

REFINITIV

DELTA REPORT

10-Q

ABSCI CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1873

| | |
|-----------|------|
| CHANGES | 150 |
| DELETIONS | 1257 |
| ADDITIONS | 466 |

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** **March 31, 2024**

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)

85-3383487

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

18105 SE Mill Plain Blvd

Vancouver, WA

(Address of Principal Executive Offices)

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** **113,083,669** shares of \$0.0001 par value common stock as of **October 31, 2023** **April 30, 2024**.

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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 drug creation 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, including preclinical and clinical trial timelines, of programs using our platform;
- our expectations and 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; capabilities and the application of artificial intelligence across our Integrated Drug Creation platform;
- 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 effects of the organizational realignment that we announced in September 2023;
- 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’s stylized A logo, Absci®, SoluPro®, Bionic 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 but not limited to, the Absci’s stylized A Absci AI logo mark, HiPrBind, Bionic proteins, IgDesign, 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 intellectual property of their respective owners. Use of these marks/trade names does not imply affiliation, endorsement, or sponsorship of any kind. 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) and our investor relations website (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

| | | September 30, | December 31, | | |
|---|---|---------------|--------------|---|------|
| | | March 31, | March 31, | | |
| | | March 31, | | December 31, | |
| (In thousands, except for share and per share data) | (In thousands, except for share and per share data) | 2023 | 2022 | (In thousands, except for share and per share data) | 2024 |
| ASSETS | ASSETS | | | | |
| Current assets: | Current assets: | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | | | | | |
| Cash and cash equivalents | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | \$ 69,733 | \$ 59,955 | | |
| Restricted cash | Restricted cash | 16,035 | 15,023 | | |
| Short-term investments | Short-term investments | 43,746 | 104,476 | | |
| Receivables under development arrangements, net | Receivables under development arrangements, net | 800 | 1,550 | | |
| Prepaid expenses and other current assets | Prepaid expenses and other current assets | 4,399 | 5,859 | | |
| Total current assets | Total current assets | 134,713 | 186,863 | | |
| Operating lease right-of-use assets | Operating lease right-of-use assets | 4,688 | 5,319 | | |
| Property and equipment, net | Property and equipment, net | 45,213 | 52,723 | | |
| Intangibles, net | Intangibles, net | 49,095 | 51,622 | | |
| Goodwill | | — | 21,335 | | |
| Restricted cash, long-term | | | | | |
| Restricted cash, long-term | | | | | |
| Restricted cash, long-term | Restricted cash, long-term | 1,098 | 1,864 | | |
| Other long-term assets | Other long-term assets | 1,537 | 1,282 | | |
| TOTAL ASSETS | TOTAL ASSETS | \$ 236,344 | \$ 321,008 | | |

| LIABILITIES AND STOCKHOLDERS' EQUITY | LIABILITIES AND STOCKHOLDERS' EQUITY | | |
|--|--------------------------------------|----------|----------|
| Current liabilities: | Current liabilities: | | |
| Current liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | | | |
| Accounts payable | | | |
| Accounts payable | Accounts payable | \$ 1,909 | \$ 2,412 |
| Accrued expenses | Accrued expenses | 19,677 | 20,481 |
| Long-term debt | Long-term debt | 3,213 | 2,946 |
| Operating lease obligations | Operating lease obligations | 1,746 | 1,690 |
| Financing lease obligations | Financing lease obligations | 1,083 | 2,296 |
| Deferred revenue | Deferred revenue | 345 | 445 |
| Total current liabilities | 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 |
| Long-term debt, net of current portion | | | |
| Operating lease obligations, net of current portion | | | |
| Finance lease obligations, net of current portion | | | |
| Deferred tax liability, net | | | |
| Deferred revenue, long-term | | | |
| Other long-term liabilities | Other long-term liabilities | — | 35 |
| TOTAL LIABILITIES | TOTAL LIABILITIES | 39,928 | 46,594 |
| Commitments (See Note 8) | | | |
| STOCKHOLDERS' EQUITY | STOCKHOLDERS' EQUITY | | |
| 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 |
|--|---|---|

| | | | |
|--|---|------------|------------|
| STOCKHOLDERS' EQUITY | | | |
| STOCKHOLDERS' EQUITY | | | |
| Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding | | | |
| Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding | | | |
| Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding | | | |
| Common stock, \$0.0001 par value; 500,000,000 shares authorized; 112,998,922 and 93,087,675 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | | | |
| Additional paid-in capital | Additional paid-in capital | 579,416 | 570,454 |
| Accumulated deficit | Accumulated deficit | (382,950) | (295,929) |
| Accumulated other comprehensive loss | Accumulated other comprehensive loss | (59) | (120) |
| TOTAL | TOTAL | | |
| STOCKHOLDERS' EQUITY | STOCKHOLDERS' EQUITY | 196,416 | 274,414 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 236,344 | \$ 321,008 |

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

ABSCI CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

| | | | |
|---|---|--|--|
| For the Three Months Ended March 31, | | | |
| | For the Three Months Ended September 30, | For the Nine Months Ended September 30, | |
| For the Three Months Ended March 31, | | | |

| For the Three Months Ended March 31, | | | | | | | |
|---|---|----------|----------|----------|----------|---|--|
| (In thousands, except for share and per share data) | (In thousands, except for share and per share data) | 2023 | 2022 | 2023 | 2022 | | |
| | | | | | | (In thousands, except for share and per share data) | |
| Revenues | Revenues | | | | | | |
| Technology development revenue | Technology development revenue | \$ 744 | \$ 2,004 | \$ 5,380 | \$ 3,094 | | |
| Collaboration revenue | Collaboration revenue | — | 365 | — | 1,096 | | |
| Technology development revenue | | | | | | | |
| Technology development revenue | | | | | | | |
| Total revenues | | | | | | | |
| Total revenues | | | | | | | |
| Total revenues | Total revenues | 744 | 2,369 | 5,380 | 4,190 | | |
| Operating expenses | Operating expenses | | | | | | |
| Research and development | Research and development | 11,029 | 15,525 | 35,798 | 47,593 | | |
| Research and development | | | | | | | |
| Research and development | | | | | | | |
| Selling, general and administrative | Selling, general and administrative | 9,505 | 11,407 | 28,508 | 32,803 | | |
| Depreciation and amortization | Depreciation and amortization | 3,513 | 3,404 | 10,515 | 9,451 | | |
| Goodwill impairment | Goodwill impairment | — | — | 21,335 | — | | |
| Total operating expenses | | | | | | | |
| Total operating expenses | | | | | | | |
| Total operating expenses | Total operating expenses | 24,047 | 30,336 | 96,156 | 89,847 | | |
| Operating loss | Operating loss | (23,303) | (27,967) | (90,776) | (85,657) | | |
| Other income (expense) | Other income (expense) | | | | | | |
| Interest expense | Interest expense | (229) | (279) | (806) | (685) | | |
| Interest expense | | | | | | | |
| Interest expense | | | | | | | |
| Other income, net | Other income, net | 1,572 | 675 | 4,613 | 948 | | |
| Total other income (expense), net | Total other income (expense), net | 1,343 | 396 | 3,807 | 263 | | |
| Total other income, net | | | | | | | |
| Total other income, net | | | | | | | |

| | | | | | |
|---|---|-------------|-------------|-------------|-------------|
| Loss before income taxes | Loss before income taxes | (21,960) | (27,571) | (86,969) | (85,394) |
| Income tax (expense) benefit | | (34) | 312 | (52) | (39) |
| Income tax expense | | | | | |
| Net loss | Net loss | \$ (21,994) | \$ (27,259) | \$ (87,021) | \$ (85,433) |
| Net loss per share: Basic and diluted | Net loss per share: Basic and diluted | \$ (0.24) | \$ (0.30) | \$ (0.95) | \$ (0.94) |
| Net loss per share: Basic and diluted | | | | | |
| Net loss per share: Basic and diluted | | | | | |
| Weighted-average common shares outstanding: Basic and diluted | | | | | |
| Weighted-average common shares outstanding: Basic and diluted | | | | | |
| Weighted-average common shares outstanding: Basic and diluted | Weighted-average common shares outstanding: Basic and diluted | 92,217,234 | 91,105,265 | 91,844,221 | 90,686,517 |
| Comprehensive loss: | Comprehensive loss: | | | | |
| Comprehensive loss: | | | | | |
| Comprehensive loss: | | | | | |
| Net loss | | | | | |
| Net loss | | | | | |
| Net loss | Net loss | \$ (21,994) | \$ (27,259) | \$ (87,021) | \$ (85,433) |
| Foreign currency translation adjustments | Foreign currency translation adjustments | 78 | (27) | 22 | (77) |
| Unrealized gain on investments | | 9 | 114 | 39 | 116 |
| Unrealized (loss) gain on investments | | | | | |
| Comprehensive loss | 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 | Additional Paid- | Accumulated | Accumulated | Total |
|---|--------------|------------------|-------------|-------------|-------|
|---|--------------|------------------|-------------|-------------|-------|

| | In Capital | | Deficit | Other | Stockholders' | |
|---|------------|--------|------------|---------------|---------------|------------|
| | Shares | Amount | | Comprehensive | Equity | |
| | | | | Loss | | |
| Balances - December 31, 2022 | 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) |
| Balances - March 31, 2023 | 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) |
| Balances - June 30, 2023 | 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) |
| Balances - September 30, 2023 | 92,936,980 | \$ 9 | \$ 579,416 | \$ (382,950) | \$ (59) | \$ 196,416 |

| (In thousands, except for share and per share data) | Accumulated | | | | | | Total | | | | |
|---|--------------|--------|--------------------|--------------|---------------------|---------------|----------|---------|---------|------|--------|
| | Common Stock | | Additional Paid-In | Accumulated | Other Comprehensive | Stockholders' | | | | | |
| | Shares | Amount | | | | | | Capital | Deficit | Loss | Equity |
| | | | | | | | | | | | |
| Balances - December 31, 2023 | 93,087,675 | \$ 9 | \$ 582,699 | \$ (406,495) | \$ (37) | \$ | 176,176 | | | | |
| Issuance of common shares, net of issuance costs of \$411 | 19,205,000 | 2 | 80,825 | — | — | | 80,827 | | | | |
| Issuance of shares under stock plans, net of shares withheld for tax payments | 706,247 | — | 1,630 | — | — | | 1,630 | | | | |
| Stock-based compensation | — | — | 3,544 | — | — | | 3,544 | | | | |
| Foreign currency translation adjustments | — | — | — | — | (47) | | (47) | | | | |
| Unrealized gain on investments | — | — | — | — | (48) | | (48) | | | | |
| Net loss | — | — | — | (21,975) | — | | (21,975) | | | | |
| Balances - March 31, 2024 | 112,998,922 | \$ 11 | \$ 668,698 | \$ (428,470) | \$ (132) | \$ | 240,107 | | | | |

| (In thousands, except for share and per share data) | | | | | | Accumulated | Total |
|---|--------|--------------------|-------------|---------------------|---------------|-------------|-------|
| Common Stock | | Additional Paid-In | Accumulated | Other Comprehensive | Stockholders' | | |
| Shares | Amount | Capital | Deficit | Loss | Equity | | |
| | | | | | | | |

| | | | | | | | | | | | |
|---|------------|----|---|----|---------|----|-----------|----|-------|----|----------|
| Balances - December 31, 2022 | 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) |
| Balances - March 31, 2023 | 92,481,972 | \$ | 9 | \$ | 573,335 | \$ | (319,284) | \$ | (95) | \$ | 253,965 |

| (In thousands, except for share and per share data) | Common Stock | | | Accumulated | | | Total |
|---|--------------|--------|--------------------|--------------|-----------------------|---------------|----------|
| | Shares | Amount | Additional | Accumulated | Other | Stockholders' | |
| | | | Paid-In Capital | Deficit | Comprehensive Loss | | |
| Balances - December 31, 2021 | 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) |
| Balances - March 31, 2022 | 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) |
| Balances - June 30, 2022 | 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) |
| Balances - September 30, 2022 | 92,884,775 | \$ 9 | \$ 569,365 | \$ (276,458) | \$ 26 | \$ | 292,942 |
| Balances - | | | | | | | |

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

ABSCI CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | | For the Nine Months Ended September 30, | | | |
|--|--|---|----------|----------------|------|
| | | For the Three Months Ended March 31, | | | |
| | | For the Three Months Ended March 31, | | | |
| | | For the Three Months Ended March 31, | | | |
| (In thousands) | (In thousands) | 2023 | 2022 | (In thousands) | 2024 |
| Cash Flows From Operating Activities | Cash Flows From Operating Activities | | | | |
| Net loss | Net loss | (87,021) | (85,433) | | |
| Net loss | | | | | |
| Net loss | | | | | |
| Adjustments to reconcile net loss to net cash used in operating activities: | Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | | | | | |
| Depreciation and amortization | Depreciation and amortization | 10,515 | 9,451 | | |
| Deferred income taxes | Deferred income taxes | 11 | 13 | | |
| Deferred income taxes | | | | | |
| Deferred income taxes | | | | | |
| Stock-based compensation | Stock-based compensation | 8,237 | 11,516 | | |
| Goodwill impairment | | 21,335 | — | | |
| Accretion of discount on short-term investments | | | | | |
| Accretion of discount on short-term investments | | | | | |
| Accretion of discount on short-term investments | Accretion of discount on short-term investments | (2,275) | — | | |
| Other | | | | | |
| Other | | | | | |
| Other | Other | (490) | 853 | | |

| | | | |
|--|--|-----------|----------|
| Changes in operating assets and liabilities: | Changes in operating assets and liabilities: | | |
| Changes in operating assets and liabilities: | | | |
| Changes in operating assets and liabilities: | | | |
| Receivables under development arrangements | | | |
| Receivables under development arrangements | | | |
| Receivables under development arrangements | Receivables under development arrangements | 723 | 965 |
| Prepaid expenses and other current assets | Prepaid expenses and other current assets | 1,460 | 3,436 |
| Operating lease right-of-use assets and liabilities | Operating lease right-of-use assets and liabilities | (635) | (467) |
| Other long-term assets | Other long-term assets | (255) | — |
| Accounts payable | Accounts payable | (380) | (1,224) |
| Accrued expenses and other liabilities | Accrued expenses and other liabilities | (839) | (1,207) |
| Deferred revenue | Deferred revenue | (100) | (674) |
| Net cash used in operating activities | Net cash used in operating activities | (49,714) | (62,771) |
| Cash Flows From Investing Activities | Cash Flows From Investing Activities | | |
| Purchases of property and equipment | Purchases of property and equipment | (843) | (15,615) |
| Acquisitions, net of cash acquired | | — | (8,000) |
| Purchases of property and equipment | | | |
| Purchases of property and equipment | | | |
| Investment in short-term investments | | | |
| Investment in short-term investments | | | |
| Investment in short- term investments | Investment in short- term investments | (122,196) | (73,853) |
| Proceeds from maturities of short- term investments | Proceeds from maturities of short- term investments | 185,897 | — |

| | | | |
|---|---|--------|----------|
| Proceeds from sales of property and equipment | 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) |

Net cash used in investing activities

Net cash used in investing activities

Net cash used in investing activities

| | | | |
|---|---|---|-------|
| Cash Flows From Financing Activities | Cash Flows From Financing Activities | | |
| Proceeds from issuance of long-term debt | | — | 9,407 |

Principal payments on long-term debt

Principal payments on long-term debt

| | | | |
|--|---|---------|-----------|
| Principal payments on long-term debt | Principal payments on long-term debt | (2,168) | (4,086) |
| Principal payments on finance lease obligations | Principal payments on finance lease obligations | (1,805) | (2,067) |
| Proceeds from issuance of common stock, net of issuance costs | 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) |

Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities

Net decrease in cash, cash equivalents, and restricted cash

| | | | |
|--|--|--------|---------|
| Cash, cash equivalents and restricted cash - Beginning of year | Cash, cash equivalents and restricted cash - Beginning of year | 76,842 | 279,926 |
|--|--|--------|---------|

| | | | |
|---|---|-----------|------------|
| Cash, cash equivalents, and restricted cash - End of period | Cash, cash equivalents, and restricted cash - End of period | \$ 86,866 | \$ 124,196 |
|---|---|-----------|------------|

| | | | |
|--|---|-------|-------|
| Supplemental Disclosure of Non-Cash Investing and Financing Activities | Supplemental Disclosure of Non-Cash Investing and Financing Activities | | |
| 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 |

| Supplemental Disclosure of Non-Cash Investing and Financing Activities | | | |
|--|---|---|-----|
| Supplemental Disclosure of Non-Cash Investing and Financing Activities | | | |
| Property and equipment purchases included in accounts payable | Property and equipment purchases included in accounts payable | — | 261 |
| Property and equipment purchases included in accounts payable | | | |
| Property and equipment purchases included in accounts payable | | | |

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

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ABSCI CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and nature of operations

Absci Corporation (the “Company”) is a data-first generative AI drug creation company harnessing deep learning and synthetic biology that combines AI with scalable wet lab technologies to expand the therapeutic potential of proteins, create better biologics for patients, faster. Absci leverages its integrated drug creation platform (the “Integrated Drug Creation Platform”) to identify novel improve upon traditional biologic drug targets discovery by using AI to simultaneously optimize multiple drug characteristics important to development and create promising biotherapeutic candidates. therapeutic benefit. 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, accounting principles generally accepted in the United States (US GAAP), consistent in all material respects with those applied in its Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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 December 31, 2023 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 March 31, 2024 and December 31, 2022 December 31, 2023, contract liabilities were \$0.3 million \$3.2 million and \$0.4 \$4.1 million, respectively. During the three and nine months ended September 30, 2023 March 31, 2024 and 2023, the Company recognized \$0.0 million \$0.9 million and \$0.4 million \$0.1 million, respectively, as revenue that had been included in deferred revenue at the beginning of the period.

Concentration Risk

During the three and nine months ended September 30, 2022 March 31, 2024, two partners represented approximately 99% of total revenue under technology development arrangements. During the Company recognized \$0.4 million and \$1.2 million three months ended March 31, 2023, respectively, as one partner represented approximately 93% of total revenue that had been included in deferred revenue at the beginning of the period. under technology development arrangements.

4.3. 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, sheets, with any unrealized gains and losses reported in accumulated other comprehensive income (loss), loss, which is reflected as a separate component of stockholders' equity in on the Company's condensed consolidated balance sheet, sheets, until realized. The Company

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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 |
| Assets | | | | |
| Money market funds | \$ 2,857 | \$ — | \$ — | \$ 2,857 |
| U.S. treasury bills | 51,439 | 2 | (4) | 51,437 |
| Total | \$ 54,296 | \$ 2 | \$ (4) | \$ 54,294 |
| Classified as: | | | | |
| 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 |
| Assets | | | | |
| 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 |

| | | |
|------------------------|----|---------|
| Classified as: | | |
| 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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ABSCI CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

| | | | | | |
|------------------------|----------------|---------------------|------------------------|-------------------------|-------------------|
| | | March 31, 2024 | | | |
| | | March 31, 2024 | | | |
| | | March 31, 2024 | | | |
| | Amortized cost | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair market value |
| Assets | | | | | |
| Money market funds | | | | | |
| Money market funds | | | | | |
| Money market funds | | | | | |
| U.S. treasuries | | | | | |
| U.S. treasuries | | | | | |
| U.S. treasuries | | | | | |
| Total | | | | | |
| Classified as: | | | | | |
| Cash equivalents | | | | | |
| Cash equivalents | | | | | |
| Cash equivalents | | | | | |
| Short-term investments | | | | | |
| | | | | | |
| | | September 30, 2023 | | | |
| | | 12 Months or | | | |
| | | Less than 12 Months | Greater | | |
| | | Unrealized | Fair | Unrealized | |
| | | Fair value | loss | value | loss |
| U.S. treasury bills | | \$ 25,772 | \$ (4) | \$ — | \$ — |
| Total | | | | | |

| | | | | | | |
|-------|-------|-----------|--------|------|------|--|
| Total | | | | | | |
| Total | 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.

| | December 31, 2023 | | | |
|------------------------|-------------------|------------------------|-------------------------|-------------------|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair market value |
| Assets | | | | |
| Money market funds | \$ 1,158 | \$ — | \$ — | \$ 1,158 |
| U.S. treasuries | 39,332 | 2 | — | 39,334 |
| Total | \$ 40,490 | \$ 2 | \$ — | \$ 40,492 |
| Classified as: | | | | |
| Cash equivalents | | | | \$ 15,195 |
| Short-term investments | | | | 25,297 |
| Total | | | | \$ 40,492 |

5. Property and equipment, net

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

| | September 30, | December 31, |
|--|---------------|--------------|
| | 2023 | 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 March 31, 2024 have a remaining maturity 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 one year. Proceeds from

maturities of relevant events available for sale securities were \$34.6 million 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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ABSCI CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

ABSCI CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 | \$ 57,107 | \$ (8,012) | \$ 49,095 | \$ 57,107 | \$ (5,485) | \$ 51,622 |

Amortization expense related to intangible assets was \$0.8 million \$42.0 million for the three months ended September 30, 2023 March 31, 2024 and 20222023, respectively. Unrealized gains and \$2.5 million for the nine months ended September 30, 2023 and 2022 and losses on securities were primarily due to changes in interest rates.

The Company holds a non-marketable equity investment with a carrying value of \$1.2 million which is reflected within depreciation and amortization expense classified as other long-term assets 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 |

balance sheets.

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.

ABSCI CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9.4. 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, and the 2023 Inducement Plan (the “2023 Inducement Plan”). On January 1, 2023 January 1, 2024, the number of shares of common stock reserved for future issuance under the 2021 Plan was increased by 4,620,555 4,654,384 shares pursuant to an automatic annual increase. As of September 30, 2023 March 31, 2024, 6,077,827 3,667,088 shares were available for issuance future grant under the 2021 Plan. As of March 31, 2024, 2,500,000 shares were available for future grant under the 2023 Inducement 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 |
| Total stock-based compensation expense | \$ 2,553 | \$ 3,592 | \$ 8,273 | \$ 11,618 |

ABSCI CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

| | For the Three Months Ended March 31, | |
|--|--------------------------------------|----------|
| | 2024 | 2023 |
| Research and development | \$ 1,654 | \$ 1,193 |
| Selling, general and administrative | 1,943 | 1,473 |
| Total stock-based compensation expense | \$ 3,597 | \$ 2,666 |

Stock options

Stock options generally vest either 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 period or ratably over 1-4 three years and immediate vesting, in three equal installments. 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 | Price per Share | Weighted | |
|----------------------------------|-------------------|-----------------|-----------------------------|--|
| | | | Average Remaining Exercise | Average Aggregate Intrinsic Value (in thousands) |
| | | | Contractual Term (in years) | |
| | | | | |
| Outstanding at December 31, 2022 | 11,429,399 | \$ 4.49 | 8.4 | \$ 2,949 |

| Number of Options | | | | 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, 2023 | | | | | | | |
| Granted | Granted | 10,567,181 | 2.00 | | | | |
| Exercised | | | | | | | |
| Exercised | | | | | | | |
| Exercised | Exercised | (420,625) | 1.10 | 250 | (542,741) | 2.68 | 1,233 |
| Canceled/Forfeited | Canceled/Forfeited | (3,009,430) | 3.93 | | | | |
| Expired | 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 |
| Expired | | | | | | | |
| Expired | | | | | | | |
| Outstanding at March 31, 2024 | | | | | | | |
| Outstanding at March 31, 2024 | | | | | | | |
| Outstanding at March 31, 2024 | | | | | | | |
| Exercisable at March 31, 2024 | | | | | | | |

The aggregate intrinsic value of outstanding stock options as of **September 30, 2023** **March 31, 2024** was calculated based on the Company's closing stock price of **\$1.32** **\$5.68** 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** **March 31, 2024** and **2023** was **\$1.39** **\$3.15** and **\$1.43**, **\$1.46**, 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** **March 31, 2024**, total unrecognized stock-based compensation related to stock options was **\$24.9 million** **\$29.6 million**, which the Company expects to recognize over a remaining weighted average period of **2.8** **2.6** years.

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ABSCI CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 March 31, |

| | | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | | | |
|--------------------------|--------------------------|---|-----------|--|-----------|-----------|-----------|
| | | For the Three Months Ended March 31, | | | | | |
| | | 2023 | 2022 | 2023 | 2022 | | |
| | | For the Three Months Ended March 31, | | | | 2024 | 2023 |
| | | 2024 | | | | | |
| Expected term (in years) | Expected term (in years) | 5.8-6.1 | 5.9-6.9 | 5.3-6.1 | 5.5-7.0 | 5.5-6.1 | 5.3-6.1 |
| Volatility | Volatility | 80%-81% | 64%-65% | 79%-81% | 63%-67% | 81%-82% | 79%-80% |
| Risk-free interest rate | Risk-free interest rate | 4.1%-4.3% | 2.6%-3.3% | 3.4%-4.3% | 0.8%-3.3% | 3.8%-4.1% | 3.4%-4.2% |
| Dividend Yield | Dividend Yield | —% | —% | —% | —% | —% | —% |

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ABSCI CORPORATION
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Restricted stock

Activity In connection with certain business combinations and as compensation for other service relationships, the Company has issued shares of restricted stock that vest over time subject to continued service by the stockholder. Shares of restricted stock that have not yet vested are subject to the Company's right of repurchase or forfeiture by the stockholder. Activity for restricted shares is shown below:

| | Number of shares |
|-----------------------------------|------------------|
| Unvested as of December 31, 2022 | 1,013,308 |
| December 31, 2023 | 374,208 |
| Vested | (426,917) |
| Unvested as of September 30, 2023 | 485,361 |
| March 31, 2024 | 268,872 |

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 0.9 years.

Restricted stock units subject to time-based vesting generally vest ratably over a term of 1-4 years. The Company recognizes forfeitures as they occur and uses the straight-line expense recognition method. Activity for restricted stock units is shown below:

| | Number of Shares | Weighted Average Grant Date Fair Value |
|----------------------------------|------------------|---|
| Unvested as of December 31, 2023 | 2,198,334 | \$ 1.42 |
| Granted | 2,426,855 | 3.62 |
| Vested | (14,326) | 2.21 |
| Forfeitures | (61,908) | 1.56 |
| Unvested as of March 31, 2024 | 4,548,955 | \$ 2.59 |

The weighted-average grant date fair value of restricted stock units granted during the three months ended March 31, 2024 was \$3.62. The aggregate grant date fair value of restricted stock units vested during the three months ended March 31, 2024 and 2023 was \$0.0 million. As of March 31, 2024,

there was \$11.7 million of unrecognized compensation expense related to the outstanding restricted stock units expected to be recognized over a remaining weighted-average period of 2.0 years. Fair value of restricted stock units subject to time-based vesting is calculated based on the Company's closing stock price per share as reported on the Nasdaq Global Select Market on the date of grant.

Restricted Stock Unit Award with Market Conditions

In March 2024, the Company granted 1,500,000 performance restricted stock units to its Founder and Chief Executive Officer that contained market conditions (the "2024 Market Award"). Subject to the holder's continued service, the 2024 Market Award provided for vesting in tranches once the Company's closing stock price meets or exceeds certain thresholds established by the Company's Compensation Committee of the Board of Directors. The original grant-date fair value of the 2024 Market Award of \$5.5 million was determined using a Monte Carlo simulation model using an expected volatility of 97% and risk-free rate of 4.5%. The stock based compensation expense will be recognized over the derived service period for each tranche over periods up to 1.3 years. As of March 31, 2024, none of the stock price thresholds for the 2024 Market Award had been met resulting in no shares vesting. Any unvested tranches of the 2024 Market Award will expire in March 2027 if the vesting conditions are not met.

Stock appreciation rights

In January 2021, the Company issued SARs that are contingent upon a qualifying liquidity event that is continues to not be 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 March 31, 2024 is \$0.5 million \$2.2

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million based on the Company's closing stock price of \$1.32 \$5.68 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 March 31, 2024, 195,150 197,150 of these SARs were outstanding with a weighted average exercise price of \$4.37 \$4.65 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 March 31, 2024 and December 31, 2022 as of December 31, 2023, the Company had recognized no a less than \$0.1 million 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.

10.5. Fair Value Measurements 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 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

| March 31, 2024 | | | | | | |
|--------------------------|--------------------------|-----------|---------|-----------|-----------|-------|
| March 31, 2024 | | | | | | |
| March 31, 2024 | | | | | | |
| | Level 1 | Level 1 | | Level 2 | Level 3 | Total |
| Assets: | | | | | | |
| Debt Securities: | | | | | | |
| Debt Securities: | | | | | | |
| Debt Securities: | | | | | | |
| Money market funds | | | | | | |
| Money market funds | | | | | | |
| Money market funds | | | | | | |
| U.S. treasuries | | | | | | |
| U.S. treasuries | | | | | | |
| U.S. treasuries | | | | | | |
| | September 30, 2023 | | | | | |
| | Level | | | | | |
| | Level 1 | 2 | Level 3 | Total | | |
| Assets: | | | | | | |
| Debt Securities: | | | | | | |
| Money market funds | \$ 2,857 | \$ — | \$ — | \$ 2,857 | | |
| Total assets | | | | | | |
| U.S. treasury bills | 51,437 | — | — | 51,437 | | |
| Total assets | | | | | | |
| Total assets | Total assets | \$ 54,294 | \$ — | \$ — | \$ 54,294 | |
| Liabilities: | | | | | | |
| Liabilities: | | | | | | |
| Contingent consideration | Contingent consideration | \$ — | \$ — | \$ 12,750 | \$ 12,750 | |
| Contingent consideration | | | | | | |
| Contingent consideration | | | | | | |
| Total liabilities | Total liabilities | \$ — | \$ — | \$ 12,750 | \$ 12,750 | |

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

| | | | | | December 31, 2022 |
|--------------------------|------------|---------|-----------|----|-------------------|
| | Level 1 | Level 2 | Level 3 | | Total |
| Assets | | | | | |
| 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 | \$ 109,526 | \$ — | \$ — | \$ | 109,526 |
| Liabilities: | | | | | |
| Contingent consideration | \$ — | \$ — | \$ 12,750 | \$ | 12,750 |
| Total liabilities | \$ — | \$ — | \$ 12,750 | \$ | 12,750 |

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 | \$ 12,750 | \$ 12,750 |

| | | | | | December 31, 2023 |
|--------------------------|-----------|-----------|-----------|----|-------------------|
| | Level 1 | Level 2 | Level 3 | | Total |
| Assets | | | | | |
| Debt Securities: | | | | | |
| Money market funds | \$ 1,158 | \$ — | \$ — | \$ | 1,158 |
| U.S. treasuries | 15,929 | 23,405 | — | | 39,334 |
| Total assets | \$ 17,087 | \$ 23,405 | \$ — | \$ | 40,492 |
| Liabilities: | | | | | |
| Contingent consideration | \$ — | \$ — | \$ 12,750 | \$ | 12,750 |
| Total liabilities | \$ — | \$ — | \$ 12,750 | \$ | 12,750 |

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

There was no change to the value of liabilities measured at fair value using significant unobservable inputs (Level 3) for the three months ended March 31, 2024. The contingent consideration liability is related to the acquisition of Totient, Inc. and is included in accrued expenses on the condensed consolidated balance sheet sheets as of September 30, 2023, March 31, 2024 and December 31, 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 the milestone of either entering into agreements meeting certain financial criteria with third parties using, or relating to, Totient technology or the first commercial sale of a Totient product. The contingent consideration held in escrow is included in restricted cash on the condensed consolidated balance sheet sheets as of September 30, 2023, March 31, 2024 and December 31, 2023.

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

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.

11.6. 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 | | | | | |
|--|--|-------------|-------------|---------------------|-------------|
| March 31, | | | | | |
| | For the Three Months Ended | | | For the Nine Months | |
| | September 30, | | | Ended September 30, | |
| For the Three Months Ended | | | | | |
| March 31, | | | | | |
| | 2023 | 2022 | 2023 | 2022 | |
| For the Three Months Ended | | | | | |
| March 31, | | | | | |
| | 2024 | | | 2024 | 2023 |
| Numerator: | Numerator: | | | | |
| Net loss | Net loss | \$ (21,994) | \$ (27,259) | \$ (87,021) | \$ (85,433) |
| Net loss | | | | | |
| Net loss | | | | | |
| Denominator: | Denominator: | | | | |
| Denominator: | | | | | |
| Denominator: | | | | | |
| Weighted-average | | | | | |
| common shares | | | | | |
| outstanding | | | | | |
| Weighted-average | | | | | |
| common shares | | | | | |
| outstanding | | | | | |
| Weighted-average common shares outstanding | Weighted-average common shares outstanding | 92,217,234 | 91,105,265 | 91,844,221 | 90,686,517 |
| Net loss per share, basic and diluted | Net loss per share, basic and diluted | \$ (0.24) | \$ (0.30) | \$ (0.95) | \$ (0.94) |
| Net loss per share, basic and diluted | | | | | |

Net loss per share, basic
and diluted

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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% shares calculated on a weighted-average basis 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. period outstanding):

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.

| | For the Three Months Ended March 31, | |
|------------------------------|--------------------------------------|------------|
| | 2024 | 2023 |
| Stock options | 19,326,573 | 13,770,552 |
| Restricted stock units | 2,975,663 | 34,546 |
| Unvested restricted stock | 311,133 | 876,859 |
| Employee stock purchase plan | 102,381 | 104,576 |

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

Overview

We are Absci is a data-first generative AI drug creation company harnessing deep learning that combines AI with scalable wet lab technologies to create better biologics for patients, faster. With the data to train, the AI to create, and synthetic biology the wet lab to expand the therapeutic potential of proteins. We leverage validate, our Integrated Drug Creation platform aims to identify novel engineer better biologics with design-in functionality and best-in-class properties.

Antibody-based therapeutics represent an extraordinary medical and economic opportunity, yet the biopharmaceutical industry faces significant challenges in bringing these life-changing medicines to patients. Our Integrated Drug Creation platform is designed to improve upon traditional biologic drug targets discovery by using AI to simultaneously optimize multiple drug characteristics that may be important to development and create encouraging biotherapeutic candidates. We believe our therapeutic benefit. This has the potential to significantly shorten time to clinic and increase the probability of success. Our approach enables us, expands the possibilities in biopharmaceuticals — shifting from a paradigm of drug discovery to drug creation — with the goal of bringing best-in-class and our partners, first-in-class antibody therapeutics to develop novel biologics that are optimized the patients who need them.

Generative AI depends on massive training datasets to generate quality results. For example, GPT-4, a well-known generative AI model, was trained on data at scale readily available through public sources such as the internet. Such a data set does not exist for many traits at disruptive speed.

We couple our powerful deep learning drug discovery. For this reason, current AI drug discovery mainly focuses on small-molecule drugs. Their simpler structure allows the synthesis and screening of million-member chemical libraries, which can then provide training data for generative AI models. In contrast, using AI models built to understand design biologic drugs is more challenging because the existing biological datasets are much smaller, meaning there is less training data available for developing highly predictive AI models. Biologic drugs, however, are inherently more selective than small molecules and predict determinants hence have in general better safety profiles in patients. Hence, building large training data sets for biologic drugs interactions offers the potential for AI models to design highly specific, safe therapeutics for a wide variety of protein function, disease targets less addressable by small molecules.

Our AI models accelerate the design and optimization of antibody candidates with potentially novel, best-in-class attributes. We then use our proprietary synthetic biology capabilities, which include high-throughput single-cell wet lab 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), to validate those antibody candidates at scale. 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. With the data to learn, the AI to create, and the wet lab to validate, Absci can create billions of antibody designs and screen millions of ranked antibody sequences in weeks, allowing us to go from AI-designed antibodies to wet lab-validated candidates in as little as six weeks. Our unique Integrated Drug Creation approach has the potential to significantly shorten preclinical development timelines from 5-7 years in benchmarked timelines to 18-24 months, enabling us to build a strong pipeline of both partnered and wholly-owned candidates that can 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 discovery and development life cycle: We develop create drug candidates for with partners, including those pharmaceutical and biotechnology companies who are responsible for preclinical and clinical testing of biologics biologic candidates generated through our platform. Our partnerships will provide us with the opportunity to participate in the future success of the biologics biologic candidates generated utilizing our platform, including 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' partnered pipeline assets of biologics across multiple indications.

Developing our own drug discovery proprietary asset pipeline: We intend aim to develop drug candidates for create therapeutic assets comprising our own drug discovery internal program pipeline. With the ability to find both targets and lead candidates, develop potential best-in-class assets, we intend to develop promising lead candidates up assets to the Investigational New Drug application (IND) stage value inflection points, anywhere from preclinical

validation through clinical trials, before partnering or later, selling them. We may enter into clinical trials and/or manufacturing partnerships to advance a lead candidate. Advancing development of specific therapeutic assets to target such value inflection points. We believe that by developing our own pipeline, we will increase the value of our internal assets create optionality for enhanced monetization and serve as further validation of our platform.

Our evolving business model is underpinned by a strategic shift towards diversifying our program portfolio through both partnered drug creation programs and internal asset development programs. Our approach is to balance the portfolio between partnered programs that broaden our reach into various indications and provide R&D and upfront funding, and internal programs for which we have more control and the potential for partnerships or asset sales that provide more significant economic returns. The cornerstone of this business model evolution lies in the diversification of risk and potential return on investment. Engaging in drug creation partnerships may enable us to reach broader indications and markets, whereas internal asset development may be more advantageous in terms of greater control over program selection, development timeline, and return on investment. Our dual-faceted model not only secures a focused set of indications but also gives us greater optionality, enhancing our ability to pivot and adapt as the programs progress. We believe we will grow and diversify our portfolio of programs through our model, ultimately driving innovation and delivering value for all stakeholders.

Total revenue was \$0.7 million \$0.9 million and \$5.4 million \$1.3 million for the three and nine months ended September 30, 2023, respectively, compared to \$2.4 million March 31, 2024 and \$4.2 million for the three and nine months ended September 30, 2022, 2023, 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 We incurred a net losses loss of \$22.0 million and \$87.0 million, respectively. Net loss \$23.4 million for the nine three months ended September 30, 2023 includes a non-cash goodwill impairment charge in the amount of \$21.3 million. March 31, 2024 and 2023, respectively. Research and development expenses decreased by \$11.8 million \$0.4 million, or 25% 3%, for the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of \$383.0 million \$428.5 million and cash and cash equivalents and short-term investments totaling \$113.5 million \$161.5 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 drug creation 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; and
- attract, retain and motivate highly qualified personnel; 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 sections of our Annual Report on Form 10-K for the year ended December 31, 2023 and 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 drug creation 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") drug creation** partnerships with current partners.
- **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 value inflection points anywhere from preclinical validation through clinical trials. 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.
- **Successfully complete our **technology development drug creation** 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 drug creation** 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 **often** do not **fully** control the progression, clinical development, regulatory strategy, public disclosure or eventual commercialization, if approved, of **these our partnered** product candidates. As a result, our future success and our potential eligibility to receive milestone payments and royalties are **entirely significantly** 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** **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 ⁽¹⁾ | 21 | 19 |

| | | |
|-------------------------------------|----|----|
| Programs, Cumulative ⁽²⁾ | 51 | 47 |
| Active Programs ⁽³⁾ | 15 | 16 |

| | March 31, 2024 | December 31, 2023 |
|-------------------------------------|-------------------|----------------------|
| Partners, Cumulative ⁽¹⁾ | 24 | 24 |
| Active Programs ⁽²⁾ | 16 | 16 |

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

⁽²⁾ 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.

⁽³⁾ Active Programs represents the number of drug creation 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 drug creation 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 drug creation 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 March 31, 2024, we had drug candidates in 15 our Active Programs are as follows:

| Partner | Contract Date | Active Programs | Therapeutic Area |
|------------------------------|---------------|-----------------|------------------|
| PrecisionLife | December 2023 | 5 | Undisclosed |
| Almirall | November 2023 | 2 | Dermatology |
| AstraZeneca | November 2023 | 1 | Oncology |
| Undisclosed | July 2023 | 1 | Undisclosed |
| Undisclosed | March 2023 | 1 | Undisclosed |
| Merck | January 2022 | 3 | Undisclosed |
| Merck | December 2019 | 1 | Undisclosed |
| Alpha Cancer Technologies | August 2019 | 1 | Oncology |
| SFJ Pharmaceuticals | April 2019 | 1 | Hematology |
| Total Active Programs | | 16 | |

Our Integrated Drug Creation platform is primarily utilized in our partnerships for drug creation across six current partners' preclinical or clinical pipelines. We had 12 indications using AI to simultaneously optimize multiple drug characteristics that may be important to development and therapeutic benefit. One of our 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 partner is leveraging our platform capabilities to

optimize pharmacokinetic properties for a Phase II candidate and one of our Active Programs with an undisclosed biotechnology company partner is leveraging our platform capabilities including our antibody library. We also had have three Active Programs focused on our legacy model of developing production cell lines for drug candidates that our partners are developing. Two of these CLD legacy cell line development 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 We have negotiated license agreements, or expected expect to negotiate license agreements upon completion of certain technology development drug creation 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 Internal Pipeline

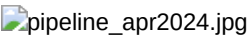
Our biologics pipeline reflects our differentiated capabilities in de novo antibody creation, multi-parameteric lead optimization, and reverse immunology. We're developing a diversified portfolio of programs with a focus on cytokine biology as we scale our Integrated Drug Creation platform and strive to impact millions of lives.

Internal Asset Programs

As of March 31, 2024, 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 we have identified four three 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 Name | Target Description |
|--------------|--|
| ABS-101 | Candidate in IND-enabling studies 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 |



Exclusive We are aware of clinical stage assets targeting TL1A that are being developed by Merck, Roche and Sanofi. For purposes of comparing the anticipated attributes of ABS-101 to these competitive product candidates, we generated putative clinical competitor molecules and performed a head to head comparison against several potential ABS-101 molecules. In these preclinical studies, ABS-101 potential candidates exhibited properties consistent with a potentially superior product profile by demonstrating equal or superior potency data from multiple biophysical and cellular assays, in addition to improved developability properties. We believe these attributes support the program's potential to create an efficacious candidate conducive to subcutaneous dosing. Furthermore, in vitro and preliminary in vivo PK studies confirm the potential for extended half-life, supporting the objective for significantly improved dosing intervals. While we are encouraged by these preclinical results, we cannot assure you that similar results will be obtained in clinical studies of ABS-101. Additionally, while we endeavored to create molecules with the same attributes as those of competitive product candidates under development, we cannot assure you that the molecules we created are similar or better than those being developed by our competitors, nor can we assure you that direct comparisons of our clinical product candidate to those of our competitors will produce similar results.

In February 2024, we initiated IND-enabling studies to further evaluate certain properties of ABS-101. Based on these IND-enabling studies, we expect to initiate Phase 1 clinical studies for ABS-101 in early 2025.

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 asset programs, and technology development historical programs with third parties intended to demonstrate our platform's capabilities as we to successively address successively broader broad 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 drug creation partnership agreements (TDAs) and partnership agreements, utilizing our integrated drug creation platform, 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 drug creation partnership agreements and as our partnerships continue to include more drug discovery activities, agreements. 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 drug creation 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 long term as we enter into additional drug creation partnerships, continue to invest in platform enhancements, and develop and advance our internal asset 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 complying with legal, accounting and regulatory requirements, maintaining compliance with exchange listing and requirements of the U.S. Securities and Exchange Commission (SEC), director and officer insurance premiums, and engaging in investor relations. Following an initial reduction due to the September 2023 realignment and resulting reduction in our global workforce, we relations activities. 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

| | | | | | |
|-------------------------------------|-------------------------------------|------------|------------|------------|------------|
| Research and development | Research and development | 11,029 | 15,525 | 35,798 | 47,593 |
| Research and development | | | | | |
| Research and development | | | | | |
| Selling, general and administrative | Selling, general and administrative | 9,505 | 11,407 | 28,508 | 32,803 |
| Depreciation and amortization | Depreciation and amortization | 3,513 | 3,404 | 10,515 | 9,451 |
| Goodwill impairment | | — | — | 21,335 | — |
| Total operating expenses | | | | | |
| Total operating expenses | | | | | |
| Total operating expenses | Total operating expenses | 24,047 | 30,336 | 96,156 | 89,847 |
| Operating loss | Operating loss | (23,303) | (27,967) | (90,776) | (85,657) |
| Other income (expense) | Other income (expense) | | | | |
| Interest expense | Interest expense | (229) | (279) | (806) | (685) |
| Interest expense | | | | | |
| Interest expense | | | | | |
| Other income, net | Other income, net | 1,572 | 675 | 4,613 | 948 |
| Total other income (expense), net | | 1,343 | 396 | 3,807 | 263 |
| Total other income, net | | | | | |
| Loss before income taxes | Loss before income taxes | (21,960) | (27,571) | (86,969) | (85,394) |
| Income tax (expense) benefit | | (34) | 312 | (52) | (39) |
| Income tax expense | | | | | |
| Net loss | Net loss | \$(21,994) | \$(27,259) | \$(87,021) | \$(85,433) |

Comparison of the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023

The following table summarizes our results of operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (In thousands, except for percentages):

Revenue

| | For the Three Months Ended September 30, | | | |
|--------------------------------|--|----------|------------|----------|
| | 2023 | 2022 | \$ Change | % Change |
| Revenues | | | | |
| 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, | | | |
|--------------------------------|---|----------|-----------|----------|
| | 2023 | 2022 | \$ Change | % Change |
| Revenues | | | | |
| 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.

| | For the Three Months Ended March 31, | | | |
|--------------------------------|--------------------------------------|----------|-----------|----------|
| | 2024 | 2023 | \$ Change | % Change |
| Revenues | | | | |
| Technology development revenue | \$ 898 | \$ 1,269 | \$ (371) | (29)% |
| Total revenues | \$ 898 | \$ 1,269 | \$ (371) | (29)% |

Technology development revenue decreased by \$1.3 million \$0.4 million, or 63% 29%, for the three months ended September 30, 2023 March 31, 2024 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 March 31, 2023, 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 March 31, 2024 and 2022 2023 (In thousands, except for percentages):

| | For the Three Months Ended September 30, | | | |
|-------------------------------------|--|-----------|------------|----------|
| | 2023 | 2022 | \$ Change | % Change |
| 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, | | | | % |
|---|------|-----------|--------|---|
| 2023 | 2022 | \$ Change | Change | |
| For the Three Months Ended March 31, | | | | |
| For the Three Months Ended March 31, | | | | |

| | | For the Three Months Ended March 31, | | | | | | | | | | | |
|-------------------------------------|-------------------------------------|--|----------|------------|-------|----------|----------|-------|-------|---------|-----|--------|---|
| | | 2024 | | | | | | | | | | | |
| | | 2024 | | | | | | | | | | | |
| | | | | | | 2023 | | | | \$ | | % | |
| | | | | | | | | | | Change | | Change | |
| Operating expenses | Operating expenses | | | | | | | | | | | | |
| Research and development | | | | | | | | | | | | | |
| Research and development | | | | | | | | | | | | | |
| Research and development | Research and development | \$35,798 | \$47,593 | \$(11,795) | (25)% | \$12,236 | \$12,657 | \$ | \$ | (421) | (3) | (3) | % |
| Selling, general and administrative | Selling, general and administrative | 28,508 | 32,803 | (4,295) | (13)% | 8,744 | 9,593 | 9,593 | (849) | (849) | (9) | (9) | % |
| Depreciation and amortization | Depreciation and amortization | 10,515 | 9,451 | 1,064 | 11% | 3,416 | 3,504 | 3,504 | (88) | (88) | (3) | (3) | % |
| Goodwill impairment | | 21,335 | — | 21,335 | 100% | | | | | | | | |
| Total operating expenses | | | | | | | | | | | | | |
| Total operating expenses | | | | | | | | | | | | | |
| Total operating expenses | Total operating expenses | \$96,156 | \$89,847 | \$6,309 | 7% | \$24,396 | \$25,754 | \$ | \$ | (1,358) | (5) | (5) | % |

Research and development

Research and development expenses decreased by \$4.5 million \$0.4 million, or 29% 3%, for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023. The decrease was primarily attributable to a decrease in laboratory operational personnel costs of \$1.8 million and a \$2.8 million decrease in personnel costs, including stock-based compensation.

Research and development expenses \$0.8 million, 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 administrative costs of \$6.9 million and \$0.1 million, offset by a \$4.2 million decrease \$0.5 million increase in personnel costs, including stock-based compensation.

Selling, general and administrative expenses

Selling, general, and administrative expenses decreased by \$1.9 million \$0.8 million, or 17% 9%, for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023. The decrease was primarily attributable to decreased stock-based compensation and a decrease in personnel costs of \$1.2 million \$0.3 million, decreased insurance and decreased other administrative costs of \$0.7 million.

Selling, general, and administrative expenses decreased \$1.1 million, offset 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 a \$0.5 million increase in stock-based compensation of \$2.4 million and decreased other administrative costs of \$1.6 million.

compensation.

Depreciation and amortization

Depreciation and amortization expense increased decreased by \$0.1 million, or 3%, for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022.

Depreciation and amortization expense increased by \$1.1 million March 31, 2023, 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 remaining relatively consistent between periodsto 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 March 31, 2024 and 2022 2023 (In thousands, except for percentages):

| | For the Three Months Ended September 30, | | | |
|-----------------------------------|--|----------|-----------|----------|
| | 2023 | 2022 | \$ Change | % Change |
| 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, | | | | | | | | | | | | | |
|-----------------------------------|------------------------|---|----------|----------|--------|-------------------|-------|----------|-------|-----------|--|----------|----|--|------|
| | | | | \$ | % | | | | | | | | | | |
| | | 2023 | 2022 | Change | Change | | | | | | | | | | |
| | | For the Three Months Ended March 31, | | | | | | | | | | | | | |
| | | For the Three Months Ended March 31, | | | | | | | | | | | | | |
| | | For the Three Months Ended March 31, | | | | | | | | | | | | | |
| | | 2024 | | | | | | | | | | | | | |
| | | 2024 | | | | | | | | | | | | | |
| | | 2024 | | | | 2023 | | | | \$ Change | | % Change | | | |
| Other income (expense) | Other income (expense) | | | | | | | | | | | | | | |
| Interest expense | Interest expense | \$ (806) | \$ (685) | \$ (121) | 18 % | | | | | | | | | | |
| Interest expense | | | | | | | | | | | | | | | |
| Interest expense | | | | | | \$ (176) | | \$ (321) | | \$ 145 | | (45) % | | | |
| Other income, net | Other income, net | 4,613 | 948 | 3,665 | 387 % | Other income, net | 1,711 | 1,458 | 1,458 | 253 | | 253 | 17 | | 17 % |
| Total other income (expense), net | | \$3,807 | \$ 263 | \$3,544 | 1348 % | | | | | | | | | | |

| | | | | | |
|-------------------------|-------------------------|----------|----------|--------|------|
| Total other income, net | Total other income, net | \$ 1,535 | \$ 1,137 | \$ 398 | 35 % |
|-------------------------|-------------------------|----------|----------|--------|------|

Interest expense

Interest expense was \$0.2 million for the three months ended September 30, 2023 March 31, 2024, compared to \$0.3 million for the three months ended September 30, 2022 March 31, 2023, representing a decrease of 18% \$0.1 million, or 45%, primarily attributable to decreased finance lease and long-term debt obligations.

Interest expense Other income, net

Other income, net, was \$0.8 million \$1.7 million for the nine three months ended September 30, 2023 March 31, 2024 compared to \$0.7 million \$1.5 million for the nine three months ended September 30, 2022 March 31, 2023, representing an increase of \$0.1 million approximately \$0.3 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% 17%, 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 March 31, 2024, we had \$113.5 \$161.5 million of cash, and cash equivalents and short-term investments.

We have incurred net operating losses since inception. As of September 30, 2023 March 31, 2024, our accumulated deficit was \$383.0 million \$428.5 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 drug creation 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. approved, and the development of our internal program assets including progress of any IND-enabling studies. 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** **March 31, 2024**, the combined outstanding balance on these agreements is **\$8.8 million** **\$7.0 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** **Sales Agreement** with Cowen and Company, LLC, as **sales agent**, **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**, **Sales Agent**. We will pay the **sales agent** **Sales Agent** a commission up to 3.0% of the gross sales proceeds of any shares sold under the **sales agreement**.

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**. **Sales Agreement**. There can be no assurance that any financing will be available on terms acceptable to us.

On March 1, 2024, we closed the sale of an aggregate of 19,205,000 shares of our common stock, pursuant to an underwriting agreement with Morgan Stanley & Co. LLC and Cowen and Company, LLC at a public offering price of \$4.50 per share, before underwriting discounts and commissions. We received total net proceeds from the offering of \$80.8 million after deducting underwriting discounts and commissions and offering expenses payable by us.

Cash Flows

The following summarizes our cash flows (In thousands):

| | | For the Nine Months Ended September 30, | |
|--|--------------------------------------|--|--------------|
| | | 2023 | 2022 |
| | | For the Three Months Ended March 31, | |
| | | For the Three Months Ended March 31, | |
| | | For the Three Months Ended March 31, | |
| | | 2024 | 2024 |
| | | 2023 | |
| Net cash provided by (used in) | Net cash provided by (used in) | | |
| Operating activities | Operating activities | | |
| Investing activities | Investing activities | | |
| Financing activities | Financing activities | | |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | | | |
| | | \$ 10,024 | \$ (155,730) |

Net
decrease in
cash, cash
equivalents,
and
restricted
cash

Cash flows from operating activities

In the **nine** three months ended **September 30, 2023** **March 31, 2024**, net cash used in operating activities was **\$49.7 million** **\$17.9 million** and consisted primarily of a net loss of **\$87.0 million** **\$22.0 million** adjusted for non-cash items, including depreciation and amortization expense of **\$10.5 million** **\$3.4 million**, stock-based compensation of **\$8.2 million** **\$3.6 million**, and **goodwill impairment** a net increase in operating assets and liabilities in the amount of **\$21.3 million** **\$2.2 million**.

In the **nine** three months ended **September 30, 2022** **March 31, 2023**, net cash used in operating activities was **\$62.8 million** **\$20.1 million** and consisted primarily of a net loss of **\$85.4 million** **\$23.4 million** adjusted for non-cash items, including depreciation and amortization expense of **\$9.5 million** **\$3.5 million**, stock-based compensation of **\$11.5 million**, an increase to our contingent consideration liability of **\$0.8 million** **\$2.7 million**, and a net **decrease** **increase** in operating assets and liabilities in the amount of **\$0.8 million** **\$1.7 million**.

Cash flows from investing activities

In the **nine** three 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** **March 31, 2024**, net cash used in investing activities was **\$96.8 million** **\$76.7 million** primarily from purchases of short-term investments of **\$73.9 million**, **\$97.3 million**, partially offset by cash provided by maturities of short-term investments of **\$20.5 million**.

In the three months ended **March 31, 2023**, net cash used in investing activities was **\$27.3 million** primarily from purchases of **lab equipment** and **leasehold improvements** short-term investments of **\$15.6 million** as we expanded our operations and overall capacity and **\$69.1 million**, partially offset by cash **paid as part** provided by maturities of **our acquisition** short-term investments of **Totient, Inc.** of **\$8.0 million**, **\$42.0 million**.

Cash flows from financing activities

In the **nine** three months ended **September 30, 2023** **March 31, 2024**, net cash provided by financing activities was **\$81.2 million**. The net cash provided resulted primarily from proceeds of **\$80.8 million** from the issuance of common stock from a public offering and proceeds of **\$1.6 million** from the issuance of common stock from stock option exercises and our **2021 ESPP**, partially offset by principal payments of **\$1.3 million** made for financed equipment.

In the three months ended **March 31, 2023**, net cash used in financing activities was **\$3.2 million**. The net **\$1.1 million** primarily from cash used **resulted** **primarily from** for principal payments of **\$4.0 million** **\$1.3 million** made for financed equipment and long-term debt, partially offset by proceeds of **\$0.2 million** 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, **2021 ESPP**.

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 [accounting principles generally accepted in the 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 consolidated financial statements](#) in our [2022 2023 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 three](#) months ended [September 30, 2023 March 31, 2024](#).

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 December 31, 2023](#) filed with the SEC on [March 30, 2023 March 21, 2024](#).

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** **March 31, 2024** 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** **December 31, 2023** filed with the SEC on **March 30, 2023** **March 21, 2024**. 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 **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** **December 31, 2023** filed with the SEC on **March 30, 2023** **March 21, 2024**.

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. None.

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. (c) Insider Trading Arrangements

During the quarter ended March 31, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated a plan or other arrangement intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangements under the Exchange Act.

Item 6. Exhibits

| Exhibit No. | Description |
|-------------|--|
| 3.1 | 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). |
| 3.2 | 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). |

| | |
|----------|--|
| 4.1 | <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> |
| 10.1*# | <u>Offer Letter, by and between Absci Corporation and Zachariah Jonasson, dated August 12, 2023.</u> |
| 10.2*# | <u>Employment Agreement, by Amended and between Absci Corporation and Zachariah Jonasson, dated August 31, 2023.</u> |
| 10.3*# | <u>Transition Agreement, by and between Absci Corporation and Gregory Schiffman, dated August 14, 2023.</u> |
| 10.4*# | <u>Separation Agreement, by and between Absci Corporation and Sarah Korman, dated August 16, 2023 Restated Non-Employee Director Compensation Policy.</u> |
| 10.2# | <u>2023 Inducement Plan and forms of award agreements thereunder (filed as Exhibit 10.4 to the Annual Report on Form 10-K for the year ended December 31, 2023, filed by Absci Corporation on March 21, 2024 and incorporated herein by reference).</u> |
| 31.1* | <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> |
| 31.2* | <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> |
| 32.1+ | <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> |
| 32.2+ | <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> |
| 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 May 14, 2024


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

Date: November 14, 2023 May 14, 2024

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

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ABSCI CORPORATION

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August 11, 2023 NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

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 31st, 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 Non-Employee Director Compensation Policy (as amended, restated 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 otherwise modified from time to time, the "Policy") of Absci Corporation (the "Company") is to provide a total compensation package that enables the Company to attract and retain, on a long-term basis, high-caliber directors who are not employees or officers of the Company or its subsidiaries ("Outside Directors"). This Policy became effective as of the effective time of the registration statement for the Company's initial public offering of its equity securities, and thereafter any amendments, restatements or other modifications hereto will become effective as of the date specified by the Company's Board of Directors (the "Effective Date"). In furtherance of the purpose stated above, all Outside Directors shall be paid compensation for services provided to the extent permitted Company as set forth below:

Cash Retainers

Annual Retainer for Board Membership: \$40,000 for general availability and participation in meetings and conference calls of the Company's Board of Directors (the "Board of Directors"), to be paid quarterly in arrears, pro-rated based on the number of actual days served by applicable law.

In addition to your cash the director during such calendar quarter. No additional compensation you will be eligible to participate in the Plan, subject to approval by paid for attending individual meetings of the Board of Directors or the Directors.

Additional Annual Retainer for

Non-Executive Chairperson / Lead Independent Director: \$35,000

Additional Annual Retainers for Committee Membership:

Audit Committee Chairperson: \$20,000

Audit Committee member: \$10,000

Compensation Committee or authorized delegate(s) thereof. We will recommend Chairperson: \$15,000

Compensation Committee member: \$7,500

Nominating and Corporate Governance Committee Chairperson: \$10,000

Nominating and Corporate Governance Committee member: \$5,000

Chairperson and committee member retainers are in addition to retainers for members of the Board of Directors or the Compensation Committee or authorized delegate(s) as soon as practicable after you join the Company that you Directors. No

additional compensation will be granted stock options paid 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 attending individual committee meetings 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 Directors.

Equity Retainers

Initial Award authorized delegate(s) at the date of grant. The shares will vest monthly over: An initial, one-time stock option award (the "Initial Award") with a four-year period for as long as you are engaged in a Service Relationship Value (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 below) equal 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 \$350,000 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 each new hire forms, including proof that you are presently eligible to work in the United States for I-9 purposes.

This offer is contingent Outside Director 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 his 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. This conditional offer of employment is valid through close of business on August 31st, 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 8/12/2023

Zachariah Jonasson Date

Exhibit 10.2

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 31st, 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 her

as determined by

Exhibit 10.1

election to 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 15th 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 **Directors**, which shall indicate the specific termination provision **vest** in this Agreement relied upon.

(b) Date of Termination. "Date of Termination" shall mean: (i) if the Executive's employment is terminated by death, **equal monthly installments over three years from the date of death**; (ii) **grant, provided, however, that all vesting shall cease if the Executive's employment is terminated on account director resigns from the Board of disability under Section 3(b) Directors or by otherwise ceases to serve as a director, unless the Company for Cause under Section 3(c), Board of Directors determines that the circumstances warrant continuation of vesting. The Initial Award shall expire ten years from 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, **grant** 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 **have** 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 **per share exercise price** 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 Fair Market Value (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 Plan) of the same may be amended from time Company’s common stock on the date of grant. This Initial Award applies only to time.

7. Section 409A.

(a) Anything in this Agreement Outside Directors who are first elected to the contrary notwithstanding, if at Board of Directors subsequent to the time Effective Date.

Annual Award: On each date of each Annual Meeting of Stockholders of the Executive's separation from service within Company following the meaning of Section 409A Effective Date (the "Annual Meeting"), each continuing Outside Director, other than a director receiving an Initial Award, will be granted, automatically and without the need for any further action by the Board, an award with a Value equal to \$175,000 (the "Annual Award"), with 75% of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) Value of the Code, then Annual Award to be issued in the extent any payment or benefit that the Executive becomes entitled to under this Agreement or otherwise on account form of a stock option (the "Annual Stock Option Award") and 25% 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) Value of the Code as a result Annual Award to be issued in the form of the application of Section 409A(a)(2)(B)(i) of the Code, such payment restricted stock units. The Annual Award shall not be payable and such benefit shall not be provided until the date that is vest in full upon the earlier of (i) six months and one day after the Executive's separation from service, first anniversary of the date of grant or (ii) the Executive's death. If any date of the next Annual Meeting; provided, however, that all vesting shall cease if the director resigns from the Board of Directors or otherwise ceases to serve as a director, unless the Board of Directors determines that the circumstances warrant continuation of vesting; provided, further, that if an individual commenced service as an Outside Director within the twelve (12) months immediately preceding such delayed cash payment is otherwise payable Annual Meeting, then the Annual Award granted to such Outside Director will be prorated based on the number of whole months that the individual served as an installment basis, Outside Director prior to the first payment shall include a catch-up payment covering amounts that would otherwise have been paid Annual Award's grant date during the six-month twelve (12) month period but for immediately preceding such Annual Meeting (with any resulting fractional share rounded down to the application nearest whole share). The Annual Stock Option Award shall expire ten years from the date of this provision, grant and shall have a per share exercise price equal to the balance Fair Market Value (as defined in the Company's 2021 Stock Option and Incentive Plan) 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 Company's common stock on 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 date 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 grant.

Sale Event Acceleration: All outstanding Initial Awards and Annual Awards held by an Outside Director shall become fully comply with Section 409A of vested and exercisable upon a Sale Event (as defined in the Code Company's 2021 Stock Option 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 Incentive Plan).

(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, Policy, “Value” means with respect to (i) any such court action, award of stock options, 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 grant date fair value 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* option (i.e., 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 Black-Scholes Value) determined in accordance with the law as it would be interpreted reasonable assumptions and applied methodologies employed by the United States Court Company for calculating the fair value of Appeals for options under ASC Topic 718; and (ii) any award of restricted stock and restricted stock units, the Ninth Circuit.

21. Counterparts. This Agreement may be executed in any number product 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 (A) the same document.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement effective closing market price 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

Exhibit 10.3

TRANSITION AGREEMENT

This Transition Agreement ("Agreement") NASDAQ Global Select Market (or such other market on which the Company's common stock is made between Absci Corporation, then principally listed) of 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 share of the Company's first underwritten public offering common stock on the effective date of its equity securities grant and (B) the aggregate number of shares pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Employment Agreement"); such award.

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

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 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 reimburse all reasonable out-of-pocket expenses incurred 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 non-employee directors with the approval in attending meetings 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.any committee thereof.

(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").

1

Exhibit 10.3 10.1

Maximum Annual Compensation

2. Ending The aggregate amount of Employment.

(a) The Executive's employment with compensation, including both equity compensation and cash compensation, paid by the Company will end no later than May 31, 2024. If (i) to any Outside Director for service as an Outside Director in a calendar year for services as an Outside Director period shall not exceed \$1,000,000; provided, however, that such amount shall be \$1,250,000 for the Executive resigns with calendar year in which the prior written approval applicable Outside Director is initially elected or appointed to the Board 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, Directors; (or such other limits 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 may be 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 3(b) 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 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.

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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

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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

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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 similar provision of a successor plan). For this purpose, the "amount" of equity vesting or grants.

(e) The Period between the last day of the Transition Period and October 15, 2023 compensation paid in a calendar year 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 **determined** based on the number of months (rounded up to the nearest month) elapsed between the vesting commencement **grant** 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 **fair value thereof**, 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,

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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

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Exhibit 10.4

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 determined in accordance with their terms. FASB ASC Topic 718 or its successor provision, but excluding the impact of estimated forfeitures related to service-based vesting conditions.

15. Waiver; Amendment Adopted July 16, 2021. 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 Effective July 21, 2021.** 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. **Amendments Effective May 4, 2023**

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] Amendments Effective March 28, 2024

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Exhibit 10.4

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

I, Sean McClain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Absci Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023 May 14, 2024

By: /s/ Sean McClain

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

Exhibit 31.2

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

I, Zachariah Jonasson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Absci Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023 May 14, 2024

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

Exhibit 32.1

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 March 31, 2024 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:~~ that, to my knowledge:

- (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 May 14, 2024

By: /s/ Sean McClain

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

Exhibit 32.2

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 March 31, 2024 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:~~ that, to my knowledge:

- (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 May 14, 2024

By: /s/ Zachariah Jonasson

Zachariah Jonasson
Chief Financial Officer
(Principal Financial Officer)

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