. I further understand that this letter is Absci's complete offer of employment to me and this letter supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to my employment. I have not relied on any agreements or representations, express or implied, that are not set forth expressly in this letter.

/s/Zachariah Jonasson  
**Zachariah Jonasson**

8/12/2023  
**Date**

## Employment Agreement

This Employment Agreement (“Agreement”) is made between Absci Corporation, a Delaware corporation (the “Company”), and Zachariah Jonasson (the “Executive”).

WHEREAS, the Company desires to employ the Executive and the Executive desires to be employed by the Company beginning on August 31<sup>st</sup>, 2023 (the “Effective Date”) on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### 1. Employment.

(a) **Term.** The Company shall employ the Executive and the Executive shall be employed by the Company pursuant to this Agreement commencing as of the Effective Date and continuing until such employment is terminated in accordance with the provisions hereof (the “Term”). The Executive’s employment with the Company shall be “at will,” meaning that the Executive’s employment may be terminated by the Company or the Executive at any time and for any reason, so long as not for an illegal purpose. The parties acknowledge that this Agreement describes the types of notice and compensation owed to Executive depending on the termination reason as set forth in Sections 3 through 6 of this Agreement. The parties agree and acknowledge that nothing except a writing signed by the Chief Executive Officer of the Company (the “CEO”) may alter the at-will nature of employment.

(b) **Position and Duties.** The Executive shall serve as the Chief Financial Officer / Chief Business Officer of the Company and shall have such powers and duties as may from time to time be prescribed by the CEO or other duly authorized executive. The Executive shall devote the Executive’s full working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, the Company agrees that the Executive may continue to serve in an advisory position at the two venture capital firms founded by Executive, identified herein in Exhibit A. The Executive may serve on other boards of directors, with the approval of the Board of Directors of the Company (the “Board”), or engage in religious, charitable or other community activities as long as such services and activities do not interfere with the Executive’s performance of the Executive’s duties to the Company.

(c) **Location.** The Executive’s primary work location will be remote as mutually agreed upon between the Company and Executive; *provided* that the Executive may be required to travel regularly for business, including to the Company’s office currently located in Vancouver, Washington, consistent with the Company’s business needs.

### 2. Compensation and Related Matters.

(a) **Base Salary.** The Executive’s initial base salary shall be paid at the rate of \$520,000 per year, subject to applicable deductions and withholdings. The Executive’s base salary shall be subject to periodic review by the Board or the Compensation Committee of the Board (the “Compensation Committee”). The base salary in effect at any given time is referred to herein as “Base Salary.” The Base Salary shall be payable in a manner that is consistent with the Company’s usual payroll practices for its executive officers.

(b) **Incentive Compensation.** The Executive shall be eligible to receive cash incentive compensation as described in the Company’s Senior Executive Cash Bonus Policy, and



as determined by the Board or the Compensation Committee from time to time. The Executive's bonus target shall be 50% percent; *provided* that any incentive compensation for calendar year 2023 will be prorated based on the number of days employed during such year, if the Executive begins his employment before September 30, 2023; otherwise, the Executive will be eligible for incentive compensation starting in calendar year 2024. The target annual incentive compensation in effect at any given time is referred to herein as "Target Bonus." The actual amount of the Executive's annual incentive compensation, if any, shall be determined in the sole discretion of the Board or the Compensation Committee. Any annual incentive compensation will be paid no later than March 15<sup>th</sup> of the calendar year following the calendar year to which such bonus relates. Except as otherwise provided herein or as may be provided by the Board or the Compensation Committee, the Executive must be employed by the Company on the date such incentive compensation is paid in order to earn or receive any annual incentive compensation.

(c) **Expenses.** The Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its executive officers.

(d) **Other Benefits.** The Executive shall be eligible to participate in or receive benefits under the Company's employee benefit plans in effect from time to time, subject to the terms of such plans, and as described in Executive's Offer Letter.

(e) **Paid Time Off.** The Executive shall be entitled to take paid time off in accordance with the Company's applicable paid time off policy for executives, as may be in effect, and as described in Executive's Offer Letter.

(f) **Equity.** In the event of a termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason in either event within the Change in Control Period (as such terms are defined below), all stock options and other stock-based awards held by the Executive that are subject solely to time-based vesting shall immediately accelerate and become fully vested and exercisable or nonforfeitable upon the Executive's termination.

3. **Termination.** The Executive's employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) **Death.** The Executive's employment hereunder shall terminate upon death.

(b) **Disability.** The Company may terminate the Executive's employment if the Executive is disabled and unable to perform or expected to be unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. If any question shall arise as to whether during any period the Executive is disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions with or without reasonable accommodation, the Executive may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company to whom the Executive or the Executive's guardian has no reasonable objection as to whether the Executive is so disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and the Executive shall fail to submit such certification, the Company's determination of such issue shall be binding on the Executive. Nothing in this Section 3(b) shall be construed to waive the

Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq.* and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

**(c) Termination by the Company for Cause.** The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean any of the following:

**(i)** conduct by the Executive constituting a material act of misconduct in connection with the performance of the Executive's duties, including, without limitation, (A) willful failure or refusal to perform material responsibilities that have been requested by the CEO; (B) dishonesty to the CEO with respect to any material matter; or (C) misappropriation of funds or property of the Company or any of its subsidiaries or affiliates other than the occasional, customary and *de minimis* use of Company property for personal purposes;

**(ii)** the commission by the Executive of acts satisfying the elements of (A) any felony or (B) a misdemeanor involving moral turpitude, deceit, dishonesty or fraud;

**(iii)** any misconduct by the Executive, regardless of whether or not in the course of the Executive's employment, that would reasonably be expected to result in material injury or reputational harm to the Company or any of its subsidiaries or affiliates if the Executive were to continue to be employed in the same position;

**(iv)** continued unsatisfactory performance or non-performance by the Executive of the Executive's duties hereunder (other than by reason of the Executive's physical or mental illness, incapacity or disability) which has continued for more than 30 days following written notice from the CEO of such unsatisfactory performance or non-performance;

**(v)** a breach by the Executive of any of the provisions contained in Section 8 of this Agreement or the Restrictive Covenants Agreement;

**(vi)** a material violation by the Executive of any of the Company's written employment policies; or

**(vii)** the Executive's failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

**(d) Termination by the Company without Cause.** The Company may terminate the Executive's employment hereunder at any time without Cause. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or disability of the Executive under Section 3(a) or (b) shall be deemed a termination without Cause.

**(e) Termination by the Executive.** The Executive may terminate employment hereunder at any time for any reason, including but not limited to, Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Executive has completed all

steps of the Good Reason Process (hereinafter defined) following the occurrence of any of the following events without the Executive's consent (each, a "Good Reason Condition"):

- (i) a material diminution in the Executive's responsibilities, authority or duties;
- (ii) a material diminution in the Executive's Base Salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; or
- (iii) a material breach of this Agreement by the Company.

The "Good Reason Process" consists of the following steps:

- (i) the Executive reasonably determines in good faith that a Good Reason Condition has occurred;
- (ii) the Executive notifies the Company in writing of the first occurrence of the Good Reason Condition within 60 days of the first occurrence of such condition;
- (iii) the Executive cooperates in good faith with the Company's efforts, for a period of not less than 30 days following such notice (the "Cure Period"), to remedy the Good Reason Condition;
- (iv) notwithstanding such efforts, the Good Reason Condition continues to exist at the end of the Cure Period; and
- (v) the Executive terminates employment within 60 days after the end of the Cure Period.

If the Company cures the Good Reason Condition during the Cure Period, Good Reason shall be deemed not to have occurred.

#### **4. Matters Related to Termination.**

**(a) Notice of Termination.** Except for termination as specified in Section 3(a), any termination of the Executive's employment by the Company or any such termination by the Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

**(b) Date of Termination.** "Date of Termination" shall mean: (i) if the Executive's employment is terminated by death, the date of death; (ii) if the Executive's employment is terminated on account of disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 3(d), the date on which a Notice of Termination is given or the date otherwise specified by the Company in the Notice of Termination; (iv) if the Executive's employment is terminated by the Executive under Section 3(e) other than for Good Reason, 30 days after the date on which a Notice of Termination is given, and (v) if the Executive's employment is terminated by the Executive under Section 3(e) for Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Executive gives a

Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

**(c) Accrued Obligations.** If the Executive's employment with the Company is terminated for any reason, the Company shall pay or provide to the Executive (or to the Executive's authorized representative or estate) (i) any Base Salary earned through the Date of Termination; (ii) unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of this Agreement); and (iii) any vested benefits the Executive may have under any employee benefit plan of the Company through the Date of Termination, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans (collectively, the "Accrued Obligations").

**(d) Resignation of All Other Positions.** To the extent applicable, the Executive shall be deemed to have resigned from all officer and board member positions that the Executive holds with the Company or any of its respective subsidiaries and affiliates upon the termination of the Executive's employment for any reason. The Executive shall execute any documents in reasonable form as may be requested to confirm or effectuate any such resignations.

**5. Severance Pay and Benefits Upon Termination by the Company without Cause or by the Executive for Good Reason Outside the Change in Control Period.** If the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), or the Executive terminates employment for Good Reason as provided in Section 3(e)(ii) or (iii), in each case outside of the Change in Control Period, then, in addition to the Accrued Obligations, and subject to (i) the Executive signing a separation agreement and release in a form and manner satisfactory to the Company, which shall include, without limitation, a general release of claims against the Company and all related persons and entities that shall not release the Executive's rights under this Agreement, a reaffirmation of all of the Executive's Continuing Obligations (as defined below), and, in the Company's sole discretion, a one-year post-employment noncompetition agreement, and shall provide that if the Executive breaches any of the Continuing Obligations, all payments of the Severance Amount shall immediately cease (the "Separation Agreement"), and (ii) the Separation Agreement becoming irrevocable, all within 60 days after the Date of Termination (or such shorter period as set forth in the Separation Agreement), which shall include a seven (7) business day revocation period:

**(a)** the Company shall pay the Executive an amount equal to nine (9) months of the Executive's Base Salary (the "Severance Amount"); *provided* that in the event the Executive is entitled to Garden Leave Pay (as defined in the Confidentiality and Proprietary Rights Agreement, Section 9), the Severance Amount received will be reduced by the amount of Garden Leave Pay the Executive is paid (the "Garden Leave Pay Setoff") and

**(b)** subject to the Executive's copayment of premium amounts at the applicable active employees' rate and the Executive's proper election to receive benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay to the group health plan provider or the COBRA provider a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company until the earliest of (i) the 9-month anniversary of the Date of Termination; (ii) the date that the Executive becomes eligible for group medical plan benefits under any other employer's group medical plan; or (iii) the cessation of the Executive's health continuation rights under COBRA; *provided, however*, that if the Company determines that it cannot pay such amounts to the group health plan provider or the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act),

then the Company shall convert such payments to payroll payments directly to the Executive for the time period specified above. Such payments to the Executive shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates.

The amounts payable under Section 5, to the extent taxable, shall be paid out in substantially equal installments in accordance with the Company's payroll practice over 9 months commencing within 60 days after the Date of Termination; *provided, however*, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payments, to the extent they qualify as "non-qualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall begin to be paid in the second calendar year by the last day of such 60-day period; *provided, further*, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

**6. Severance Pay and Benefits Upon Termination by the Company without Cause or by the Executive for Good Reason within the Change in Control Period.** The provisions of this Section 6 shall apply in lieu of, and expressly supersede, the provisions of Section 5 if (i) the Executive's employment is terminated either (a) by the Company without Cause as provided in Section 3(d), or (b) by the Executive for Good Reason as provided in Section 3(e), and (ii) the Date of Termination is on or within 12 months after the occurrence of the first event constituting a Change in Control (such period, the "Change in Control Period"). These provisions shall terminate and be of no further force or effect after the Change in Control Period.

**(a)** If the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates employment for Good Reason as provided in Section 3(e) and in each case the Date of Termination occurs during the Change in Control Period, then, in addition to the Accrued Obligations, and subject to the signing of a general release of claims against the Company and all related persons and entities that shall not release the Executive's rights under this Agreement (the "Release") by the Executive and the Release becoming fully effective, all within the time frame set forth in the Release but in no event more than 60 days after the Date of Termination:

**(i)** the Company shall pay the Executive a lump sum in cash in an amount equal to the sum of (A) twelve (12) months of the Executive's then-current Base Salary (or the Executive's Base Salary in effect immediately prior to the Change in Control, if higher) plus (B) 1.0 times the Executive's Target Bonus for the then-current year (or the Executive's Target Bonus in effect immediately prior to the Change in Control, if higher) (the "Change in Control Payment"); *provided* that the Change in Control Payment shall be reduced by the amount of the Garden Leave Pay Setoff, if applicable; and

**(ii)** subject to the Executive's copayment of premium amounts at the applicable active employees' rate and the Executive's proper election to receive benefits under COBRA, the Company shall pay to the group health plan provider or the COBRA provider a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company until the earliest of (A) the 12-month anniversary of the Date of Termination; (B) the date that the Executive becomes eligible for group medical plan benefits under any other employer's group medical plan; or (C) the cessation of the Executive's health continuation rights under COBRA; *provided, however*, that if the Company determines that it cannot pay such amounts to the group health plan provider or

the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company shall convert such payments to payroll payments directly to the Executive for the time period specified above. Such payments to the Executive shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates.

The amounts payable under this Section 6(a), to the extent taxable, shall be paid or commence to be paid within 60 days after the Date of Termination; *provided, however*, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payments to the extent they qualify as "non-qualified deferred compensation" within the meaning of Section 409A of the Code, shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period.

**(b)** Additional Limitation.

**(i)** Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code, and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be \$1.00 less than the amount at which the Executive becomes subject to the excise tax imposed by Section 4999 of the Code; *provided* that such reduction shall only occur if it would result in the Executive receiving a higher After Tax Amount (as defined below) than the Executive would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (A) cash payments not subject to Section 409A of the Code; (B) cash payments subject to Section 409A of the Code; (C) equity-based payments and acceleration; and (D) non-cash forms of benefits; *provided* that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

**(ii)** For purposes of this Section 6(b), the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on the Executive as a result of the Executive's receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

**(iii)** The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 6(b)(i) shall be made by a nationally recognized accounting firm selected by the Company (the "Accounting Firm"),

which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. The Company shall be responsible for payment of the Accounting Firm's invoices.

**(c) Definitions.** For purposes of this Agreement, "Change in Control" shall mean a "Sale Event" as defined in the Company's 2021 Stock Option and Incentive Plan, as the same may be amended from time to time.

## 7. Section 409A.

**(a)** Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement or otherwise on account of the Executive's separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

**(b)** All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

**(c)** To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

**(d)** The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement or the Restrictive Covenants Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to

fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

## 8. Continuing Obligations.

(a) **Restrictive Covenants Agreement.** As a condition of Executive's employment hereunder, the Executive will be required to enter into a Confidentiality and Proprietary Rights Agreement, substantially in the form attached hereto as Exhibit A (the "Restrictive Covenants Agreement"). For the avoidance of doubt, the term "Company" in the Restrictive Covenants Agreement means Absci Corporation, including its subsidiaries and other affiliates and its and their predecessors, successors and assigns. For purposes of this Agreement, the obligations in this Section 8 and those that arise in the Restrictive Covenants Agreement and any other agreement relating to confidentiality, assignment of inventions, or other restrictive covenants shall collectively be referred to as the "Continuing Obligations."

(b) **Third-Party Agreements and Rights.** The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information, other than confidentiality restrictions (if any), or the Executive's engagement in any business. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's employment with the Company and the performance of the Executive's proposed duties for the Company will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Company, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(c) **Litigation and Regulatory Cooperation.** During and after the Executive's employment, the Executive shall cooperate fully with the Company in (i) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company, and (ii) the investigation, whether internal or external, of any matters about which the Company believes the Executive may have knowledge or information. The Executive's full cooperation in connection with such claims, actions or investigations shall include, but not be limited to, being available to meet with counsel to answer questions or to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 8(c).

(d) **Relief.** The Executive agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by the Executive of the Continuing Obligations, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of the Continuing Obligations, the Company shall be entitled, in



addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

**9. Consent to Jurisdiction.** The parties hereby consent to the jurisdiction of the state and federal courts of the State of Washington. Accordingly, with respect to any such court action, the Executive (a) submits to the exclusive personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

**10. Waiver of Jury Trial.** Each of the Executive and the Company irrevocably and unconditionally WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE EXECUTIVE'S EMPLOYMENT BY THE COMPANY OR ANY AFFILIATE OF THE COMPANY, INCLUDING WITHOUT LIMITATION THE EXECUTIVE'S OR THE COMPANY'S PERFORMANCE UNDER, OR THE ENFORCEMENT OF, THIS AGREEMENT.

**11. Integration.** This Agreement, together with the Restrictive Covenants Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter.

**12. Withholding; Tax Effect.** All payments made by the Company to the Executive under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Executive for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

**13. Assignment; Successors and Assigns.** Neither the Executive nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; *provided, however,* that the Company may assign its rights and obligations under this Agreement (including the Restrictive Covenants Agreement) without the Executive's consent to any affiliate or to any person or entity with whom the Company shall hereafter effect a reorganization or consolidation, into which the Company merges or to whom it transfers all or substantially all of its properties or assets; *provided, further* that if the Executive remains employed or becomes employed by the Company, the purchaser or any of their affiliates in connection with any such transaction, then the Executive shall not be entitled to any payments, benefits or vesting pursuant to Section 2(f), Section 5 or Section 6 of this Agreement solely as a result of such transaction. This Agreement shall inure to the benefit of and be binding upon the Executive and the Company, and each of the Executive's and the Company's respective successors, executors, administrators, heirs and permitted assigns. In the event of the Executive's death after the Executive's termination of employment but prior to the completion by the Company of all payments due to the Executive under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to the Executive's death (or to the Executive's estate, if the Executive fails to make such designation).

**14. Enforceability.** If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion

and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**15. Survival.** For the avoidance of doubt, this Agreement shall survive the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

**16. Waiver.** No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

**17. Notices.** Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

**18. Amendment.** This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

**19. Effect on Other Plans and Agreements.** Nothing in this Agreement shall be construed to limit the rights of the Executive under the Company's benefit plans, programs or policies except as expressly provided herein. Except for the Restrictive Covenants Agreement, in the event that the Executive is party to an agreement with the Company providing for payments or benefits under such plan or agreement and under this Agreement, the terms of this Agreement shall govern and the Executive may receive payment under this Agreement only and not both. Further, Section 5 and Section 6 of this Agreement are mutually exclusive and in no event shall the Executive be entitled to payments or benefits pursuant to both Section 5 and Section 6 of this Agreement.

**20. Governing Law.** This is a Washington contract and shall be construed under and be governed in all respects by the laws of the State of Washington, without giving effect to the conflict of laws principles thereof. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the Ninth Circuit.

**21. Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the Effective Date.

**ABSCI CORPORATION**

By: /s/ Sean McClain  
Name: Sean McClain  
Its: Founder and CEO

**ZACHARIAH JONASSON**

/s/ Zachariah Jonasson  
**Zachariah Jonasson**

**Exhibit A to Employment Agreement**

## TRANSITION AGREEMENT

This Transition Agreement (“Agreement”) is made between Absci Corporation, a Delaware corporation (the “Company”) having an office at 18105 SE Mill Plain Blvd, Vancouver, WA 98683, and Gregory Schiffman (the “Executive”). The Company together with the Executive shall be referred to collectively as the “Parties.” Terms with initial capitalization not otherwise defined shall have the meanings ascribed to such terms in the Employment Agreement (as defined below).

**WHEREAS**, the Parties entered into an Employment Agreement that became effective as of the closing of the Company’s first underwritten public offering of its equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Employment Agreement”);

**WHEREAS**, the Executive intends to retire from his employment with the Company;

**WHEREAS**, the Executive and the Company desire that the Executive continues his at- will employment during a transition period for up to nine (9) months prior to retiring;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

### 1. **Transition Period.**

(a) If the Executive enters into, does not revoke and complies with this Agreement, then his at-will employment with the Company will continue until May 31, 2024, unless he sooner resigns or the Company terminates his employment. The actual last day of the Executive’s at-will employment with the Company is referred to herein as the “Retirement Date,” and the time period between the Effective Date of this Agreement (as defined below) and the Retirement Date is the “Transition Period.”

(b) During the Transition Period, the Executive will serve as the Company’s senior advisor and shall have such powers and duties as may from time to time be prescribed by the Company’s Chief Executive Officer (the “CEO”) or other duly authorized Company executives. The Executive’s position and duties may change during the Transition Period, and the Executive acknowledges and agrees that such changes shall not constitute a Good Reason Condition and that Good Reason shall not apply during the Transition Period. The Executive shall no longer oversee the financial operations of the Company but, instead will provide advisory services to the Company as requested by the CEO or other duly authorized Company executives.

(c) The Executive may serve on other boards of directors, with the approval of the Board of Directors of the Company (the “Board”), or engage in religious, charitable, or other community activities as long as such services and activities do not interfere with the Executive’s performance of his duties to the Company. The Executive will work primarily remotely, provided that the Executive may be required to come to the Company’s offices and travel for business, consistent with the Company’s business needs. The Executive shall work cooperatively and professionally with his colleagues during the Transition Period, including, without limitation, with respect to transitioning his duties.

(d) During the Transition Period, the Executive will (i) be paid his Base Salary, (ii) remain eligible to participate in the Company’s group employee benefit plans, subject to the terms and conditions of those plans, and (iii) continue to vest in his outstanding equity awards through the Retirement Date consistent with the Company’s applicable equity incentive plan(s) and the applicable award agreement(s) (collectively, the “Equity Documents”).

## 2. **Ending of Employment.**

(a) The Executive's employment with the Company will end no later than May 31, 2024. If (i) the Executive resigns with the prior written approval of the CEO or (ii) the Company terminates the Executive's employment without Cause, in either case prior to August 31, 2023, then the Company will continue to pay the Executive his Base Salary on the Company's regular payroll dates through May 31, 2024, as severance pay, provided that the Company reserves the right to require the Executive to execute a release of claims updating the release of claims set forth in Section 3 below in exchange for receiving such severance pay.

(b) If the Executive commences other employment during the Transition Period, the Executive must immediately inform the Company. For the avoidance of doubt, if the Company terminates the Executive's employment for Cause or the Executive resigns without the CEO's prior written approval prior to May 31, 2024, then his employment will end, he will cease vesting as of the Retirement Date, he shall be entitled to the Accrued Obligations (as defined below), and he shall have no further rights to any compensation or benefits from the Company or any of its affiliates.

(c) Regardless of whether the Retirement Date is on May 31, 2024, or an earlier date, the Executive will cease vesting in his equity awards on the Retirement Date consistent with the terms of the Equity Documents, and the Company shall pay or provide to the Executive (or to the Executive's authorized representative or estate) (i) any Base Salary earned through the Retirement Date, (ii) unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of the Employment Agreement), and (iii) any vested benefits the Executive may have under any employee benefit plan of the Company through the Retirement Date, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans (collectively, the "Accrued Obligations"). The Executive will also be provided with information regarding the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") under separate cover.

(d) The Parties acknowledge and agree that all notice obligations under Section 4(a) of the Employment Agreement have been satisfied. To the extent applicable, the Executive shall be deemed to have resigned from all officer and board member positions that he holds with the Company or any of its respective subsidiaries or affiliates upon the Retirement Date, and the Executive agrees to execute any documents reasonably requested by the Company in order to effectuate such resignations. As of the Retirement Date, the Executive shall have no further employment relationship with the Company or any of its subsidiaries or affiliates.

(e) If the Executive signs and does not revoke this Agreement, the Company will provide the Executive with a prorated bonus amount for 2023 equal to \$110,630, less applicable taxes and withholdings. This payment will be made at the same time the Company pays its 2023 bonuses.

**3. General Release.** In consideration for, among other terms, the opportunity to continue the Executive's at-will employment during the Transition Period and to receive compensation, benefits, and continued vesting during such time, to which the Executive acknowledges he would not otherwise be entitled, the Executive irrevocably and unconditionally releases and forever discharges the Company, all of its affiliated and related entities, its and their respective predecessors, successors and assigns, employee benefit plans and the fiduciaries of such plans, and the current and former officers, directors, shareholders, employees, consultants, attorneys, accountants, fiduciaries and agents of each of the foregoing in their official and personal capacities (collectively referred to as the "Releasees") generally from all claims, demands, debts, damages and liabilities of every name and nature, known or unknown, that, as of the date when the Executive signs this Agreement, he has, ever had, now claims to have or ever claimed to have had against any or all of the Releasees ("Claims"). This release includes, without limitation, the complete waiver and release of all Claims: arising in connection with or under the

Employment Agreement or any other agreement between the Executive and any of the Releasees; of breach of express or implied contract; of wrongful termination of employment, whether in contract or tort; of intentional, reckless or negligent infliction of emotional distress; of breach of any express or implied covenant of employment, including the covenant of good faith and fair dealing; of interference with contractual or advantageous relations, whether prospective or existing; of deceit or misrepresentation; of discrimination or retaliation under federal, state or local law, including, without limitation, Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., as amended, the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., and the Washington Law Against Discrimination; under any federal, state, local or foreign statute, rule, ordinance or regulation; of promissory estoppel or detrimental reliance; of violation of public policy; for wages, bonuses, incentive compensation, vacation pay or any other compensation or benefits, whether under the Washington Wage Payment Act, or otherwise; for fraud, slander, libel, defamation, disparagement, personal injury, negligence, compensatory or punitive damages, or any other Claim for damages or injury of any kind whatsoever; and for monetary recovery, injunctive relief, attorneys' fees, experts' fees, medical fees or expenses, costs and disbursements. The Executive understands that this general release of Claims includes, without limitation, any and all Claims related to the Executive's employment by the Company (including without limitation, any Claims against the Company in respect of any stock-based awards of any kind) and the termination of his employment, and all Claims as a Company stockholder or option holder arising up to and through the date that the Executive signs this Agreement. The Executive understands that this general release does not extend to any rights or claims that may arise out of acts or events that occur after the date on which the Executive signs this Agreement, or to Claims that cannot be released as a matter of law. The Executive represents that he has not assigned to any third party and has not filed with any agency or court any Claim released by this Agreement. This release does not affect the Executive's rights or obligations under this Agreement, nor shall it affect the Executive's rights, if any, to indemnification by the Company pursuant to the Company's organizational documents or, if applicable, any written indemnification agreement between the Company and the Executive, or coverage, if any, under applicable directors' and officers' insurance policies.

**4. Return of Property.** Upon the earlier of the Retirement Date or a request by the Company, the Executive is required to immediately return all Company property, including, without limitation, his Company laptop, computer equipment, software, keys, key fobs and access cards,

credit cards, files and any documents (including computerized data and any copies made of any computerized data or software) containing information concerning the Company, its business or its business relationships ("Company Property"). After returning all Company Property, the Executive commits to deleting and finally purging any duplicates of files or documents that may contain Company or customer information from any non-Company computer, phone or other device that remains the Executive's property after the Retirement Date. The obligations contained in this Section 4 are supplemental to, and not in lieu of, any return of property obligations the Executive has pursuant to the Confidentiality and Proprietary Rights Agreement (the "Restrictive Covenants Agreement"), a copy of which is attached hereto as Exhibit A and the terms of which are incorporated by reference herein.

**5. Noncompetition.** The Executive acknowledges and agrees that the nondisclosure, nonsolicitation, and noncompetition provision set forth or referred to in Section 8 of the Employment Agreement remain in full force and effect. For the avoidance of doubt, the Executive's employment with the Company is not ending due to a layoff, such that there will be no Garden Leave Pay owed to the Executive during the Restricted Period.

**6. Communications.** The Company shall make a formal written announcement about the Executive's transition and retirement. The Executive acknowledges and understands the interests of the Company in shaping the messaging and communicating about the Executive's transition and retirement.

**7. Cooperation.** During and after the Executive's employment, the Executive shall cooperate fully with the Company including without limitation in connection with (i) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company, and (ii) the investigation, whether internal or external, of any matters about which the Company believes the Executive may have knowledge or information. The Executive's full cooperation in connection with such claims, actions or investigations shall include, but not be limited to, being available to meet with counsel to answer questions or to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive's employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section.

**8. Continuing Obligations; Injunctive Relief.** The Executive acknowledges that the opportunity to continue his at-will employment during the Transition Period and receive the associated compensation, benefits and equity vesting is conditioned on his full compliance with Sections 4 through 7 of this Agreement and the provisions of the Restrictive Covenants Agreement (collectively, the "Continuing Obligations"). In the event that (i) the Executive fails to comply with any of the Continuing Obligations, or (ii) the Board learns new information after the Retirement Date and determines that the Executive's employment could have been terminated for Cause under the Employment Agreement, then in addition to any other legal or equitable remedies it may have for such breach, the Company shall have the right to immediately terminate the Executive's employment for Cause. Such termination in the event of a breach by the Executive shall not affect the general release in Section 3 of this Agreement or the Executive's obligation to comply with the Continuing Obligations. Further, the Executive agrees that it would be difficult to measure any damages caused to the Company that might result from any breach by the Executive of the Continuing Obligations and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of the Continuing Obligations, the Company shall be entitled, in addition to all other remedies it may have, to an injunction or other appropriate equitable relief to restrain any such breach, without showing or proving any actual damage to the Company. In the event of a dispute arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs.

**9. Advice of Counsel.** This Agreement is a legally binding document and the Executive's signature will commit the Executive to its terms. The Company advises the Executive to consult with an attorney prior to signing this Agreement. The Executive acknowledges that he has carefully read and fully understands all the provisions of this Agreement and that he is voluntarily entering into this Agreement. In signing this Agreement, the Executive is not relying upon any promises or representations made by anyone at or on behalf of the Company.

**10. Protected Disclosures.** Nothing in this Agreement or otherwise limits the Executive's (i) obligation to testify truthfully in any legal proceeding; (ii) right to file a charge or complaint with any federal agency or any state or local governmental agency or commission (together, a "Government Agency"); (iii) ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency; or (iv) discuss or disclose information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful. If the Executive files any charge or complaint with any Government Agency and if the Government Agency pursues any claim on the Executive's behalf, or if any other third party pursues any claim on the Executive's behalf, the Executive waives any right to monetary or other individualized relief (either individually or as part of any collective or class action); provided that nothing in this Agreement limits any right the Executive may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission.



**11. Time for Consideration; Effective Date.** The Executive acknowledges that he has been given the opportunity to consider this Agreement for twenty-one (21) days from his receipt of this Agreement before signing it (the "Consideration Period"). To accept this Agreement, the Executive must return a signed, unmodified original or pdf copy of this Agreement so that it is received by the undersigned on or before the expiration of the Consideration Period. If the Executive signs this Agreement prior to the end of the Consideration Period, the Executive acknowledges by signing this Agreement that such decision was entirely voluntary and that he had the opportunity to consider this Agreement for the entire Consideration Period. For a period of seven (7) days from the date of his execution of this Agreement, the Executive shall retain the right to revoke this Agreement by written notice that must be received by the undersigned before the end of such revocation period. This Agreement shall become effective on the later of (i) the business day immediately following the expiration of the revocation period and (ii) August 31, 2023 (the "Effective Date"), provided that the Executive does not revoke this Agreement during the revocation period. Notwithstanding the foregoing, the Company may withdraw the offer of this Agreement or may void this Agreement before the Effective Date if the Executive breaches any provision contained in this Agreement (including any provision of the Restrictive Covenants Agreement).

**12. Enforceability.** If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**13. Entire Agreement.** This Agreement, together with the Restrictive Covenants Agreement, constitutes the entire agreement between the Executive and the Company concerning the Executive's employment with the Company, and supersedes and replaces any and all prior agreements and understandings between the Parties concerning the Executive's employment with the Company including, without limitation, the Employment Agreement (except for the definition of Cause in Section 3(c) and the noncompetition provision in Section 8(b) thereof, which are preserved), provided that the Equity Documents shall continue to be in full force and effect in accordance with their terms.

**14. Waiver; Amendment.** No waiver of any provision of this Agreement, including the Continuing Obligations, shall be effective unless made in writing and signed by the waiving party. The failure of the Company to require the performance of any term or obligation of this Agreement or the Continuing Obligations, or the waiver by the Company of any breach of this Agreement or the Continuing Obligations shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach. This Agreement may not be modified or amended except in a writing signed by both the Executive and a duly authorized representative of the Company.

**15. Taxes.** The Company shall undertake to make deductions, withholdings, and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith determines that it is required to make such deductions, withholdings, and tax reports. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Executive for any adverse tax effect associated with any payments or benefits or withholding from any payment or benefit.

**16. Section 409A.** To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall

be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h). The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party. The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section. Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

**17. Acknowledgment of Wage and Other Payments.** The Executive acknowledges and represents that, except as expressly provided in this Agreement, the Executive has been paid all wages, bonuses, compensation, benefits and other amounts that any of the Releasees has ever owed to the Executive. The Executive is not entitled to any other compensation or benefits from the Company related to his employment following the Retirement Date except as specifically set forth in this Agreement.

**18. Waiver of Jury Trial.** Each of the Executive and the Company irrevocably and unconditionally WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE EXECUTIVE'S EMPLOYMENT BY THE COMPANY OR ANY AFFILIATE OF THE COMPANY, INCLUDING WITHOUT LIMITATION THE EXECUTIVE'S OR THE COMPANY'S PERFORMANCE UNDER, OR THE ENFORCEMENT OF, THIS AGREEMENT.

**19. Consent to Jurisdiction.** The Parties hereby consent to the jurisdiction of the state and federal courts of the State of Washington. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

**20. Governing Law; Interpretation.** This is a Washington contract and shall be construed under and be governed in all respects by the laws of the State of Washington, without giving effect to the conflict of laws principles thereof. In the event of any dispute, this Agreement is intended by the Parties to be construed as a whole, to be interpreted in accordance with its fair meaning, and not to be construed strictly for or against either Party or the "drafter" of all or any portion of this Agreement.

**21. Assignment; Successors and Assigns.** Neither the Executive nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; *provided, however*, that the Company may assign its rights and obligations under this Agreement (including the Restrictive Covenants Agreement) without the Executive's consent to any affiliate or to any person or entity with whom the Company shall hereafter effect a reorganization or consolidation, into which the Company merges or to whom it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon the Executive and the Company, and each of the Executive's and the Company's respective successors, executors, administrators, heirs and permitted assigns. In the event of the Executive's death after the Retirement Date but prior to the completion by the Company of all payments due to the Executive under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to the Executive's death (or to the Executive's estate, if the Executive fails to make such designation).

**22. Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

**IN WITNESS WHEREOF**, the Parties, intending to be legally bound, have executed this Agreement on the date(s) indicated below.

**ABSCI CORPORATION**

By: /s/ Sean McClain  
Name: Sean McClain  
Title: Founder and CEO  
Date: 8/14/2023

**EXECUTIVE**

By: /s/ Gregory Schiffman  
Name: Gregory Schiffman  
Title: Chief Financial Officer  
Date: 8/14/2023

## SEPARATION AGREEMENT

This Separation Agreement (“Agreement”) is made between Absci Corporation, a Delaware corporation (the “Company”) and Sarah Korman (the “Executive”). The Company together with the Executive shall be referred to as the “Parties”. Terms with initial capitalization not otherwise defined shall have the meanings ascribed to such terms in the Employment Agreement (as defined below).

**WHEREAS** the Parties entered into an Employment Agreement that became effective on July 26, 2021 (the “Employment Agreement”);

**WHEREAS**, the Executive and the Company have agreed that the Executive’s employment will be ending;

**WHEREAS**, the Executive was granted certain options to purchase shares of the Company’s common stock subject to time-based vesting (the “Options”) which will be partially vested as of the Separation Date (as defined below) in accordance with the terms of the Executive’s agreements with respect to the Options (the “Stock Option Agreements”) and the Company’s 2021 Stock Option and Incentive Plan and 2020 Stock Option and Grant Plan (the “Plans”, along with the Stock Option Agreements the “Equity Documents”);

**WHEREAS**, the Executive and the Company wish to supersede the Employment Agreement and replace it with this Agreement, except to the extent certain provisions are preserved herein;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

**1. Transition Period; Post-Employment Consulting Period.**

(a) If the Executive enters into, does not revoke and complies with this Agreement, then her at-will employment with the Company will continue through September 15, 2023 (the “Anticipated Separation Date”), unless she sooner resigns, the Company terminates her employment for Cause (as defined in the Employment Agreement) or the Executive and the Company agree to end the employment relationship on an earlier date. The actual last day of the Executive’s employment with the Company is referred to herein as the “Separation Date,” and the time period between the Effective Date of this Agreement (as defined below) and the Separation Date is the “Transition Period.”

(b) During the Transition Period, the Executive will be actively employed and shall have such powers and duties as may from time to time be prescribed by the Company’s Chief Executive Officer (the “CEO”) or other duly authorized executive officer. The Executive’s position and duties may change during the Transition Period, except the Executive shall retain the title of Chief Legal Officer, irrespective of her actual duties, and the Executive acknowledges and agrees that such changes shall not constitute a Good Reason Condition and that Good Reason shall not apply during the Transition Period.

(c) The Executive shall work cooperatively and professionally with her colleagues during the Transition Period, including, without limitation, with respect to transitioning her duties.

(d) During the Transition Period, the Executive will (i) be paid her Base Salary at the rate of \$433,264 per annum; (ii) remain eligible to participate in the Company’s group employee benefit plans, subject to the terms and conditions of those plans; and (iii) continue to

vest in her outstanding equity awards through the Separation Date consistent with the Equity Documents. The Executive shall not be entitled to any bonus or incentive compensation (except as set forth below in Severance Benefits), any additional cash payments or any additional equity vesting or grants.

(e) The Period between the last day of the Transition Period and October 15, 2023 shall be the “Post-Employment Consulting Period”. During the Post-Employment Consulting Period the Executive will provide services to the Company on an as needed basis to assist with projects and transitioning her job duties (the “Consulting Services”). The Executive will have a service relationship with the Company for purposes of the Equity Documents and will be entitled to the Severance Benefits (as defined below) during the Post-Employment Consulting Period but she will not otherwise be entitled to additional compensation in connection with performing the Consulting Services. The Continuing Obligations, as defined in the Employment Agreement, and the Restrictive Covenants Agreement (as defined below) shall apply to the Executive as if she were an employee during the Post-Employment Consulting Period.

(f) Provided the Executive has entered into and is in compliance with this Agreement (including the Comprehensive Continuing Obligations), the Company’s Board of Directors will consider extending the exercise period for Executive’s Options that are vested as of the last date of the Post-Employment Consulting Period through the earlier of (a) the date that is three (3) years following the last day of the Post-Employment Consulting Period; and (b) the original expiration date of such stock options.

2. Severance Benefits. If the Executive enters into, does not revoke and complies with this Agreement including the Continuing Obligations (as defined below) and the Executive performs active services and does not end the Transition Period without the Company’s consent prior to the Anticipated Separation Date and performs the Consulting Services to the extent reasonably requested by the Company, the Company shall pay the Executive:

(a) severance pay of nine (9) months of the Executive’s Base Salary payable in equal monthly increments on the Company’s regular payroll dates applicable to Executive’s position following the Separation Date, provided the first payment will be paid on the next regular payroll date practicable following the later of: (i) the Separation Date, or (ii) the Effective Date of this Agreement (as defined below) (in either event the “First Severance Payroll Date”);

(b) subject to the Executive’s co-payment of premium amounts at the applicable active employee rate and the Executive’s proper election to receive benefits under COBRA, the Company shall pay to the group health plan provider or the COBRA provider a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company until the earliest of (i) the 9-month anniversary of the Separation Date; (ii) the date the Executive becomes eligible for group medical plan benefits under any other employer’s group medical plan; or (iii) the cessation of the Executive’s health continuation rights under COBRA;

(c) a prorated bonus amount for 2023 equal to \$97,139.00, less applicable deductions and withholdings, payable on the First Severance Payroll Date;

(d) subject to the approval of the Company’s Board of Directors or the Compensation Committee thereof, and notwithstanding anything to the contrary in the Equity Documents, the one year cliff vesting date for the Executive’s stock option grant dated March 1, 2023 (the “March 2023 Option”) will be waived and the Executive will vest in the March

2023 Option on a pro rata basis, calculated based on the number of months (rounded up to the nearest month) elapsed between the vesting commencement date of the March 2023 Option and the last date of the Post-Employment Consulting Period such that the Executive will be vested in an aggregate of 62,500 shares subject to the March 2023 Option, and the remaining portion of the March 2023 Option will terminate as of the last date of the Post-Employment Consulting Period.

**3. General Release.** In consideration for, among other terms, the opportunity to continue the Executive's at-will employment during the Transition Period and to receive compensation, benefits and continued vesting during such time and the opportunity to receive the Severance Benefits, to which the Executive acknowledges she would not otherwise be entitled, the Executive irrevocably and unconditionally releases and forever discharges the Company, all of its affiliated and related entities, its and their respective predecessors, successors and assigns, employee benefit plans and the fiduciaries of such plans, and the current and former officers, directors, shareholders, employees, consultants, attorneys, accountants, fiduciaries and agents of each of the foregoing in their official and personal capacities (collectively referred to as the "Releasees") generally from all claims, demands, debts, damages and liabilities of every name and nature, known or unknown, that, as of the date when the Executive signs this Agreement, she has, ever had, now claims to have or ever claimed to have had against any or all of the Releasees ("Claims"). This release includes, without limitation, the complete waiver and release of all Claims: arising in connection with or under the Employment Agreement or any other agreement between the Executive and any of the Releasees; of breach of express or implied contract; of wrongful termination of employment, whether in contract or tort; of intentional, reckless or negligent infliction of emotional distress; of breach of any express or implied covenant of employment, including the covenant of good faith and fair dealing; of interference with contractual or advantageous relations, whether prospective or existing; of deceit or misrepresentation; of discrimination or retaliation under federal, state or local law, including, without limitation, Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., as amended, the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., and the Washington Law Against Discrimination; under any federal, state, local or foreign statute, rule, ordinance or regulation; of promissory estoppel or detrimental reliance; of violation of public policy; for wages, bonuses, incentive compensation, vacation pay or any other compensation or benefits, whether under the Washington Wage Payment Act, or otherwise; for fraud, slander, libel, defamation, disparagement, personal injury, negligence, compensatory or punitive damages, or any other Claim for damages or injury of any kind whatsoever; and for monetary recovery, injunctive relief, attorneys' fees, experts' fees, medical fees or expenses, costs and disbursements. The Executive understands that this general release of Claims includes, without limitation, any and all Claims related to the Executive's employment by the Company (including without limitation, any Claims against the Company in respect of any stock-based awards of any kind) and the termination of her employment, and all Claims as a Company stockholder or option holder arising up to and through the date that the Executive signs this Agreement. The Executive understands that this general release does not extend to any rights or claims that may arise out of acts or events that occur after the date on which the Executive signs this Agreement, or to Claims that cannot be released as a matter of law. The Executive represents that she has not assigned to any third party and has not filed with any agency or court any Claim released by this Agreement. This release does not affect the Executive's rights or obligations under this Agreement, nor shall it affect the Executive's rights, if any, to indemnification by the Company pursuant to the Company's organizational documents or, if applicable, any written indemnification agreement between the Company and the Executive, or coverage, if any, under applicable directors' and officers' insurance policies.

**4. Return of Property.** Upon the earlier of the Separation Date or a request by the Company, the Executive is required to immediately return all Company property, including,

without limitation, her Company laptop, computer equipment, software, keys and access cards, credit cards, files and any documents (including computerized data and any copies made of any computerized data or software) containing information concerning the Company, its business or its business relationships (“Company Property”), *provided* the Executive may retain the Company issued laptop in her possession if the Company is first provided with an opportunity to wipe all data from the laptop except for Executive’s personal items that will be identified by the Executive. After returning all Company Property, the Executive commits to deleting and finally purging any duplicates of files or documents that may contain Company or customer information from any non-Company computer, phone or other device that remains the Executive’s property after the Separation Date. The obligations contained in this Section 4 are supplemental to, and not in lieu of, any return of property obligations the Executive has pursuant to the Confidentiality and Proprietary Rights Agreement dated May 26, 2021 (the “Restrictive Covenants Agreement”) the terms of which are incorporated by reference herein.

5. **Continuing Obligations.** The Continuing Obligations as defined in the Employment Agreement are incorporated by reference as material terms of this Agreement, provided Section 8(b) (Noncompetition) of the Employment Agreement is waived and such waiver renders Section 8(b) null and void.

6. **Communications.** The Company will make a formal written announcement about the Executive’s transition through an email communication (the “Company Announcement”) and Executive shall be entitled to review and provide input on the Company Announcement before it is issued. Once the Company has made the Company Announcement, the Executive agrees to limit any communications regarding her transition to statements consistent with the Company Announcement.

7. **Cooperation.** During and after the Executive’s employment, the Executive shall cooperate fully with the Company including without limitation in connection with (i) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company; and (ii) the investigation, whether internal or external, of any matters about which the Company believes the Executive may have knowledge or information. The Executive’s full cooperation in connection with such claims, actions or investigations shall include, but not be limited to, being available to meet with counsel to answer questions or to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Executive’s employment, the Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive’s performance of obligations pursuant to this Section 7.

8. **Comprehensive Continuing Obligations; Injunctive Relief.** The Executive acknowledges that the opportunity to continue her at-will employment during the Transition Period and to continue the service relationship with the Company during the Post-Employment Consulting Period and receive the associated compensation, benefits and equity vesting is conditioned on her full compliance with the Continuing Obligations as well as Sections 4 through 7 of this Agreement (collectively, the “Comprehensive Continuing Obligations”). In the event that the Executive fails to comply with any of the Comprehensive Continuing Obligations, then in addition to any other legal or equitable remedies it may have for such breach, the Company shall have the right to immediately terminate the Executive’s employment for Cause. Such termination in the event of a breach by the Executive shall not affect the general release in Section 3 of this Agreement or the Executive’s obligation to comply with the Comprehensive Continuing Obligations. Further, the Executive agrees that it would be difficult to measure any

damages caused to the Company that might result from any breach by the Executive of the Comprehensive Continuing Obligations and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, the Executive agrees that if the Executive breaches any portion of the Comprehensive Continuing Obligations, the Company shall be entitled, in addition to all other remedies it may have, to an injunction or other appropriate equitable relief to restrain any such breach, without showing or proving any actual damage to the Company and without the necessity of posting a bond, and to recover the Company's attorneys' fees and costs associated with any such breach by the Executive.

**9. Advice of Counsel.** This Agreement is a legally binding document and the Executive's signature will commit the Executive to its terms. The Company advises the Executive to consult with an attorney prior to signing this Agreement. The Executive acknowledges that that she has carefully read and fully understands all of the provisions of this Agreement and that she is voluntarily entering into this Agreement. In signing this Agreement, the Executive is not relying upon any promises or representations made by anyone at or on behalf of the Company.

**10. Protected Disclosures.** Nothing in this Agreement or otherwise limits the Executive's (i) obligation to testify truthfully in any legal proceeding; (ii) right to file a charge or complaint with the Securities Exchange Commission or any other federal agency or any state or local governmental agency or commission (together, a "Government Agency"); or (iii) ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including by providing documents or other information without notice or approval from the Company. If the Executive files any charge or complaint with any Government Agency and if the Government Agency pursues any claim on the Executive's behalf, or if any other third party pursues any claim on the Executive's behalf, the Executive waives any right to monetary or other individualized relief (either individually or as part of any collective or class action); *provided* that nothing in this Agreement limits any right the Executive may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission.

**11. Notices; Resignations.** The Parties acknowledge and agree that all notice obligations under Section 4(a) of the Employment Agreement have been satisfied. To the extent applicable, the Executive shall be deemed to have resigned from all officer positions that she holds with the Company or any of its respective subsidiaries or affiliates upon the Separation Date, and the Executive agrees to execute any documents reasonably requested by the Company in order to effectuate such resignations. As of the Separation Date, the Executive shall have no further employment relationship with the Company or any of its subsidiaries or affiliates.

**12. Time for Consideration; Effective Date.** The Executive acknowledges that she is a lawyer with employment law experience and that she has been given the opportunity to consider this Agreement before signing it. This Agreement shall become effective upon execution (the "Effective Date"). Notwithstanding the foregoing, the Company may withdraw the offer of this Agreement or may void this Agreement before the Effective Date if the Executive breaches any provision contained in this Agreement (including any provision of the Restrictive Covenants Agreement).

**13. Enforceability.** If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.



**14. Entire Agreement.** This Agreement, together with the Restrictive Covenants Agreement constitutes the entire agreement between the Executive and the Company concerning the Executive's employment with the Company and the ending of the employment relationship, and supersedes and replaces any and all prior agreements and understandings between the Parties concerning the Executive's employment with the Company and the ending of the employment relationship including, without limitation, the Employment Agreement (except for the definition of Cause in Section 3(c) and the Continuing Obligations (except for Section 8(b)), which are preserved), provided that the Equity Documents, the Company's employment policies and Executive's acknowledgments with respect to those policies including, without limitation, the Code of Business Conduct and Ethics, the Company's Insider Trading Policy, the Company's Covid-19 Policy (all as may be amended from time to time), and the Waiver Release of Liability for Use of Recreational Facility, shall all continue to be in full force and effect in accordance with their terms.

**15. Waiver; Amendment.** No waiver of any provision of this Agreement, including the Continuing Obligations, shall be effective unless made in writing and signed by the waiving party. The failure of the Company to require the performance of any term or obligation of this Agreement or the Continuing Obligations, or the waiver by the Company of any breach of this Agreement or the Continuing Obligations shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach. This Agreement may not be modified or amended except in a writing signed by both the Executive and a duly authorized representative of the Company.

(a) **Taxes.** The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith determines that it is required to make such deductions, withholdings and tax reports. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Executive for any adverse tax effect associated with any payments or benefits or withholding from any payment or benefit. The Executive acknowledges that to the extent any such vested stock Options are intended to be an "incentive stock option," such options may no longer qualify as "incentive stock options" under the Internal Revenue Code of 1986, as amended, but instead may convert to a nonqualified stock option, consistent with applicable law.

**16. Section 409A.** To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h). The Parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The Parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party. The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

17. **Acknowledgment of Wage and Other Payments.** The Executive acknowledges and represents that, except as expressly provided in this Agreement, the Executive has been paid all wages, bonuses, compensation, benefits, and other amounts that any of the Releasees has ever owed to the Executive. The Executive is not entitled to any other compensation or benefits from the Company related to her employment following the Separation Date except as specifically set forth in this Agreement.

18. **Waiver of Jury Trial.** Each of the Executive and the Company irrevocably and unconditionally WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE EXECUTIVE'S EMPLOYMENT BY THE COMPANY OR ANY AFFILIATE OF THE COMPANY, INCLUDING WITHOUT LIMITATION THE EXECUTIVE'S OR THE COMPANY'S PERFORMANCE UNDER, OR THE ENFORCEMENT OF, THIS AGREEMENT.

19. **Consent to Jurisdiction.** The Parties hereby consent to the jurisdiction of the state and federal courts of the State of Washington. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

20. **Governing Law; Interpretation.** This is a State of Washington contract and shall be construed under and be governed in all respects by the laws of the State of Washington, without giving effect to the conflict of laws principles thereof. In the event of any dispute, this Agreement is intended by the Parties to be construed as a whole, to be interpreted in accordance with its fair meaning, and not to be construed strictly for or against either Party or the "drafter" of all or any portion of this Agreement.

21. **Assignment; Successors and Assigns.** Neither the Executive nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; *provided, however,* that the Company may assign its rights and obligations under this Agreement (including the Restrictive Covenants Agreement) without the Executive's consent to any affiliate or to any person or entity with whom the Company shall hereafter effect a reorganization or consolidation, into which the Company merges or to whom it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon the Executive and the Company, and each of the Executive's and the Company's respective successors, executors, administrators, heirs and permitted assigns. In the event of the Executive's death after the Separation Date but prior to the completion by the Company of all payments due to the Executive under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to the Executive's death (or to the Executive's estate, if the Executive fails to make such designation).

22. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

[Signature page follows]

**IN WITNESS WHEREOF**, the Parties, intending to be legally bound, have executed this Agreement on the date(s) indicated below.

**ABSCI CORPORATION**

By: /s/ Sean McClain  
Name: Sean McClain  
Title: Founder & Chief Executive Officer

Date: 8/16/2023

**EXECUTIVE**

Name: Sarah Korman

/s/ Sarah Korman





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

In connection with the Quarterly Report of Absci Corporation (the "Company") on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I 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: November 14, 2023

By: \_\_\_\_\_ /s/ Sean McClain

**Sean McClain**  
**Founder and Chief Executive Officer**  
**(Principal Executive Officer)**

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

In connection with the Quarterly Report of Absci Corporation (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I 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: November 14, 2023

By: \_\_\_\_\_ /s/ Zachariah Jonasson  
**Zachariah Jonasson**  
**Chief Financial Officer**  
**(Principal Financial Officer)**