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

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended December 31, 2023  
OR

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

For the transition period from to  
Commission File Number: 001-38720

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**Twist Bioscience Corporation**

(Exact Name of Registrant as Specified in its Charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

46-2058888  
(I.R.S. Employer  
Identification No.)

681 Gateway Blvd, South San Francisco, CA 94080  
(Address of principal executive offices and zip code)  
(800) 719-0671

(Registrant's telephone number, including area code)

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Title of each class  
Common Stock

Trading Symbol(s)  
TWST

Name of each exchange on which registered  
The Nasdaq Global Select Market

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

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

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

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

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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

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of the Registrant's common stock outstanding as of January 29, 2024, was 57,818,022.

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**TWIST BIOSCIENCE CORPORATION  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTER ENDED DECEMBER 31, 2023**

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### **Forward-looking statements**

This Quarterly Report on Form 10-Q for the quarter ended December 31, 2023, or Form 10-Q, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements relate to, among other matters, plans for product development and licensing to third parties, plans and timeframe for the commercial development of DNA data storage capabilities, expectations regarding market penetration, anticipated customer conversions to our products, plans to expand in the international markets, and identification and development of potential antibody candidates. Forward-looking statements are also identified by the words “believe,” “will,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “could,” “potentially” and variations of such words and similar expressions. You should not rely upon forward-looking statements as predictions of future events. Such statements are based on management’s expectations as of the date of this filing and involve many risks and uncertainties that could cause our actual results, events or circumstances to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include:

- our ability to increase our revenue and our revenue growth rate;
- our ability to accurately estimate capital requirements and our needs for additional financing; our estimates of the size of our market opportunities;
- our ability to increase DNA production, reduce turnaround times and drive cost reductions for our customers;
- our ability to effectively manage our growth;
- our ability to successfully enter new markets and manage our international expansion;
- our ability to protect our intellectual property, including our proprietary DNA synthesis platform;
- costs associated with defending intellectual property infringement and other claims;
- the effects of increased competition in our business;
- our ability to keep pace with changes in technology and our competitors;
- our ability to successfully identify, evaluate and manage any future acquisitions of businesses, solutions or technologies;
- the success of our marketing efforts;
- a significant disruption in, or breach in security of our information technology systems and resultant interruptions in service and any related impact on our reputation;
- our ability to attract and retain qualified employees and key personnel;
- the effects of natural or man-made catastrophic events or public health emergencies, such as the COVID-19 pandemic;
- the effectiveness of our internal controls;
- changes in government regulation affecting our business;
- uncertainty as to economic and market conditions and the impact of adverse economic conditions; and
- other risk factors included under the section titled “Risk factors” contained in Item 1A of our Annual Report on Form 10-K filed with the SEC on November 21, 2023 and this Quarterly Report on Form 10-Q.

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You should not rely upon forward-looking statements as predictions of future events. Such statements are based on management's expectations as of the date of this filing and involve many risks and uncertainties that could cause our actual results, events or circumstances to differ materially from those expressed or implied in our forward-looking statements.

Readers are urged to carefully review and consider all of the information in this Form 10-Q and in other documents we file from time to time with the Securities and Exchange Commission, or SEC. We undertake no obligation to update any forward-looking statements made in this Form 10-Q to reflect events or circumstances after the date of this filing or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

When we use the terms "Twist," "Twist Bioscience," the "Company," "we," "us" or "our" in this report, we are referring to Twist Bioscience Corporation and its consolidated subsidiaries unless the context requires otherwise. Sequence space and the Twist logo are trademarks of Twist Bioscience Corporation. All other company and product names may be trademarks of the respective companies with which they are associated.

**PART I. Financial information**

**Item 1. Financial statements**

**Twist Bioscience Corporation  
Condensed Consolidated Balance Sheets (unaudited)**

(In thousands except per share data)	December 31, 2023	September 30, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 266,269	\$ 286,470
Short-term investments	44,875	49,943
Accounts receivable, net	35,354	44,064
Inventories	30,863	32,063
Prepaid expenses and other current assets	12,870	11,716
Total current assets	\$ 390,231	\$ 424,256
Property and equipment, net	126,225	131,830
Operating lease right-of-use assets	69,093	71,531
Goodwill	85,811	85,811
Intangible assets, net	53,190	54,483
Restricted cash, non-current	2,847	2,811
Other non-current assets	5,418	5,681
Total assets	\$ 732,815	\$ 776,403
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 9,256	\$ 14,052
Accrued expenses	13,959	10,754
Accrued compensation	20,787	25,818
Current portion of operating lease liability	14,808	14,896
Other current liabilities	6,418	7,803
Total current liabilities	\$ 65,228	\$ 73,323
Operating lease liability, net of current portion	77,070	79,173
Other non-current liabilities	475	475
Total liabilities	\$ 142,773	\$ 152,971
Commitments and contingencies (Note 6)		
Stockholders' equity		
Common stock, \$0.00001 par value —100,000 and 100,000 shares authorized at December 31, 2023 and September 30, 2023, respectively; 57,779 and 57,557 shares issued and outstanding at December 31, 2023 and September 30, 2023, respectively	\$ —	\$ —
Additional paid-in capital	1,666,797	1,657,222
Accumulated other comprehensive income	(565)	(756)
Accumulated deficit	(1,076,190)	(1,033,034)
Total stockholders' equity	\$ 590,042	\$ 623,432
Total liabilities and stockholders' equity	\$ 732,815	\$ 776,403

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

**Twist Bioscience Corporation**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)**

(In thousands, except per share data)	Three months ended December 31,	
	2023	2022
Revenues <sup>[1]</sup>	\$ 71,498	\$ 54,243
Operating expenses:		
Cost of revenues	\$ 42,536	\$ 29,442
Research and development	23,099	31,242
Selling, general and administrative	52,840	42,324
Change in fair value of contingent considerations and holdbacks	—	\$ (4,135)
Total operating expenses	\$ 118,475	\$ 98,873
Loss from operations	\$ (46,977)	\$ (44,630)
Interest income	4,120	3,040
Interest expense	—	(1)
Other income (expense), net	(31)	(157)
Loss before income taxes	\$ (42,888)	\$ (41,748)
Income tax provision	(120)	(76)
Net loss attributable to common stockholders	\$ (43,008)	\$ (41,824)
Other comprehensive loss:		
Change in unrealized (gain) loss on investments	\$ 134	(868)
Foreign currency translation adjustment	57	(366)
Comprehensive loss	(42,817)	(43,058)
Net loss per share attributable to common stockholders—basic and diluted	\$ (0.75)	\$ (0.74)
Weighted average shares used in computing net loss per share attributable to common stockholders—basic and diluted	57,497	56,444

[1] During the three months ended December 31, 2023, and 2022, the Company had revenues from the related parties in the amount of \$2.3 million and \$0.2 million, respectively.

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

**Twist Bioscience Corporation**  
**Condensed Consolidated Statements of Stockholders' Equity (unaudited)**

(In thousands)	Common stock		Additional paid-in capital	Accumulated Other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balances as of September 30, 2023	57,557	\$ —	\$ 1,657,222	\$ (756)	\$ (1,033,034)	\$ 623,432
Impact of ASU 2016-13 adoption (Note 2)	—	\$ —	\$ —	\$ —	\$ (148)	\$ (148)
Vesting of restricted stock units	260	\$ —	\$ —	\$ —	\$ —	\$ —
Exercise of stock options	58	—	951	—	—	951
Repurchases of common stock for income tax withholding	(96)	—	(2,424)	—	—	(2,424)
Stock-based compensation	—	—	11,048	—	—	11,048
Other comprehensive income	—	—	—	191	—	191
Net loss	—	—	—	—	(43,008)	(43,008)
Balances as of December 31, 2023	57,779	\$ —	\$ 1,666,797	\$ (565)	\$ (1,076,190)	\$ 590,042

(In thousands)	Common stock		Additional paid-in capital	Accumulated Other comprehensive income	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balances as of September 30, 2022	56,523	\$ —	\$ 1,619,644	\$ (1,843)	\$ (828,416)	\$ 789,385
Vesting of restricted stock units	124	\$ —	\$ —	\$ —	\$ —	\$ —
Exercise of stock options	35	—	603	—	—	603
Issuance of shares associated with a business acquisition	1	—	—	—	—	—
Repurchases of common stock for income tax withholding	(38)	—	(999)	—	—	(999)
Stock-based compensation	—	—	(2,074)	—	—	(2,074)
Other comprehensive income	—	—	—	1,234	—	1,234
Net loss	—	—	—	—	(41,824)	(41,824)
Balances as of December 31, 2022	56,645	\$ —	\$ 1,617,174	\$ (609)	\$ (870,240)	\$ 746,325

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



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**Twist Bioscience Corporation**  
**Condensed Consolidated Statements of Cash Flows (unaudited)**

(in thousands)	Three months ended December 31,	
	2023	2022
<b>Cash flows from operating activities</b>		
Net loss	\$ (43,008)	\$ (41,824)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	8,171	5,292
Non-cash lease expense	248	254
Stock-based compensation	11,020	(2,325)
Change in fair value of acquisition consideration	—	(4,135)
Other non cash adjustments	64	287
Changes in assets and liabilities:		
Accounts receivable, net	8,058	(4,098)
Inventories	1,201	(5,281)
Prepaid expenses and other current assets	(1,116)	(1,177)
Other non-current assets	300	499
Accounts payable	(4,205)	3,282
Accrued expenses	2,900	(1,254)
Accrued compensation	(5,078)	(3,716)
Other liabilities	(1,528)	126
Net cash used in operating activities	\$ (22,973)	\$ (54,070)
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	\$ (1,506)	\$ (11,824)
Purchases of investments	(18,329)	(22,647)
Proceeds from maturity of investments	24,000	27,500
Net cash provided by (used in) investing activities	\$ 4,165	\$ (6,971)
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock options	\$ 951	\$ 604
Repurchases of common stock for income tax withholding	(2,424)	(999)
Net cash used in financing activities	\$ (1,473)	\$ (395)
Effect of exchange rates on cash, cash equivalents and restricted cash	\$ 116	\$ 268
Net decrease in cash, cash equivalents, and restricted cash	(20,165)	(61,168)
Cash, cash equivalents, and restricted cash at beginning of period	289,281	380,259
Cash, cash equivalents, and restricted cash at end of period	\$ 269,116	\$ 319,091
<b>Supplemental disclosure of cash flow information</b>		
Income taxes paid, net of refunds	40	52
<b>Non-cash investing and financing activities</b>		
Property and equipment additions included in accounts payable and accrued expenses	\$ 487	\$ 4,520

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

**Twist Bioscience Corporation**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**1. The Company**

Twist Bioscience Corporation (the Company) was incorporated in the state of Delaware on February 4, 2013. The Company is a synthetic biology company that has developed a disruptive DNA synthesis platform. DNA is used in many applications across different industries: industrial chemicals/materials, academic, healthcare and food/agriculture. The Company's fiscal year ends on September 30.

The core of the Company's platform is a proprietary technology that pioneers a new method of manufacturing synthetic DNA by "writing" DNA on a silicon chip. The Company has combined this technology with proprietary software, scalable commercial infrastructure and an e-commerce platform to create an integrated technology platform that enables the Company to achieve high levels of quality, precision, automation, and manufacturing throughput at a significantly lower cost than its competitors. The Company is leveraging its unique technology to manufacture a broad range of synthetic DNA-based products, including synthetic genes, tools for next generation sample preparation, and antibody libraries for drug discovery and development.

The Company has a limited operating history and its prospects are subject to risks, expenses and uncertainties frequently encountered by companies in this industry. These risks include, but are not limited to, the uncertainty of availability of additional financing, market acceptance of its products, the ability to retain and attract new customers, and the uncertainty of achieving future profitability.

The Company has generated net losses in all periods since its inception. As of December 31, 2023, the Company had an accumulated deficit of \$1,076.2 million and has not generated positive cash flows from operations since inception. Losses are expected to continue as the Company continues to invest in product development, manufacturing, and sales and marketing.

As of December 31, 2023, the Company had cash and cash equivalents and short-term investments of \$311.1 million, which the management believes will be sufficient to fund operations for at least one year from the issuance of these consolidated financial statements. However, if the Company needs to obtain additional financing to fund operations beyond this period, there can be no assurance that it will be successful in raising additional financing on terms which are acceptable to the Company.

If the Company requires but is unable to obtain additional funding, the Company could be forced to delay, reduce or eliminate some or all of its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business prospects, or the Company may be unable to continue operations.

**2. Summary of significant accounting policies**

***Basis of presentation and use of estimates***

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in the Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (the Annual Report on Form 10-K) filed with the Securities and Exchange Commission on November 21, 2023. The condensed consolidated financial statements are unaudited and have been prepared on a basis consistent with that used to prepare the audited annual consolidated financial statements and include, in the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair statement of the condensed consolidated financial statements. The condensed consolidated balance sheet at September 30, 2023 is derived from audited consolidated financial statements but does not include all disclosures required by GAAP. The operating results for the three months ended December 31, 2023 are not necessarily indicative of the results expected for the full year ending September 30, 2024 or any interim period.

The presentation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Certain prior year amounts have

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been reclassified to conform to the current year presentation. The Company's unaudited condensed consolidated financial statements include its wholly owned subsidiaries. All intercompany balances and accounts are eliminated in consolidation.

The following table provides a reconciliation of the Company's cash and cash equivalents and non-current portion of restricted cash reported within the unaudited condensed consolidated balance sheets that sum to the total cash, cash equivalents and restricted cash shown in the Company's condensed consolidated statements of cash flows:

<b>(in thousands)</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Cash and cash equivalents	\$ 266,269	\$ 286,470
Restricted cash, non-current	2,847	2,811
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 269,116</b>	<b>\$ 289,281</b>

Restricted cash represents cash held at financial institutions that are pledged as collateral for stand-by letters of credit for lease commitments and is included in non-current assets.

### ***Significant accounting policies***

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 other than disclosed below.

#### *Allowance for Credit Losses*

The Company maintains an allowance for credit losses for expected uncollectible accounts receivable and contract assets, which is recorded as an offset to accounts receivable or contract assets and provisions for credit losses are recorded in general and administrative expense in the consolidated statements of income. Under the application of Accounting Standards Codification ("ASC") Topic 326-20, Financial Instruments—Credit Losses ("ASC 326"), the allowance for current expected credit losses is based on a review of customer accounts and considers historical credit loss information that is adjusted for current economic and business conditions and anticipated future economic events that may impact collectability. In developing its expected credit loss estimate, the Company evaluated the appropriate grouping of accounts receivable and contract assets based upon its evaluation of risk characteristics, including consideration of region and industries of the customers. The allowance for credit losses is reviewed on a quarterly basis to assess the adequacy of the allowance. Allowance for credit losses was \$0.9 million as of December 31, 2023.

#### *Short-term investments*

The Company invests in various types of securities, including United States government, commercial paper, and corporate debt securities. The Company classifies its investments as available-for-sale and records them at fair value based upon market prices at period end. For available-for-sale debt securities in an unrealized loss position, the Company evaluates whether a current expected credit loss exists based on available information relevant to the credit rating of the security, current economic conditions and reasonable and supportable forecasts. The allowance for credit loss is recorded in other income (expense), net, on the consolidated statements of income, not to exceed the amount of the unrealized loss. Any excess unrealized loss other than the credit loss is recognized in accumulated other comprehensive income or loss in the stockholders' equity section of the consolidated balance sheets. The cost of securities sold is based on the specific identification method and realized gains and losses are included in other income (expense), net. Dividend and interest income are recognized when earned. The Company may sell these securities at any time for use in current operations. There was no allowance for credit losses relating to the short-term investments recognized as of December 31, 2023.

#### *Revenue*

The Company had contract assets of \$2.5 million and contract liabilities of \$2.6 million as of December 31, 2023. The Company had contract assets of \$2.8 million and contract liabilities of \$3.0 million as of September 30, 2023. For the three months ended December 31, 2023 and December 31, 2022, the Company recognized revenue of \$1.3 million and \$2.3 million, respectively, from the amount that was included in the contract liability balance at the beginning of each period. In addition, for all periods presented, there was no revenue recognized in a reporting period from performance obligations satisfied in previous periods. The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of December 31, 2023 was \$7.3 million. The Company expects to recognize revenue over the next twelve months relating to performance obligations unsatisfied as of December 31, 2023.

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Based on the nature of the Company's contracts with customers, which are recognized over a term of less than 12 months, the Company has elected to use the practical expedient whereby costs to obtain a contract are expensed as they are incurred.

The Company states its revenues net of any taxes collected from customers that are required to be remitted to various government agencies. The amount of taxes collected from customers and payable to governmental entities is included on the balance sheet as part of "Accrued expenses and other current liabilities."

### ***Recent accounting pronouncements***

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates ("ASUs") to the FASB's ASC. The Company considered the applicability and impact of all recent ASUs. ASUs not listed below were assessed and determined to be not applicable to the Company's consolidated financial position and results of operations.

#### *Recent accounting pronouncements adopted*

In June 2016, FASB issued ASU No. 2016-13 "Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments" and has since modified the standard with several ASUs (collectively, "Topic 326"). Topic 326 requires measurement and recognition of expected credit losses for financial assets. The ASU replaced previous incurred loss impairment guidance and established a single expected credit losses allowance framework for financial assets carried at amortized cost. It also eliminated the concept of other-than-temporary impairment and requires credit losses related to certain available-for-sale debt securities to be recorded through an allowance for credit losses. On October 1, 2023, the Company adopted this standard using a modified retrospective approach, which requires a cumulative-effect adjustment to the opening balance of retained earnings to be recognized on the date of adoption and, accordingly, recorded a net increase of \$0.1 million to accumulated deficit as of the beginning of fiscal 2024. In connection with the adoption of Topic 326, the Company made an accounting policy election to not measure an allowance for credit losses for accrued interest receivable.

#### *Recently issued accounting pronouncement not yet adopted*

In December 2023, the FASB issued ASU No. 2023-09 "Income Taxes (Topic 740)". The amendments in this ASU require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. The amendments in this update are effective for annual periods beginning after December 15, 2024. The standard is not expected to have a material impact to the Company's condensed consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-08 "Segment Reporting (Topic 280)". The amendments in this ASU improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The standard is not expected to have a material impact to the Company's condensed consolidated financial statements.

The Company has evaluated other recently issued accounting pronouncements and has concluded that the impact of recently issued standards that are not yet effective will not have a material impact on the Company's financial position or results of operations upon adoption.

### **3. Fair value measurement**

The Company assesses the fair value of financial instruments based on the provisions of ASC 820, *Fair Value Measurements*. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1*—Quoted prices in active markets for identical assets or liabilities.

*Level 2*—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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*Level 3*—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considering counterparty credit risk in its assessment of fair value.

The following table sets forth the cash and cash equivalents, short-term investments and equity securities as of December 31, 2023:

(in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Cash and cash equivalents	\$ 266,269	\$ —	\$ —	\$ 266,269
Short-term investments:				
Corporate bonds	5,974	—	(3)	5,971
U.S. government treasury bills	38,852	58	(6)	38,904
Non-current assets - investment in equity securities	3,711	—	—	3,711
Total	\$ 314,806	\$ 58	\$ (9)	\$ 314,855

The following table sets forth the cash and cash equivalents, short-term investments and equity securities as of September 30, 2023:

(in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Cash and cash equivalents	\$ 286,470	\$ —	\$ —	\$ 286,470
Short-term investments:				
Corporate bonds	14,918	—	(29)	14,889
U.S. government treasury bills	35,111	—	(57)	35,054
Non-current assets - investment in equity securities	3,711	—	—	3,711
Total	\$ 340,210	\$ —	\$ (86)	\$ 340,124

As of December 31, 2023, financial assets and liabilities measured and recognized at fair value are as follows:

(in thousands)	Level 1	Level 2	Level 3	Fair value
<b>Assets</b>				
Money market funds	\$ 234,679	\$ —	\$ —	\$ 234,679
Corporate bonds	—	5,971	—	5,971
U.S. government treasury bills	38,904	—	—	38,904
Non-current assets - investment in equity securities	—	—	3,711	3,711
Total	\$ 273,583	\$ 5,971	\$ 3,711	\$ 283,265
<b>Total financial liabilities</b>	\$ —	\$ —	\$ —	\$ —

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As of September 30, 2023, financial assets and liabilities measured and recognized at fair value are as follows:

(in thousands)	Level 1	Level 2	Level 3	Fair value
<b>Assets</b>				
Money market funds	\$ 245,654	\$ —	\$ —	\$ 245,654
Corporate bonds	—	14,889	—	14,889
U.S. government treasury bills	35,054	—	—	35,054
Non-current assets - investment in equity securities	—	—	3,711	3,711
Total financial assets	<u>\$ 280,708</u>	<u>\$ 14,889</u>	<u>\$ 3,711</u>	<u>\$ 299,308</u>
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Contractual maturities of all the investments, as of December 31, 2023, were less than 12 months. The Company does not intend to sell the money market funds and short-term investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis. The unrealized loss on short-term investments have been in a continuous unrealized loss position for less than 12 months. Accrued interest receivable balance included in the prepaid expenses and other current assets within consolidated balance sheets were \$1.2 million and \$1.2 million as of December 31, 2023 and September 30, 2023, respectively. As of December 31, 2023, the gross unrealized losses on short-term investments are related to market interest rate changes and not attributable to credit.

During 2021 and as amended in 2022, the Company entered into convertible promissory note agreements with a privately held company (“Borrower”) pursuant to which the Company agreed to loan to the Borrower \$3.5 million in a series of loan installments, evidenced by a convertible promissory note having a maturity date of May 1, 2023 (“Convertible Note”). The Convertible Note included an option to convert the Convertible Note into the Borrower’s equity at the Borrower’s next round of equity financing, and accrued interest at a rate of 4% per annum. In April 2023, the Company exercised the option and the Borrower issued to the Company ordinary shares which represent a 15% equity interest. As of December 31, 2023, the Company’s equity investments were categorized as Level 3 within the fair value hierarchy.

The equity investment held by the Company is a VIE, but the Company is not the primary beneficiary. The Company does not have the power to direct the activities that most significantly impact the economic performance of the investee. The Company’s maximum exposure to loss from this VIE consist of an equity investment of \$3.7 million. Equity investments held by the Company lack readily determinable fair values and therefore the securities are measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar equity securities of the same issuer. The Company reviews the carrying value of its equity investments for impairment whenever events or changes in business circumstances indicate the carrying amount of such asset may not be fully recoverable. Impairments, if any, are based on the excess of the carrying amount over the recoverable amount of the asset. There were no such impairments during the three months ended December 31, 2023 and December 31, 2022.

As of December 31, 2023 and September 30, 2023, there were no financial liabilities categorized as level 3 within the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 in the periods presented.

The following table provides a reconciliation of beginning and ending balances of the Level 3 financial assets during the three months ended December 31, 2023:

(in thousands)	Equity investments	Total
Balance as of September 30, 2023	\$ 3,711	\$ 3,711
Change in fair value	—	—
Additions during the year	—	—
Balance as of December 31, 2023	<u>\$ 3,711</u>	<u>\$ 3,711</u>

**4. Balance sheet components**

Inventories consist of the following:

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(in thousands)	December 31, 2023	September 30, 2023
Raw materials	\$ 23,753	\$ 27,024
Work-in-process	2,390	1,113
Finished goods	4,720	3,926
	<u>\$ 30,863</u>	<u>\$ 32,063</u>

There is no consigned inventory balance as of December 31, 2023 and September 30, 2023.

Property and Equipment, net consists of the following:

(in thousands)	December 31, 2023	September 30, 2023
Laboratory equipment	\$ 105,517	\$ 104,508
Furniture, fixtures and other equipment	3,575	3,484
Vehicles	129	85
Computer equipment	3,128	3,103
Computer software	8,813	5,507
Leasehold improvements	57,410	57,271
Construction in progress	5,259	8,528
	<u>\$ 183,831</u>	<u>\$ 182,486</u>
Less: Accumulated depreciation	<u>(57,606)</u>	<u>(50,656)</u>
	<u>\$ 126,225</u>	<u>\$ 131,830</u>

As of December 31, 2023, the construction in progress mainly represents equipment costs and software development costs. Total depreciation expense was \$6.9 million for the three months ended December 31, 2023 and \$3.9 million for the three months ended and December 31, 2022, respectively.

### **Other current liabilities**

The other current liabilities consist of the following:

(in thousands)	December 31, 2023	September 30, 2023
Income and other taxes payable	\$ 3,197	\$ 4,374
Deferred revenue	2,644	2,999
Other current liabilities	577	430
	<u>\$ 6,418</u>	<u>\$ 7,803</u>

### **5. Goodwill and intangible assets**

There were no changes to the carrying value of goodwill during the three months ended December 31, 2023. Total amortization expense related to finite-lived intangible assets was \$1.3 million for the three months ended December 31, 2023 and \$1.4 million for the three months ended December 31, 2022.

The goodwill balance is presented below:

(in thousands)	December 31, 2023	September 30, 2023
Balance at beginning of period/year	\$ 85,811	\$ 85,811
Balance at end of period/year	<u>\$ 85,811</u>	<u>\$ 85,811</u>

The intangible assets balances are presented below:

December 31, 2023				
(in thousands, except for years)	Weighted average Amortization period in years	Gross carrying amount	Accumulated amortization	Net book value
Developed Technology	15	\$ 50,020	\$ (8,451)	\$ 41,569
Customer Relationships	11	15,210	(3,864)	11,346
Tradenames & Trademarks	3	900	(625)	275
Total finite-lived intangible assets		\$ 66,130	\$ (12,940)	\$ 53,190

September 30, 2023				
(in thousands, except for years)	Weighted average Amortization period in years	Gross carrying amount	Accumulated amortization	Net book value
Developed Technology	15	\$ 50,020	\$ (7,636)	\$ 42,384
Customer Relationships	11	15,210	(3,461)	11,749
Tradenames & Trademarks	3	\$ 900	\$ (550)	\$ 350
Total finite-lived intangible assets		\$ 66,130	\$ (11,647)	\$ 54,483

## 6. Commitments and contingencies

### *Legal proceedings*

The Company may be subject to litigation, claims and disputes in the ordinary course of business. There is an inherent risk in any litigation or dispute and no assurance can be given as to the outcome of any claims.

#### *Securities Class Action*

On December 12, 2022, a putative securities class action lawsuit captioned *Peters v. Twist Bioscience Corporation, et al.*, Case No. 22-cv-08168 (N.D. Cal.) (“Securities Class Action”) was filed in federal court in the Northern District of California (“Court”) against the Company, its Chief Executive Officer, and its Chief Financial Officer (the “Defendants”) alleging violations of federal securities laws. The Securities Class Action’s claims are based in large part on allegations made in a report issued on November 15, 2022 by Scorpion Capital (“Scorpion Report”) concerning, among other things, the Company’s DNA chip technology and accounting practices. The initial complaint filed in the Securities Class Action alleges that various statements that the defendants made between December 13, 2019 and November 14, 2022 were materially false and misleading in light of the allegations in the Scorpion Report. The plaintiff who initiated the lawsuit sought to represent a class of shareholders who acquired shares of the Company’s common stock between December 13, 2019 and November 14, 2022 and sought damages as well as certain other costs. On July 28, 2023, the Court appointed a new plaintiff, not the original plaintiff who filed the case, as lead plaintiff in the case and appointed a new law firm as lead counsel. On October 11, 2023, the lead plaintiff filed an amended complaint. The amended complaint is purportedly brought on behalf of all persons other than the Defendants who acquired the Company’s securities between December 20, 2018 and November 15, 2022. The amended complaint alleges that certain statements regarding, among other things, the Company’s DNA products and accounting practices were false and misleading.

This case remains in the preliminary stage. Given the inherent uncertainty of litigation and the legal standards that must be met, including class certification and success on the merits, the Company cannot express an opinion on the likelihood of an unfavorable outcome or on the amount or range of any potential loss. The Company and the other defendants intend to vigorously defend themselves against the claims asserted against them, and filed a motion to dismiss the amended complaint on December 6, 2023. The plaintiffs filed a response in opposition to the motion to dismiss on January 26, 2024, and the Company intends to file a reply brief by February 23, 2024. The Court is scheduled to hear that motion on April 18, 2024.

#### *Derivative Action*

On September 25, 2023, a shareholder derivative suit captioned *Shumacher vs. Leproust et al.*, No. 1:23-cv-01048-UNA, was filed in the United States District Court for the District of Delaware against directors of the Company and an employee (the “Derivative Action”). The suit is based on substantially the same allegations in the Securities Class Action and seeks to



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recover, on behalf of the Company, damages to the Company arising from, among other things, the Securities Class Action. On November 13, 2023, the parties to the Derivative Action entered into a stipulation staying the Derivative Action pending resolution of the anticipated motion to dismiss the defendants have filed in the Securities Class Action.

### ***Indemnifications***

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless and defend the indemnified parties for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third-party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. To date, the Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. From time to time, the Company has entered into indemnification agreements with its directors and officers that requires it to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by law. The Company also has directors' and officers' insurance.

### ***Leases***

The Company leases certain of its facilities under non-cancellable operating leases expiring at various dates through 2044. The Company is also responsible for utilities, maintenance, insurance, and property taxes under these leases. The Company's lease payments consist primarily of fixed rental payments for the right to use the underlying leased assets over the lease terms, as well as payments for common-area-maintenance and administrative services. The Company often receives customary incentives from its landlords, such as reimbursements for tenant improvements and rent abatement periods, which effectively reduce the total lease payments owed for these leases. Leases are classified as operating or financing at commencement. The Company does not have any material financing leases.

Certain leases include options to renew or terminate at the Company's discretion. The lease terms include periods covered by these options if it is reasonably certain the Company will renew or not terminate. The Company's lease agreements do not contain any material residual value guarantees or restrictive covenants.

Supplemental balance sheet information related to the Company's operating leases as of December 31, 2023 is as follows:

<b>(in thousands)</b>	<b>December 31, 2023</b>
<b>Assets:</b>	
Operating lease right-of-use asset	\$ 69,093
<b>Current liabilities:</b>	
Current portion of operating lease liabilities	\$ 14,808
<b>Noncurrent liabilities:</b>	
Operating lease liabilities, net of current portion	\$ 77,070

Future minimum lease payments under all non-cancelable operating leases that have commenced as of December 31, 2023 are as follows:

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(in thousands)	Operating leases
Years ending September 30:	
Remainder of 2024	\$ 11,122
2025	14,924
2026	13,894
2027	8,371
2028	8,471
Thereafter	88,014
Total minimum lease payments	\$ 144,796
Less: imputed interest	(52,918)
Total operating lease liabilities	\$ 91,878
Less: current portion	(14,808)
Operating lease liabilities, net of current portion	\$ 77,070

The statement of cash flows for the three months ended December 31, 2023 include changes in right-of-use assets and operating lease liabilities of \$2.4 million and \$2.2 million, respectively. For the three months ended December 31, 2022, changes in right-of-use assets and operating lease liabilities were \$1.2 million and \$0.9 million, respectively.

Operating lease expense was \$4.0 million and \$4.1 million for the three months ended December 31, 2023 and 2022, respectively. Cash payments for amounts included in the measurement of operating lease liabilities were \$3.7 million and \$3.6 million for the three months ended December 31, 2023 and 2022, respectively. As of December 31, 2023, the weighted-average remaining lease term was 15.3 years and the weighted-average discount rate was 6.5%.

### **7. Related party transactions**

During the three months ended December 31, 2023 and 2022, the Company purchased raw materials from a related party in the amount of \$1.3 million and \$2.1 million, respectively. During the three months ended December 31, 2023 and 2022, the Company had revenues from the related party in the amount of \$2.3 million and \$0.2 million, respectively. As of December 31, 2023, payable balances and receivable balances with the related party were \$0.4 million and \$1.7 million, respectively. Receivable balances with the related party were \$1.7 million as of September 30, 2023. Payable balances with the related parties were immaterial as of September 30, 2023.

### **8. Income taxes**

In determining quarterly provisions for income taxes, the Company uses the annual estimated effective tax rate applied to the actual year-to-date profit or loss, adjusted for discrete items arising in that quarter. For the three months ended December 31, 2023 and 2022, the Company recorded provisions for income taxes of \$0.1 million and \$0.1 million, respectively.

### **9. Common stock**

As of December 31, 2023, the Company had reserved sufficient shares of common stock, with a par value of \$0.00001 per share, for issuance upon exercise of outstanding stock options. Each share of common stock is entitled to one vote. The holders of shares of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the board of directors.

### **10. Stock-based compensation**

The Company grants stock-based awards, consisting of stock options and restricted stock, to its employees, certain non-employee consultants and certain members of its board of directors. The Company measures stock-based compensation expense for restricted stock and stock options granted to its employees and directors on the date of grant and recognizes the corresponding compensation expense of those awards over the requisite service period, which is generally the vesting period of the respective award. The Company measures stock-based compensation expense for restricted stock and stock options granted to non-employee consultants on the date of grant and recognizes the corresponding compensation expense

of those awards over the period in which the related services are received. The Company adjusts for actual forfeitures as they occur.

**2018 Equity Incentive Plan**

On September 26, 2018, the board of directors adopted the 2018 Equity Incentive Plan (the “2018 Plan”) as a successor to the 2013 Stock Plan (the “2013 Plan”). Any shares subject to outstanding awards under the 2013 Plan that are canceled or repurchased subsequent to the 2018 Plan’s effective date are returned to the pool of shares reserved for issuance under the 2018 Plan. Awards granted under the 2018 Plan may be non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, and performance units.

**Inducement Equity Incentive Plan**

On August 22, 2023, the board of directors adopted an inducement equity incentive plan (the “Inducement Plan”). The maximum aggregate number of shares that may be issued under the Inducement Plan is 700,000 of the Company’s common stock. The Inducement Plan permits the grant of non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares. The shares issuable under the Inducement Plan are registered pursuant to a registration statement on Form S-8 filed with the Securities and Exchange Commission on August 25, 2023.

**Restricted Stock Units**

Restricted stock consists of restricted stock unit awards (“RSUs”) which have been granted to employees and non-employee directors. The value of an RSU award is based on the Company’s stock price on the date of grant. Employee grants generally vest over four years and non-employee director grants generally vest over one year. Forfeitures of RSUs are recognized as they occur. The shares underlying the RSU awards are not issued until the RSUs vest. Upon vesting, each RSU converts into one share of the Company’s common stock.

Activity with respect to the Company’s restricted stock units during the three months ended December 31, 2023 was as follows:

(in thousands, except per share data)	Shares	Weighted average grant date fair value per share
Nonvested shares at September 30, 2023	1,620	\$ 40.73
Granted	1,035	22.14
Vested/Issued	(152)	43.58
Forfeited	(84)	50.29
Nonvested shares at December 31, 2023	2,419	\$ 32.29

As of December 31, 2023, there was \$71.5 million of total unrecognized compensation cost related to these awards that is expected to be recognized over a weighted average period of 2.8 years. The total grant date fair value of RSUs awarded during the three months ended December 31, 2023 was \$22.9 million.

**Performance Stock Units**

Performance stock unit awards (“PSUs”) granted to certain employees will vest upon achievement of operational milestones related to the Wilsonville facility, and to Company executives will vest upon achievement of revenue, gross profit and cash balance metrics as determined by the board of directors, and to certain non-employee consultants will vest upon achievement of operational milestones. Stock compensation expense for PSUs is recorded over the vesting period based on the grant date fair value of the awards and probability of the achievement of specified performance targets. The grant date fair value is equal to the closing share price of the Company’s common stock on the date of grant. For employees, PSUs generally vest over a one to three-year service period following the grant date, provided that the recipient is a Company employee at the time of vesting and the performance targets applicable to each award are achieved. For non-employees, PSUs generally vest over a one to three-year service period following the grant date, provided that the performance targets applicable to each award are achieved. The percentage of PSUs that vest will depend on the achievement of specified performance targets at the end of the performance period and can range from 0% to 150% of the number of units granted. Any PSUs that are unvested at the end of the performance period are forfeited. Forfeitures of PSUs are recognized as they occur.

Activity under the PSUs during the three months ended December 31, 2023 is summarized below:

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(in thousands, except per share data)	Shares	Weighted average grant date fair value per share	
Nonvested shares at September 30, 2023	932	\$	36.82
Granted	570		17.31
Vested/Issued	(82)		80.27
Forfeited	(15)		48.37
Nonvested shares at December 31, 2023	1,405	\$	26.23

As of December 31, 2023, the unrecognized compensation costs related to these awards was \$27.2 million based on the maximum achievement of the performance targets. The Company expects to recognize those costs over a weighted average period of 1.6 years. The total grant date fair value of PSUs awarded during the three months ended December 31, 2023 was \$9.9 million.

### Options

Options are generally granted to employees and were granted to non-employee directors until FY 2020. Stock options entitle the holder to purchase, at the end of the vesting term, a specified number of shares of Company common stock at an exercise price per share equal to the closing market price of the common stock on the date of grant. Stock options have a contractual life from the date of the grant and a vesting schedule as established by the board of directors. The maximum term of stock options granted under the 2018 Plan is 10 years and the awards generally vest over a four-year period. Forfeitures of options are recognized as they occur. The fair value of each service based stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company historically had been a private company and lacked company-specific historical and implied volatility information for its stock. Therefore, it estimated its expected stock price volatility based on the historical volatility of publicly traded peer companies through the period ended December 31, 2023 and utilized the "simplified" method for awards that qualify as "plain-vanilla" options. As determined under the simplified method, the expected term of stock options granted is calculated based on contractual and vesting terms of the option award, the risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award, and the expected dividend yield is zero based on the fact that the Company has never paid cash dividends on common stock and does not expect to pay any cash dividends in the foreseeable future.

Options activity during the three months ended December 31, 2023 is summarized below:

(in thousands, except per share data)	Shares	Weighted average exercise price per share	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Outstanding at September 30, 2023	2,119	\$ 24.18	5.25	\$ 6,715
Forfeited	(85)	34.45	—	—
Exercised	(58)	16.42	—	483
Outstanding at December 31, 2023	1,976	\$ 23.97	1.86	\$ 29,951
Nonvested at December 31, 2023	19	77.89	5.48	5
Exercisable at December 31, 2023	1,958	\$ 23.46	1.82	\$ 29,946

As of December 31, 2023, the unrecognized compensation costs related to these awards was \$0.8 million. The Company expects to recognize those costs over a weighted average period of 1.0 year. The Company did not grant any options during the year ended December 31, 2023.

### Performance Stock Options

On September 1, 2020, the board of directors approved the implementation of a revised annual equity award program for executive officers, senior level employees and consultants to be granted as performance-based stock options ("PSOs") under the 2018 Plan. The PSOs issued to executive officers and senior level employees vested in prior years. The number of PSOs ultimately earned under the awards to a consultant is calculated based on the achievement of certain operational milestones. The maximum term of performance stock options granted under the 2018 Plan is 10 years for both employees and non-employees. The awards generally vest over a two-year period for executive officers and senior level employees. Awards to non-employees generally vest over a five-year period.

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The provisions of the PSOs are considered a performance condition, and the effects of that performance condition are not reflected in the grant date fair value of the awards. The Company used the Black-Scholes method to calculate the fair value at the grant date without regard to the vesting condition and will recognize compensation cost for the options that are expected to vest. Forfeitures of PSOs are recognized as they occur. The Company reassesses the probability of the performance condition at each reporting period and adjusts the compensation cost based on the probability assessment. As of December 31, 2023, the Company determined that 30,000 shares are expected to vest based on the probability of the performance condition that will be achieved under this equity award program.

Activity under the PSOs during the three months ended December 31, 2023 is summarized below:

(in thousands, except per share data)	Shares	Weighted average exercise price per share	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Outstanding at September 30, 2023	289	\$ 60.82	7.37	\$ —
Nonvested at September 30, 2023	30	\$ 31.29	8.57	\$ —
Exercisable at September 30, 2023	259	64.24	7.23	—
Forfeited	(12)	\$ 67.85	—	\$ —
Exercisable at December 31, 2023	247	\$ 64.07	6.99	\$ 251
Nonvested at December 31, 2023	30	31.29	8.32	167
Outstanding at December 31, 2023	277	\$ 60.53	7.13	\$ 418

As of December 31, 2023, the unrecognized compensation costs related to these awards was \$0.3 million. The Company expects to recognize those costs over a weighted average period of 1.3 years.

Total stock-based compensation expense/(credit) recognized was as follows:

(in thousands)	Three months ended December 31,	
	2023	2022
Cost of revenues	\$ 924	\$ 1,142
Research and development	2,838	4,418
Selling, general and administrative	7,258	(7,885)
Total stock-based compensation	\$ 11,020	\$ (2,325)

During the three months ended December 31, 2022, stock-based compensation was a credit of \$2.3 million primarily as a result of departing employee share forfeitures, and a stock-based credit related to a business combination due to non-achievement of a performance condition. An immaterial amount of stock-based compensation was capitalized to inventories attributable to employees who support the manufacturing of the Company's products for the three months ended December 31, 2023. The balance sheet as of December 31, 2023 includes \$1.3 million of stock-based compensation primarily related to the implementation of the Company's lab production software system and order management system, which was capitalized in property and equipment.

**2018 Employee Stock Purchase Plan**

On September 26, 2018, the board of directors adopted the 2018 Employee Stock Purchase Plan (the "2018 ESPP"). The number of shares reserved for issuance under the 2018 ESPP upon approval was 275,225 shares of the Company's common stock, and it increases automatically on the first day of each fiscal year, following the fiscal year in which the 2018 ESPP became effective, by a number equal to the least of 249,470 shares, 1% of the shares of common stock outstanding at that time, or such number of shares determined by the Company's board of directors. The number of shares reserved for issuance at December 31, 2023 was as follows:

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(In thousands)	Shares available
Outstanding at September 30, 2023	539
Additional shares authorized	249
Shares issued during the period	—
Outstanding at December 31, 2023	788

Subject to any plan limitations, the 2018 ESPP allows eligible service providers (through qualified and non-qualified offerings) to contribute, normally through payroll deductions, up to 15% of their earnings for the purchase of the Company's common stock at a discounted price per share. The offering periods begin in February and August of each year, except the initial offering period which commenced with the initial public offering in October 2018 and ended on August 20, 2019.

Unless otherwise determined by the board of directors, the Company's common stock will be purchased for the accounts of employees participating in the 2018 ESPP at a price per share that is the lesser of 85% of the fair market value of the Company's common stock on the first trading day of the offering period or 85% of the fair market value of the Company's common stock on the last trading day of the offering period. During the three months ended December 31, 2023 and 2022, activity under the 2018 ESPP was immaterial.

### 401(k) Savings Plan

During 2018, the Company adopted a 401(k) savings plan for the benefit of its employees. In January 2022, the Company modified its plan to include an employer matching contribution. The Company is required to make matching contributions to the 401(k) plan equal to 50% of the first 6% of wages deferred by each participating employee. The Company incurred expenses for employer matching contributions of \$0.7 million and \$0.7 million for the three months ended December 31, 2023 and 2022, respectively.

### Abveris Acquisition

At September 30, 2022, management determined that the achievement of the performance condition relating to the equity awards granted in connection with the Abveris acquisition awards was probable, and cumulative stock-based compensation expense of \$9.9 million was recognized during the year ended September 30, 2022. At December 31, 2022, management determined that the performance condition was not achieved, and therefore the cumulative stock-based compensation expense recognized to date was reversed, resulting in a reduction of stock compensation expense of \$9.9 million in the three months ended December 31, 2022.

## 11. Net loss per share attributable to common stockholders

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 per share data)	Three months ended December 31,	
	2023	2022
<b>Numerator:</b>		
Net loss attributable to common stockholders	\$ (43,008)	\$ (41,824)
<b>Denominator:</b>		
Weighted average shares used in computing net loss per share, basic and diluted	57,497	56,444
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.75)	\$ (0.74)

The potentially dilutive common shares that were excluded from the calculation of diluted net loss per share because their effect would have been antidilutive for the periods presented are as follows:

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(in thousands)	Three months ended December 31,	
	2023	2022
Shares subject to options (including performance options) to purchase common stock	2,253	2,693
Unvested restricted stock units and performance stock units	3,824	2,577
Shares subject to employee stock purchase plan	124	137
Total	6,201	5,407

### 12. Geographic, product and industry information

The table below sets forth revenues by geographic region, based on ship-to destinations. Americas consists of the United States of America, Canada, Mexico and South America; EMEA consists of Europe, the Middle East, and Africa; and APAC consists of Japan, China, South Korea, India, Singapore, Malaysia, and Australia.

(in thousands)	Three months ended December 31,	
	2023	2022
Americas	\$ 43,959	\$ 33,646
EMEA	21,220	16,331
APAC	6,319	4,266
Total	\$ 71,498	\$ 54,243

The table below sets forth revenues by products.

(in thousands)	Three months ended December 31,	
	2023	2022
Synthetic genes	\$ 19,726	\$ 16,175
Oligo pools	4,189	3,699
DNA libraries	2,939	1,836
Antibody discovery	5,226	8,171
NGS tools	39,418	24,362
Total	\$ 71,498	\$ 54,243

The table below sets forth revenues by industry.

(in thousands)	Three months ended December 31,	
	2023	2022
Industrial chemicals/materials	\$ 16,277	\$ 13,575
Academic research	13,773	10,015
Healthcare	40,881	30,013
Food/agricultural	567	640
Total	\$ 71,498	\$ 54,243

### 13. 2023 Restructuring and other costs

On May 3, 2023, the Company's Board of Directors approved a strategic restructuring plan to reduce costs, build a leaner organization and increase operating efficiencies. The restructuring plan included a reduction in force which affected approximately 270 employees worldwide, representing approximately 25% of the Company's total workforce. The majority of these employees separated from the Company by September 30, 2023. The reduction in force is subject to local regulatory requirements. Furthermore, as part of the plan the Company removed the duplication of synthetic biology

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production across its South San Francisco, California and Wilsonville, Oregon facilities. The plan was implemented beginning in May 2023 and was substantially completed by the end of fiscal year 2023. Total restructuring and other costs of \$16.2 million was incurred by the Company during the year ended September 30, 2023 and included employee severance and related benefit costs of \$8.5 million, restructuring and non-restructuring related impairment of property and equipment of \$6.8 million, and other costs associated with restructuring of \$0.9 million.

As of December 31, 2023 and September 30, 2023, the severance and related benefit costs included in accrued compensation in the consolidated balance sheets were \$0.1 million and \$0.5 million, respectively.

\* \* \* \* \*



## **Item 2. Management’s discussion and analysis of financial condition and results of operations**

You should read the following discussion and analysis of our financial condition and results of operations together with the unaudited condensed consolidated financial statements and related notes that are included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 filed with the U.S. Securities and Exchange Commission, or the SEC, on November 21, 2023, or our Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, those discussed in the section entitled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. In preparing this MD&A, we presume that readers have access to and have read the MD&A in our Annual Report on Form 10-K, pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K.

### **Overview**

We are an innovative synthetic biology and genomics company that has developed a scalable DNA synthesis platform to industrialize the engineering of biology. The core of our platform is a proprietary technology that pioneers a new method of manufacturing synthetic DNA by “writing” DNA on a silicon chip. We have miniaturized traditional chemical DNA synthesis reactions to write over one million short pieces of DNA on each silicon chip, approximately the size of a large mobile phone. We have combined this technology with proprietary software, scalable commercial infrastructure, and an e-commerce platform to create an integrated technology platform that enables us to achieve high levels of quality, precision, automation, and manufacturing throughput at a significantly lower cost than our competitors. We are leveraging our unique technology to manufacture a broad range of synthetic DNA based products, including synthetic genes, tools for next-generation sample preparation, and antibody libraries for drug discovery and development.

Additionally, we believe our platform will enable new value-added opportunities, such as discovery partnerships for biologic drugs, and will enable new applications for synthetic DNA, such as digital data storage. We sell our synthetic DNA and synthetic DNA-based products to a customer base of approximately 3,450 customers annually across a broad range of industries.

We launched the first application of our platform, synthetic genes and oligo pools, in April 2016 to disrupt the gene synthesis market and make legacy DNA synthesis methods obsolete.

We have grown rapidly and generated revenues of \$71.5 million and \$54.2 million in the three months ended December 31, 2023 and 2022, respectively, while incurring net losses of \$43.0 million and \$41.8 million for the three months ended December 31, 2023 and 2022, respectively. Since our inception, we have incurred significant operating losses and have accumulated net deficit of \$1,076.2 million. To support our growth, we have resized our number of employees and increased investment in our manufacturing capabilities. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the success of our existing products and the development and commercialization of additional products in the synthetic biology, biologic drug and data storage industries, including our Express Genes product which we launched in the fall of 2023, as well as leveraging our investment in our manufacturing facility near Portland, Oregon.

For the three months ended December 31, 2023 and 2022, we served approximately 2,140 and 2,060 customers, respectively.

Highlights from three months ended December 31, 2023 compared with three months ended December 31, 2022 include:

- Revenue growth of 32% to \$71.5 million from \$54.2 million, primarily due to order growth in NGS tools, synthetic genes and DNA libraries; and
- the number of our genes shipped increasing from 134,000 in 2022 to 171,000.

We have built a scalable commercial platform that enables us to reach a diverse customer base in a variety of industries including industrial chemicals/materials, academic research, healthcare, food, agriculture and data storage. To address this diverse customer base, we have employed a multichannel strategy comprised of a direct sales force targeting synthetic DNA customers, international distributors, and an e-commerce platform. Launched in fiscal 2018, our e-commerce platform allows customers to design, validate and place on-demand orders of customized DNA online. This is a key component of our strategy to address and support our diverse and growing customer base, as well as support commercial productivity, enhance the customer experience, and promote loyalty.

### **Financial overview**

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The following table summarizes certain selected historical financial results:

(in thousands)	Three months ended December 31,	
	2023	2022
Revenues	\$ 71,498	\$ 54,243
Loss from operations	(46,977)	(44,630)
Net loss attributable to common stockholders	(43,008)	(41,824)

### Revenues

We generate revenue from sales of synthetic genes, oligo pools, NGS tools, DNA libraries and antibody discovery services. Our ability to increase our revenues will depend on our ability to further penetrate the domestic and international markets, generate sales through our direct sales force, distributors and over time from our e-commerce digital platform and launch new products.

### Revenues by geography

We have one reportable segment from the sale of synthetic DNA products. The following table shows our revenues by geography, based on our customers' shipping addresses. Americas consists of United States, Canada, Mexico and South America; EMEA consists of Europe, Middle East and Africa; and APAC consists of Japan, China, South Korea, India, Singapore, Malaysia and Australia.

(in thousands, except percentages)	Three months ended December 31,			
	2023	%	2022	%
Americas	\$ 43,959	61 %	\$ 33,646	62 %
EMEA	21,220	30 %	16,331	30 %
APAC	6,319	9 %	4,266	8 %
Total revenues	\$ 71,498	100 %	\$ 54,243	100 %

### Revenues by product

The table below sets forth revenues by product:

(in thousands, except percentages)	Three months ended December 31,			
	2023	%	2022	%
Synthetic genes	\$ 19,726	28 %	\$ 16,175	30 %
Oligo pools	4,189	6 %	3,699	7 %
DNA libraries	2,939	4 %	1,836	3 %
Antibody discovery	5,226	7 %	8,171	15 %
NGS tools	39,418	55 %	24,362	45 %
Total revenues	\$ 71,498	100 %	\$ 54,243	100 %

### Revenues by industry

The table below sets forth revenues by industry:

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(in thousands, except percentages)	Three months ended December 31,			
	2023	%	2022	%
Industrial chemicals/materials	\$ 16,277	25 %	\$ 13,575	25 %
Academic research	13,773	19 %	10,015	19 %
Healthcare	40,881	55 %	30,013	55 %
Food/agriculture	567	1 %	640	1 %
Total revenues	\$ 71,498	100 %	\$ 54,243	100 %

### Product shipments including synthetic genes

Shipments of all products and number of genes shipped in the three months ended December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023, December 31, 2022, September 30, 2022, June 30, 2022, and March 31, 2022 were as follows:

(in thousands)	Three months ended							
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Number of genes shipped	171	177	171	152	134	146	163	124
Number of shipments	18	17	17	15	14 <sup>(1)</sup>	20	15	14

(1) Previously reported number of shipments have been updated to conform to the current period presentation.

### Comparison of the three months ended December 31, 2023 and 2022

#### Revenues

(in thousands, except percentages)	Three months ended December 31,			
	2023	2022	Change	%
Revenues	\$ 71,498	\$ 54,243	\$ 17,255	32 %

In the three months ended December 31, 2023, revenues increased to \$71.5 million from \$54.2 million in the three months ended December 31, 2022. The increase in revenue reflects growth in NGS tools revenue of \$15.1 million, growth in synthetic genes revenue of \$3.6 million and growth in DNA libraries revenue of \$1.1 million, partially offset by a decrease in revenue from antibody discovery of \$2.9 million. The growth in NGS tools revenue is primarily attributable to an increase in revenue from our top customers and the adoption of our products by a larger customer base within industrial chemicals/materials, healthcare and academic research industries. Our synthetic genes revenue grew mainly from our top customers and growth in the industrial chemicals/material, healthcare and academic research industries, as well as an improved turnaround time. In the three months ended December 31, 2023, we shipped approximately 171,000 genes compared to approximately 134,000 genes in the three months ended December 31, 2022, an increase of 28%. Changes in our synthetic gene pricing, while favorable, had a minimal impact on our results of operations period-over-period. Our DNA libraries revenue grew mainly due to an increase in customers in the academic research and healthcare industries. Our antibody discovery revenue decreased primarily due to a reduction in orders as we rebuilt our commercial team in late 2023 as a result of internal integration challenges.

#### Cost of revenues

(in thousands, except percentages)	Three months ended December 31,			
	2023	2022	Change	%
Cost of revenues	\$ 42,536	\$ 29,442	\$ 13,094	44 %

In the three months ended December 31, 2023, cost of revenues increased to \$42.5 million from \$29.4 million in the three months ended December 31, 2022. The increase was attributable to an increase in material costs of \$7.4 million due to higher volume and increase in depreciation and amortization expense of \$2.6 million primarily due to the capital

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investment to an increase capacity by building out our new manufacturing facility located in Wilsonville, Oregon. The remaining increase was attributable to increase in personnel costs, including stock-based compensation of \$2.2 million, which included savings related to the 2023 restructuring plan and increase in facilities costs of \$0.3 million and increase in outside services of \$0.6 million.

**Research and development expenses**

(in thousands, except percentages)	Three months ended December 31,			
	2023	2022	Change	%
Research and development	\$ 23,099	\$ 31,242	\$ (8,143)	(26)%

In the three months ended December 31, 2023, research and development expenses decreased to \$23.1 million from \$31.2 million in the three months ended December 31, 2022. The decrease is primarily due to decreases in personnel costs of \$4.0 million, stock-based compensation of \$1.6 million as a result of reduction of personnel, lab supplies of \$2.2 million, facilities costs of \$0.3 million, and depreciation of \$0.2 million.

**Selling, general and administrative**

(in thousands, except percentages)	Three months ended December 31,			
	2023	2022	Change	%
Selling, general and administrative	\$ 52,840	\$ 42,324	\$ 10,516	25 %

In the three months ended December 31, 2023, selling, general and administrative expenses increased to \$52.8 million from \$42.3 million in the three months ended December 31, 2022. The increase is primarily attributable to higher stock-based compensation of \$15.2 million due to the reversal of stock-based compensation in the first quarter of 2023 because of employee stock forfeitures related to an acquisition performance condition not being met. Further, the increase was attributable to an increase in personnel costs of \$2.7 million, outside services of \$1.2 million and IT-related service costs of \$1.0 million. These increases were partially offset by a decrease in pre-commercialization costs for the Wilsonville manufacturing facility of \$11.8 million.

**Change in fair value of contingent consideration and holdbacks**

(in thousands, except percentages)	Three months ended December 31,			
	2023	2022	Change	%
Change in fair value of contingent consideration and holdbacks	\$ —	\$ (4,135)	\$ 4,135	(100)%

In the three months ended December 31, 2022, we recognized a change in fair value of the contingent consideration and holdbacks of \$3.7 million and \$0.4 million related to the acquisitions of Abveris and iGenomX, primarily as a result of not achieving Abveris revenue target of calendar year 2022 and a change in fair value of our stock price as of December 31, 2022.

**Interest and other income (expense), net**

(in thousands, except percentages)	Three months ended December 31,			
	2023	2022	Change	%
Interest income	\$ 4,120	\$ 3,040	\$ 1,080	36 %
Interest expense	—	(1)	1	(100)%
Other expense	(31)	(157)	126	(80)%
Total interest and other income (expense), net	\$ 4,089	\$ 2,882	\$ 1,207	42 %

In the three months ended December 31, 2023, interest income was \$4.1 million compared to \$3.0 million in the three months ended December 31, 2022, resulting from increased interest rates on our short-term investments.

**Income tax (provision) / benefit**

(in thousands, except percentages)	Three months ended December 31,			
	2023	2022	Change	%
Income tax (provision) / benefit	\$ (120)	\$ (76)	\$ (44)	58 %

We recorded an income tax provision of \$0.1 million and \$0.1 million in the three months ended December 31, 2023 and December 31, 2022, respectively.

**Liquidity and capital resources**

**Sources of liquidity**

To date, we have financed our operations principally through public equity raises, private placements of our convertible preferred stock, borrowings from credit facilities and revenue from our commercial operations.

Since our inception on February 4, 2013 and through December 31, 2023, we have received an aggregate of \$1,333.7 million in net proceeds from the issuance of equity securities in public offerings and an aggregate of \$13.8 million from debt issuances. At December 31, 2023, we had a balance of \$266.3 million of cash and cash equivalents and \$44.9 million in short-term investments.

**Operating capital requirements**

Our primary uses of capital are, and we expect will continue to be for the near future, compensation and related expenses, manufacturing costs, laboratory and related supplies, legal and other regulatory expenses and general overhead costs and the capital expenditures for our facility expansion including our manufacturing facility located in Wilsonville, Oregon. We had \$1.5 million in commitments for capital expenditures as of December 31, 2023.

**Cash flows**

The following table summarizes our sources and uses of cash and cash equivalents:

(in thousands)	Three months ended December 31,	
	2023	2022
Net cash used in operating activities	\$ (22,973)	\$ (54,070)
Net cash provided by (used in) investing activities	4,165	(6,971)
Net cash used in financing activities	(1,473)	(395)

**Operating activities**

Net cash used in operating activities was \$23.0 million in the three months ended December 31, 2023 and consisted primarily of a net loss of \$43.0 million adjusted for non-cash items including depreciation and amortization expenses of \$8.2 million, stock-based compensation expense of \$11.0 million, non-cash lease expense of \$0.2 million and a net change in operating assets and liabilities of \$0.5 million. The change in operating assets and liabilities was mainly due to a decrease in accounts receivable of \$8.1 million, inventories of \$1.2 million, other non-current assets of \$0.3 million and accrued expenses of \$2.9 million, offset by an increase in prepaid expenses of \$1.1 million, accounts payable of \$4.2 million, accrued compensation of \$5.1 million and other liabilities of \$1.5 million.

Net cash used in operating activities was \$54.1 million in the three months ended December 31, 2022 and consisted primarily of a net loss of \$41.8 million adjusted for non-cash items including depreciation and amortization expenses of \$5.3 million, stock-based compensation expense of \$2.3 million, non-cash lease expense of \$0.3 million, change in fair value of contingent consideration and holdbacks of \$4.1 million, and a net change in operating assets and liabilities of \$11.6 million. The change in operating assets and liabilities was mainly due to an increase in accounts receivable of \$4.1

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million, inventories of \$5.3 million, prepaid expenses of \$1.2 million and accounts payable of \$3.3 million offset by a decrease in other non-current assets of \$0.5 million, accrued compensation of \$3.7 million and accrued expenses of \$1.3 million.

### ***Investing activities***

In the three months ended December 31, 2023, our investing activities provided net cash of \$4.2 million, which was comprised of the proceeds from the net impact of purchases and maturity of investments of \$5.7 million, offset by the purchases of laboratory property, equipment and computers of \$1.5 million.

In the three months ended December 31, 2022, our investing activities used net cash of \$7.0 million. The use of net cash resulted primarily from the net impact of purchases, sale and maturity of investments of \$4.9 million and purchases of laboratory property, equipment and computers of \$11.8 million.

### ***Financing activities***

Net cash used in financing activities was \$1.5 million in the three months ended December 31, 2023, which consisted of \$2.4 million in repurchases of common stock for income tax withholdings, offset by \$1.0 million from the exercise of stock options.

Net cash used in financing activities was \$0.4 million in the three months ended December 31, 2022, which consisted of \$0.6 million from the exercise of stock options, offset by \$1.0 million in repurchases of common stock for income tax withholdings.

### **Off-balance sheet arrangements**

We do not have any off-balance sheet arrangements.

### **Contractual obligations and other commitments**

Our contractual obligations have not materially changed from those reported in our Annual Report on Form 10-K.

### **Critical accounting policies and significant management estimates**

The preparation of our Condensed Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and judgments that affect the reported amounts in the financial statements and related disclosures. On an ongoing basis, we evaluate our significant accounting policies and estimates. We base our estimates on historical experience and on various market-specific and other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates are assessed each period and updated to reflect current information. Actual results may differ significantly from these estimates. A summary of our critical accounting policies and estimates is presented in Part II, Item 7 of our Annual Report on Form 10-K for the year ended September 30, 2023. There were no material changes to our critical accounting policies and estimates during the three months ended December 31, 2023.

### **Recent issued accounting pronouncements**

For a description of accounting changes and recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our condensed consolidated financial statements, see Note 2, "Summary of significant accounting policies" in Item 1 of Part I of this Quarterly Report on Form 10-Q.

### **Item 3. *Quantitative and qualitative disclosures about market risk***

#### **Interest rate sensitivity**

We are exposed to market risk related to changes in interest rates. We had cash, cash equivalents, and marketable securities of \$311.1 million and \$336.4 million as of December 31, 2023 and September 30, 2023, respectively, which consisted primarily of money market funds and marketable securities, largely composed of investment grade, short to intermediate term fixed income securities.

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The primary objective of our investment activities is to preserve capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of investments in a variety of securities of high credit quality and short-term duration, according to our board-approved investment policy. Our investments are subject to interest rate risk and could fall in value if market interest rates increase. A hypothetical 10% relative change in interest rates during any of the periods presented would not have a material impact on our condensed consolidated financial statements.

### **Foreign currency sensitivity**

The majority of our transactions occur in U.S. dollars. However, we do have certain transactions that are denominated in currencies other than the U.S. dollar, primarily the Euro, Chinese Yuan, and British Pound, and we therefore are subject to foreign exchange risk. The fluctuation in the value of the U.S. dollar against other currencies affects the reported amounts of expenses, assets and liabilities primarily associated with a limited number of manufacturing activities.

We do not use derivative financial instruments for speculative trading purposes, nor do we hedge foreign currency exchange rate exposure in a manner that entirely offsets the effects of changes in foreign currency exchange rates. The counterparties to these forward foreign currency exchange contracts are creditworthy multinational commercial banks, which minimizes the risk of counterparty nonperformance. We regularly review our exposure and may, as part of this review, make changes to it.

### **Inflation risk**

While we have experienced increased operating costs in recent periods, which we believe are due in part to the recent growth in inflation, we do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could adversely affect our business, financial condition and results of operations.

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

### **Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of December 31, 2023, which is the end of the period covered by this Quarterly Report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures to ensure that information required to be disclosed by the Company in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures were not effective as of December 31, 2023 due to the material weakness in internal control over financial reporting described in Part II, Item 9A of the Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

Notwithstanding the material weakness, the Company performed additional analysis and other post-closing procedures to determine its condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Previously Identified Material Weaknesses**

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements would not be prevented or detected on a timely basis.

Refer to the management report on internal control over financial reporting in Part II, Item 9A of our Annual Report on Form 10-K for a discussion of the material weakness existing as of September 30, 2023, which continued to exist as of December 31, 2023.

### **Remediation Plan of Material Weaknesses**

As previously described in Part II, Item 9A of our Annual Report on Form 10-K, we are continuing to enhance our overall control environment and are devoting substantial effort by enhancing our manual and automated controls to remediate the identified material weakness. For a more comprehensive discussion of the remedial measures which are being undertaken to address these material weaknesses, or the Remediation Plan, refer to Part II, Item 9A, “Remediation of Material Weaknesses,” of our Annual Report on Form 10-K.

Additional changes and improvements may be identified and adopted as we continue to evaluate and implement our Remediation Plan. These material weaknesses will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that the enhanced control is operating effectively.

### **Changes in Internal Control over Financial Reporting**

Except for actions taken under the Remediation Plan described above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. Other information**

### **Item 1. Legal proceedings**

For a description of material pending legal proceedings, see Note 6 “Commitments and Contingencies - Legal Matters” of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference. In addition, we are subject to various legal proceedings and claims arising in the ordinary course of business. Although occasional adverse decisions or settlements may occur, management believes that the final disposition of such matters will not have a material adverse effect on our business, financial position, results of operations or cash flows.

### **Item 1A. Risk factors**

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors and other cautionary statements described under the heading “Item 1A. Risk Factors” included in our Annual Report on Form 10-K filed with the SEC on November 21, 2023 and this Quarterly Report on Form 10-Q, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or future results. There have been no material changes in our risk factors from those described in our Annual Report on Form 10-K, other than the updates to the risk factors set forth below. We may disclose changes to risk factors or additional risk factors from time to time in our future filings with the SEC.

### **Risks related to our business**

***Our manufacturing operations in the United States currently depend primarily on our Wilsonville facility. If this facility is destroyed or we experience any manufacturing difficulties, disruptions, or delays, this could limit supply of our product or adversely affect our ability to sell products or conduct our clinical trials, and our business would be adversely impacted.***

Although a portion of our manufacturing still takes place at our headquarters in South San Francisco, California, we depend primarily on our manufacturing facility in Wilsonville, Oregon. For example, we have consolidated synthetic biology production in Wilsonville, and our Express Genes product is manufactured solely in Wilsonville. Any manufacturing difficulties at our Wilsonville facility could result in turnaround time delays. If regulatory, manufacturing, or other problems require us to discontinue production at our Wilsonville facility, we will not be able to manufacture our synthetic genes, oligo pools or selected NGS products or create our DNA libraries, which would adversely impact our business. If this facility or the equipment in it is significantly damaged, destroyed, or affected by fire, flood, power loss, or similar events, or is shut down for health and safety reasons, including public health emergencies, severe weather, or other reasons, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace the facility at all. In the event of a temporary or protracted loss of this facility or equipment, we might not be able to transfer manufacturing to another third party. Even if we could transfer manufacturing from one facility to another, the shift would likely be



expensive and time-consuming, particularly if we were to maintain the current manufacturing standards procedures at such alternative facility.

***Natural disasters, public health crises, political crises, severe weather events, and other catastrophic events or other events outside of our control may damage our facilities or the facilities of third parties on which we depend and could impact our ability to sell products.***

Our headquarters in South San Francisco, California is located near known earthquake fault zones and is vulnerable to damage from earthquakes. Our primary manufacturing facility in Wilsonville, Oregon is vulnerable to extreme heat, wildfires, and severe weather events, all of which may be further exacerbated by the effects of climate change, as well as damage from earthquakes. An earthquake or other natural disaster or power shortages or outages could disrupt operations or impair critical systems at our headquarters or at any of our other facilities throughout the world. We, our suppliers, third-party service providers and customers are vulnerable to damage from natural disasters, including fire, floods or monsoons, power loss, communications failures, public health crises, such as pandemics and epidemics, political crises, such as terrorism, war, political instability or other conflict and similar events. If any disaster were to occur, our ability to operate our business at any of our facilities could be seriously, or potentially completely, impaired. In addition, the nature of our activities could cause significant delays in our research programs and commercial activities and make it difficult for us to recover from a disaster. The insurance we maintain may not be adequate to cover our losses resulting from disasters or other business interruptions. Accordingly, an earthquake or other disaster could materially and adversely harm our ability to conduct business. Furthermore, our in vivo antibody discovery services involve mice. In the past, vivarium sites have been shut down by animal activists, and any disturbance or shut down at the site where our in vivo antibody discovery work is being conducted could disrupt our business operations or harm our reputation.

***Delivery of our products could be delayed or disrupted by factors beyond our control, and we could lose customers as a result.***

We rely on third-party carriers for the timely delivery of our products. As a result, we are subject to carrier disruptions and increased costs that are beyond our control, including travel restrictions, employee strikes, inclement weather, delays due to public health emergencies, and increased fuel costs. For example, in the past we have experienced shipment delays due to flight cancellations caused by inclement weather. Any failure to deliver products to our customers in a timely and accurate manner may damage our reputation and brand and could cause us to lose customers. If our relationship with any of these third-party carriers is terminated or impaired or if any of these third parties are unable to deliver our products, the delivery and acceptance of our products by our customers may be delayed which could harm our business and financial results. The failure to deliver our products in a timely manner may harm our relationship with our customers, increase our costs and otherwise disrupt our operations.

#### **Risks related to our intellectual property**

***Our ability to protect our intellectual property and proprietary technology through patents and other means is uncertain.***

Our commercial success depends in part on our ability to protect our intellectual property and proprietary technologies. We rely on patent protection, where appropriate and available, as well as a combination of copyright, trade secret and trademark laws, and nondisclosure, confidentiality and other contractual restrictions to protect our proprietary technology. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage.

Worldwide, we own or exclusively in-license over 50 issued or allowed patents and more than 400 pending patent applications as of September 30, 2023. In addition to these owned and exclusively licensed patents and pending patent applications, we also license patents on a non-exclusive and/or territory restricted basis. Our intellectual property portfolio includes important patents and patent applications directed to DNA synthesis, Next Generation Sequencing, antibody libraries, and DNA data storage.

Several patent applications covering our technologies have been filed recently. We cannot offer any assurances about which, if any, patents will issue, the breadth of any such patent, or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or, if applicable in the future, licensed to us could deprive us of rights necessary for the practice of our technologies or the successful commercialization of products that we may develop. Since patent applications in the United States and most other countries are confidential for a period of time after filing, we cannot be certain that we were the first to file any patent application related to our technologies or products. Furthermore, an interference proceeding can be provoked by a third party or instituted by the U.S. Patent and Trademark Office ("USPTO"), or the European Patent Office ("EPO"), to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. For example, on March 3, 2021, our European Patent No. 3030682 which relates to polynucleotide synthesis was opposed by

an anonymous third party. An initial decision to revoke the patent was issued on November 29, 2022, which will not become final until all appeals are exhausted. We believe the EPO's decision relating to the original claims is erroneous and we appealed the EPO's decision on January 27, 2023. The opponent filed a reply to the appeal on August 2, 2023, and the appeal remains pending. We continue to prosecute related pending European applications.

Patent law can be highly uncertain and involve complex legal and factual questions for which important principles remain unresolved. In the United States and in many international jurisdictions, policy regarding the breadth of claims allowed in patents can be inconsistent. The U.S. Supreme Court and the Court of Appeals for the Federal Circuit have made, and will likely continue to make, changes in how the patent laws of the United States are interpreted. Similarly, international courts have made, and will likely continue to make, changes in how the patent laws in their respective jurisdictions are interpreted. We cannot predict future changes in the interpretation of patent laws or changes to patent laws that might be enacted into law by U.S. and international legislative bodies.

**Item 2. *Unregistered sales of equity securities and use of proceeds***

**Sales of unregistered securities**

None.

**Item 3. *Defaults upon senior securities***

None.

**Item 4. *Mine safety disclosures***

Not applicable.

**Item 5. *Other information***

**Rule 10b5-1 Trading Plans**

During the fiscal quarter ended December 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (both as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description	Filed / Furnished / Incorporated from Form
31.1	<u>Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13(a)-14(a)/15d-14(a), by Chief Executive Officer.</u>	Filed herewith
31.2	<u>Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13(a)-14(a)/15d-14(a), by Chief Financial Officer.</u>	Filed herewith
32.1†	<u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer.</u>	Furnished herewith
32.2†	<u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Financial Officer.</u>	Furnished herewith
10.1*	<a href="#"><u>Employment Agreement dated December 18, 2023 between Twist Bioscience Corporation and Adam Laponis.</u></a>	Filed herewith
101	The following materials from Twist Bioscience Corporation’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2023, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Stockholders’ Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Unaudited Condensed Consolidated Financial Statements, tagged as blocks of text.	Filed herewith
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2023, formatted in Inline XBRL (included in Exhibit 101).	Filed herewith

\* Management contract or compensatory plan or arrangement.

† The certifications attached as Exhibits 32.1 and 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 Twist Bioscience Corporation 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 Quarterly Report on Form 10-Q, regardless of any general incorporation language contained in any 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.

February 2, 2024

Twist Bioscience Corporation

By: /s/ Adam Laponis

Adam Laponis  
Chief Financial Officer  
(Authorized officer)



December 18, 2023

Adam Laponis  
[\*\*\*]

Re: **EMPLOYMENT AGREEMENT**

Dear Adam:

On behalf of Twist Bioscience Corporation, a Delaware corporation (the "Company"), I am pleased to offer you employment with the Company on the terms and conditions set forth in this employment agreement (the "Agreement"), with your employment commencing on or about January 8, 2024 (the actual date you commence employment with the Company, the "Start Date").

**1. Duties and Scope of Employment.**

**(a) Position.** For the term of your employment under this Agreement (your "Employment"), the Company agrees to employ you in the position of Chief Financial Officer. You shall report to the Company's Chief Executive Officer (your "Supervisor"). You shall perform the duties and have the responsibilities and authority customarily performed and held by an employee in your position or as otherwise may be assigned or delegated to you by your Supervisor.

**(b) Obligations to the Company.** During your Employment, you shall devote your full business efforts and time to the Company and shall not assist any person or entity in competing with the Company or in preparing to compete with the Company. During your Employment, without the prior written approval of the Chief Executive Officer, you shall not render services in any capacity to any other person or entity and shall not act as a sole proprietor or partner of any other person or entity or own more than five percent (5%) of the stock of any other corporation. Notwithstanding the foregoing, you may serve on corporate, civic or charitable boards or committees, deliver lectures, fulfill speaking engagements, teach at educational institutions, or manage personal investments without such advance written consent, provided that such activities do not individually or in the aggregate interfere with the performance of your duties under this Agreement. You shall comply with the Company's policies and rules, as they may be in effect from time to time during your Employment.

**(c) No Conflicting Obligations.** You represent and warrant to the Company that you are under no obligations or commitments, whether contractual or otherwise, that are inconsistent with your obligations under this Agreement. In connection with your Employment, you shall not use or disclose any trade secrets or other proprietary information or intellectual property in which you or any other person has any right, title or interest and your Employment

shall not infringe or violate the rights of any other person. You represent and warrant to the Company that you have returned all property and confidential information belonging to any prior employer.

**2. Cash Compensation, Employee Benefits, Equity.**

**(a) Salary.** The Company shall pay you as compensation for your services a base salary of \$450,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. The annual compensation specified in this subsection (a), together with any modifications in such compensation that the Company may make from time to time, is referred to in this Agreement as "Base Salary." Your Base Salary may be reviewed on an annual basis by the Board or a Compensation Committee of the Board (the "Compensation Committee") based upon available market data.

**(b) Signing Bonus.** In addition, you will have the opportunity to earn a one-time signing bonus of \$195,000 (the "Signing Bonus"). The Signing Bonus will be advanced to you, less applicable withholdings and required deductions, within thirty (30) days following your Start Date, subject to your continued employment through such payment date. You will earn, and be permitted to retain, the full amount of the Signing Bonus if you remain employed by the Company through the one (1) year anniversary of your Start Date. By signing below, you acknowledge and agree that, if before such one (1) year anniversary date, the Company terminates your employment for Cause (as defined below) or you resign from Employment without Good Reason (as defined below), you will be required to immediately re-pay the full gross amount of the Signing Bonus no later than thirty (30) days following the last day of your employment with the Company.

**(c) Incentive Bonus.** You shall be eligible to be considered for an annual incentive bonus each fiscal year during the term of your Employment under this Agreement based upon the achievement of certain objective or subjective criteria established by the Board, the Compensation Committee, and/or the senior management of the Company (each, an "Incentive Bonus"). Your eligibility to earn an annual Incentive Bonus and the target amount of such bonus shall be governed by the terms and conditions as determined by the Board, the Compensation Committee and/or the senior management of the Company each calendar year. Commencing with the 2024 fiscal year, the target amount for any such annual Incentive Bonus will be fifty-five percent (55%) of your Base Salary (the "Target Incentive Bonus Amount"). The determinations of the Board, the Compensation Committee, and/or the senior management of the Company with respect to any Incentive Bonus shall be final and binding. Any Incentive Bonus for a fiscal year shall be paid no later than the date that is two and one half (2½) months after the close of the calendar year in which such fiscal year ends, but only if you have continued in employment with the Company until September 30 of such applicable fiscal year.

**(d) Employee Benefits.** During your Employment, you shall be eligible to participate in the employee benefit plans maintained by the Company and generally available to similarly situated employees of the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such plan.

**(e)Equity.** Effective as of, and contingent upon, the Start Date, as a material inducement to your acceptance of Employment with the Company, the Company will grant you an initial equity award of 50,000 restricted stock units (“RSUs” and such award, the “RSU Award”) under the Company’s Inducement Equity Incentive Plan (the “Plan”). You will be expected to execute a Restricted Stock Unit Award Agreement for the RSU Award (the “Award Agreement”), in the form previously approved for use with the Plan by the Board, and agree to be subject to such terms and conditions as set forth in the Plan and the Award Agreement. The RSU Award will vest as follows: 25% of the RSUs subject to the RSU Award shall vest on the one (1)- year anniversary of the Start Date (the “Vesting Commencement Date”), and 1/16 of the RSUs subject to the RSU Award shall vest on each quarterly anniversary (or the last day of the month if no such day exists) of the Vesting Commencement Date thereafter, for a total vesting period of 48 months, subject to your continuous status as a Service Provider (as defined in the Plan) through each vesting date. The RSU Award represents a negotiated element of your compensation and is intended to be granted pursuant to the inducement grant exception under the applicable NASDAQ rules.

Additionally, the Company will grant you an initial equity award of 70,000 performance stock units (“PSUs” and such award, the “PSU Award”) under the Plan. You will be expected to execute a Performance Stock Unit Award Agreement for the PSU Award (the “PSU Agreement”), in the form previously approved for use with the Plan by the Board, and agree to be subject to such terms and conditions as set forth in the Plan and the PSU Agreement. The PSU Award will vest as follows: 50,000 of the PSUs subject to the PSU Award shall vest pursuant to the terms of the fiscal year 2024 PSU program for other Company executives similarly situated to you, and the remaining 20,000 of the PSUs subject to the PSU Award shall vest pursuant to the terms of the fiscal year 2024 cash balance measurement program for other Company executives similarly situated to you.

### **3. Termination.**

**(a)Employment at Will.** Your Employment shall be “at will,” meaning that either you or the Company shall be entitled to terminate your Employment at any time and for any reason, with or without notice or Cause, as defined in Section 4 below. Any contrary representations that may have been made to you shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between you and the Company on the “at-will” nature of your Employment, which may only be changed in an express written agreement signed by you and a duly authorized member of the Compensation Committee.

**(b) Rights Upon Termination.** Subject to Section 4 below, upon the termination of your Employment, you shall only be entitled to the compensation and benefits earned and the reimbursements described in this Agreement for the period preceding the effective date of the termination.

### **4. Severance Pay.**

**(a)General Release.** Any other provision of this Agreement notwithstanding, Subsections 4(b) and 4(c) shall not apply unless you (i) have returned all Company property in

your possession, and (ii) have executed a general release of all claims (the “Release”) that you may have against the Company or persons affiliated with the Company in a form prescribed by the Company (collectively, the “Conditions”). The Release must be in the form that is reasonably acceptable to you and the Company. The Company shall deliver the Release to you within ten (10) days after your Separation (as defined below). You must satisfy the Conditions within sixty (60) calendar days following your Separation (the “Deadline”).

**(b) Severance Pay Not in Connection with Change in Control.** If, other than during the period commencing on a Change in Control (as defined below) and ending on the twenty-four (24) month anniversary of such Change in Control, inclusive, you experience a Separation as a result of (i) your resignation from Employment for Good Reason (as defined below) or (ii) the Company’s termination of your Employment for any reason other than (A) Cause (as defined below), (B) death or (C) Disability (as defined below) (the Separation as a result of (i) or (ii) shall be known as an “Involuntary Termination”), then, in addition to the amounts payable in accordance with Section 3(b), the Company shall pay you with the following severance benefits:

(i) your Base Salary for a six (6) month period (the “Severance Period”); plus (ii) a pro-rata Incentive Bonus in respect of the fiscal year including the date of the Involuntary Termination in an amount equal to (x) the Incentive Bonus calculated based on actual performance for the applicable fiscal year multiplied by (y) a fraction, the numerator of which is the number of days you were employed with the Company during the year and the denominator of which is 365 days, which will be payable to the you at the same time that the Company normally pays its bonuses to other employees (but in no event later than March 15th of the year following the year that includes the Involuntary Termination); plus (iii) the health care premiums for you and your dependents under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) for a period equal in length to the Severance Period, commencing on the first date on which you and your dependents lose health care coverage under the Company’s health plans as a result of your Involuntary Termination, provided that you and your dependents are eligible for COBRA with respect to the Company’s health plans and timely elect COBRA. The payment of such monthly COBRA premiums will be taxable to the extent required to avoid adverse consequences to you or the Company under either Section 105(h) of the Internal Revenue Code of 1986, as amended (the “Code”) or the Patient Protection and Affordable Care Act of 2010. Your Base Salary shall be paid at the rate in effect at the time of your Involuntary Termination (ignoring any reduction in Base Salary that resulted in a resignation for Good Reason) in accordance with the Company’s standard payroll procedures on the Company’s payroll dates for a period equal in length to the Severance Period, commencing on the Company’s first regular payroll date following the last day of the Deadline, and shall be subject to all applicable withholdings; provided that the first payment shall include all amounts that would have been paid had payment commenced on the first payroll date following your termination of Employment.

**(c) Severance Pay in Connection with Change in Control.** If, during the period commencing on a Change In Control and ending on the twenty-four (24) month anniversary of such Change in Control, you experience an Involuntary Termination, inclusive, then, in lieu of the amounts payable in accordance with Section 3(b), the Company shall instead pay you severance pay equal to (i) your Base Salary for a twelve (12) month period (the “CIC Severance Period”) plus (ii) an amount equal to one (1) times the average of your annual Incentive Bonus



paid to you with respect to the two (2) years immediately preceding the year in which your Involuntary Termination occurs plus (iii) a pro-rata Incentive Bonus in respect of the fiscal year including the date of the Involuntary Termination in an amount equal to (x) the Target Incentive Bonus Amount applicable to the year in which your Involuntary Termination occurs multiplied by (y) a fraction, the numerator of which is the number of days you were employed with the Company during the year and the denominator of which is 365 days plus (iv) the health care premiums for you and your dependents under COBRA for a period equal in length to the CIC Severance Period, commencing on the first date on which you and your dependents lose health care coverage under the Company's health plans as a result of your Involuntary Termination, provided that you and your dependents are eligible for COBRA with respect to the Company's health plans and timely elect COBRA plus (v) vesting acceleration with respect to your shares of the Company's Common Stock, options to purchase shares of the Company's Common Stock, awards of RSUs and any other equity awards granted to you by the Company that vest based solely upon satisfaction of a time-based vesting schedule (collectively, the "Company Timed-Based Equity"), such that you shall become vested in one hundred percent (100%) of the Company Time-Based Equity that is unvested and outstanding as of the date of your Involuntary Termination plus (vi) vesting acceleration with respect to any equity awards granted to you by the Company that include a performance-based vesting requirement (the "Company Performance-Based Equity" and together with the Company Time-Based Equity, the "Company Equity"), such that you shall become vested in the greater of the amount that would become vested based on: (x) achievement at one hundred percent (100%) of target with respect to the Company Performance-Based Equity, or (y) the actual performance with respect to the Company Performance-Based Equity. The payment of such monthly COBRA premiums will be taxable to the extent required to avoid adverse consequences to you or the Company under either Section 105(h) of the Code or the Patient Protection and Affordable Care Act of 2010. Your Base Salary shall be paid at the rate in effect at the time of the termination of your Employment (ignoring any reduction in Base Salary that resulted in a resignation for Good Reason). The severance pay set forth in this Section 4(c), collectively the Base Salary in (i) and the bonuses in (ii) and (iii), shall be aggregated for a total cash severance amount, which shall be paid in substantially equal installments in accordance with the Company's standard payroll procedures on the Company's payroll dates for a period equal in length to the CIC Severance Period, commencing on the Company's first regular payroll date following the last day of the Deadline, and shall be subject to all applicable withholdings; provided that the first payment shall include all amounts that would have been paid had payment commenced on the first payroll date following your termination of Employment. For the avoidance of doubt, upon an Involuntary Termination, you shall be eligible to receive the severance pay and benefits set forth in either Section 4(c) or Section 4(b) above, but not both.

(d) This Section 4, including (without limitation) the severance pay and benefits set forth in Section 4(b) and Section 4(c), shall be in effect for three (3) years from the Start Date (the "Initial Term Expiration Date"), provided that upon the Initial Term Expiration Date, and each subsequent anniversary of such date, if applicable, the term of your employment under this Agreement will automatically be extended by one (1) year, unless either party hereto provides the other party with written notice as least ninety (90) days before the Initial Term Expiration Date, or such subsequent anniversary of such date, if applicable, of such party's decision not to extend the term of employment under this Agreement any further. Notwithstanding

the foregoing, your employment under this Agreement may be terminated at any time before or after the Initial Term Expiration Date, in accordance with Section 3 above.

**(e) Internal Revenue Code Section 409A.** For purposes of Code Section 409A, the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), each payment that is paid pursuant to this Agreement is hereby designated as a separate payment. The parties intend that all payments made or to be made under this Agreement comply with, or are exempt from, the requirements of Section 409A so that none of the payments or benefits will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply or be so exempt. Notwithstanding anything stated herein to the contrary, the severance pay provided in connection with your Involuntary Termination under this Section 4 is intended to be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii) and to the extent it is exempt pursuant to such section it shall in any event be paid no later than the last day of your second taxable year following the taxable year in which your Involuntary Termination has occurred; provided that, to the extent that such severance and any other payments paid to you in connection with your Involuntary Termination does not qualify or otherwise exceeds the limit set forth in Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any similar limit promulgated by the Treasury or the IRS, the portion of the severance pay that does not qualify or otherwise exceeds such limit, as determined by the Company in its sole discretion, shall be paid by no later than the fifteenth (15th) day of the third (3rd) month following the end of your first tax year in which your Involuntary Termination occurs, or, if later, the fifteenth (15th) day of the third (3rd) month following the end of the Company's first tax year in which your Involuntary Termination occurs, as provided in Treasury Regulation Section 1.409A-1(b)(4).

To the extent that any COBRA payment premiums set forth in Section 4(b) or 4(c) above or any other reimbursements or in-kind benefits under this Agreement or otherwise are not exempt from Section 409A, then (i) the benefits provided during any calendar year may not affect the benefits to be provided in any other calendar year; (ii) any payment of COBRA premiums or such other reimbursements or in-kind benefits shall be made on or before the earlier of the last day of the calendar year following the calendar year in which such expense was incurred and the end of the second calendar year following the year of the Involuntary Termination; and (iii) the right to such benefits shall not be subject to liquidation or exchange for another benefit.

Notwithstanding the above, if any of the severance pay provided in connection with your Involuntary Termination does not qualify for any reason to be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii) or Treasury Regulation Section 1.409A-1(b)(4) or any other applicable exemption and you are deemed by the Company at the time of your Involuntary Termination to be a "specified employee," as defined in Treasury Regulation Section 1.409A-1(i), each such severance payment shall not be made or commence until the date which is the first (1st) business day of the seventh (7th) month after your Involuntary Termination and the installments that otherwise would have been paid during the first six (6) months after your Involuntary Termination shall be paid in a lump sum on the first (1st) business day of the seventh (7th) month after your Involuntary Termination, with any remaining severance pay to be paid in accordance with the schedule set forth in Section 4(b) or 4(c) above, as applicable. Such deferral shall only be effected to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) federal tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral.

**(f) Definition of “Change in Control”.** “Change in Control” shall have the meaning ascribed to in the Plan, unless otherwise provided for in an Award Agreement (as defined in the Plan).

**(g) Definition of “Cause”.** For all purposes under this Agreement, “Cause” shall mean:

**(i)** Any material breach by you of this Agreement, the Confidentiality Agreement (as defined below), any agreement between you and the Company evidencing Company Equity (the “Equity Documentation”), or any other written agreement between you and the Company, which breach to the extent deemed curable by the Board is not cured within ten (10) business days after written notice thereof from the Company;

**(ii)** Any material failure by you to comply with the Company’s written policies or rules, including (without limitation) the Company’s ethics or insider trading policies, as they may be in effect from time to time during your Employment, which breach to the extent deemed curable by the Board is not cured within ten (10) business days after written notice thereof from the Company;

**(iii)** Your repeated failure to follow reasonable and lawful instructions from the Board, which failure is not cured within ten (10) business days after written notice thereof from the Company;

**(iv)** Commission, conviction of, or a plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State by you if such felony is work-related, impairs your ability to perform services for the Company in accordance with this Agreement, or results in a loss to the Company or damage to the reputation of the Company;

**(v)** Your misappropriation of funds or property of the Company;

**(vi)** Gross neglect of your duties;

**(vii)** Your act or omission that results directly or indirectly in material financial accounting improprieties for the Company;

**(viii)** Your failure to cooperate with a government investigation; or

**(ix)** Any gross or willful misconduct by you resulting in a loss to the Company or damage to the reputation of the Company.

**(h) Definition of “Good Reason”.** For all purposes under this Agreement, “Good Reason” shall mean that you resign within ninety (90) days after one of the following conditions has come into existence without your written consent:

- (i) A material diminution in your authority, duties or responsibilities;
- (ii) A material reduction of your annual Base Salary; provided, however, that prior to a Change in Control, it shall not be Good Reason if there is a corresponding reduction in the base salaries of all other executive officers of the Company;
- (iii) A material change in the geographic location at which you must perform services (a change in location of your office will be considered material only if it increases your current one-way commute by more than fifty (50) miles); or
- (iv) A material breach by the Company of a material provision of this Agreement.

A condition shall not be considered “Good Reason” unless you give the Company written notice of the condition within thirty (30) days after the condition comes into existence and the Company fails to remedy the condition within thirty (30) days after receiving your written notice.

(i) **Definition of “Disability”**. For all purposes under this Agreement, “Disability” shall mean that you are unable to perform the essential functions of your position, with or without reasonable accommodation, for a period of at least one hundred twenty (120) consecutive days because of a physical or mental impairment.

(j) **Definition of “Separation”**. For all purposes under this Agreement, “Separation” shall mean an “involuntary separation from service,” as defined in the regulations under Section 409A.

## 5. **Pre-Employment Conditions.**

(a) **Confidentiality Agreement.** Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company’s enclosed standard Confidential Information and Invention Assignment Agreement (the “Confidentiality Agreement”), a copy of which is attached hereto as Attachment A.

(b) **Right to Work.** For purposes of federal immigration law, you will be required, if you have not already, to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to the Company within three (3) business days of the Start Date, or the Company’s Employment relationship with you may be terminated.

(c) **Verification of Information.** This Agreement is also contingent upon the successful verification of the information you provided to the Company during your application process, as well as a general background check performed by the Company to confirm your suitability for Employment. By accepting this Agreement, you warrant that all information provided by you is true and correct to the best of your knowledge, you agree to execute any and all documentation necessary for the Company to conduct a background check and you expressly release the Company from any claim or cause of action arising out of the Company’s verification of such information.

**6. Code Section 280G.** In the event that it is determined that any payment or distribution of any type to or for your benefit made by the Company, any of its affiliates, any person who acquires ownership or effective control of the Company or ownership of a substantial portion of the Company's assets (within the meaning of Code Section 280G, as amended, and the regulations thereunder) or any affiliate of such person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest or penalties, are collectively referred to as the "Excise Tax"), then such payments or distributions shall be payable either in (i) full or (ii) as to such lesser amount which would result in no portion of such payments or distributions being subject to the Excise Tax, whichever method provides you with the greater payments or distributions on an after-tax basis.

All mathematical determinations and all determinations of whether any of the Total Payments are "parachute payments" (within the meaning of Section 280G of the Code) that are required to be made under this Section 6, shall be made by the independent professionals retained by the Company (the "Auditors"), who shall provide their determination (the "Determination"), together with detailed supporting calculations regarding the amount of any relevant matters, both to the Company and to you within twenty (20) business days of your termination date, if applicable, or such earlier time as is requested by the Company or you. Any Determination by the Auditors shall be binding upon the Company and you, absent manifest error. The Company shall pay the fees and costs of the Auditors.

Any reduction in payments and/or benefits required by this Section 6 shall be determined by the Company.

**7. Miscellaneous Provisions.**

**(a) Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid, or Federal Express, with delivery charges prepaid. In your case, mailed notices shall be addressed to you at the home address that you most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

**(b) Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by you and by an authorized member of the Compensation Committee. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

**(c) Whole Agreement.** No other agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this Agreement have been made or entered into by either party with respect to the

subject matter hereof. This Agreement, the Confidentiality Agreement and the Equity Documentation contain the entire understanding of the parties with respect to the subject matter hereof and supersede and replace your previous offer letter or employment agreement with the Company and any amendments thereto.

**(d) Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

**(e) Choice of Law and Severability.** This Agreement shall be interpreted in accordance with the laws of the State of California without giving effect to provisions governing the choice of law. If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively, the "Law") then that provision shall be curtailed or limited only to the minimum extent necessary to bring the provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

**(f) Assignment; Successors.** The rights and obligations under this Agreement shall be binding upon and inure to the benefits of any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets (a "Successor Entity"). For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business or assets that becomes bound by this Agreement. The Company may assign its rights under this Agreement to any Successor Entity without your consent. This Agreement and all of your rights and obligations hereunder are personal to you and may not be transferred or assigned by you at any time. This Agreement and all of your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

**(g) Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*[Signature Page Follows]*

We are all delighted to be able to offer you employment on the terms and conditions set forth in this Agreement. To indicate your acceptance of the Company's offer of employment with the Company, please sign and date this Agreement in the space provided below and return it to me.

Very truly yours,

TWIST BIOSCIENCE CORPORATION

By: /s/ Emily Leproust  
(Signature)

Name: Emily Leproust

Title: Chief Executive Officer

ACCEPTED AND AGREED:

/s/ Adam Laponis

Adam Laponis

12/18/2023

Date

Attachment A: Confidential Information and Invention Assignment Agreement

**ATTACHMENT A**

**CONFIDENTIAL INFORMATION AND INVENTION  
ASSIGNMENT AGREEMENT**

*(See Attached)*



**TWIST BIOSCIENCE CORPORATION**  
**AT-WILL EMPLOYMENT, CONFIDENTIAL INFORMATION, AND INVENTION**  
**ASSIGNMENT AGREEMENT**

As a condition of my employment with Twist Bioscience Corporation (the “**Company**”), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by Company, I agree to the following provisions of this At-Will Employment, Confidential Information, and Invention Assignment Agreement (this “**Agreement**”):

**1. AT-WILL EMPLOYMENT**

I UNDERSTAND AND ACKNOWLEDGE THAT MY EMPLOYMENT WITH THE COMPANY IS FOR NO SPECIFIED TERM AND CONSTITUTES “AT-WILL” EMPLOYMENT. I ALSO UNDERSTAND THAT ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND NOT VALID UNLESS IN WRITING AND SIGNED BY THE PRESIDENT OR CEO OF THE COMPANY. ACCORDINGLY, I ACKNOWLEDGE THAT MY EMPLOYMENT RELATIONSHIP MAY BE TERMINATED AT ANY TIME, WITH OR WITHOUT GOOD CAUSE OR FOR ANY OR NO CAUSE, AT MY OPTION OR AT THE OPTION OF THE COMPANY, WITH OR WITHOUT NOTICE. I FURTHER ACKNOWLEDGE THAT THE COMPANY MAY MODIFY JOB TITLES, SALARIES, AND BENEFITS FROM TIME TO TIME AS IT DEEMS NECESSARY.

**2. CONFIDENTIALITY**

*A. Definition of Company Confidential Information.* I understand that “Company Confidential Information” means information (including any and all combinations of individual items of information) that the Company has or will develop, acquire, create, compile, discover or own, that has value in or to the Company’s business which is not generally known and which the Company wishes to maintain as confidential. Company Confidential Information includes both information disclosed by the Company to me, and information developed or learned by me during the course of my employment with the Company. Company Confidential Information also includes all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is identified as Company Confidential Information. By way of example, and without limitation, Company Confidential Information includes any and all non-public information that relates to the actual or anticipated business and/or products, research or development of the Company, or to the Company’s technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company’s products or services and markets therefor, customer lists and customers (including, but not limited to, customers of the Company on which I called or with which I may become acquainted during the term of my employment), software, developments, inventions, discoveries, ideas, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information disclosed by the Company either directly or indirectly in writing, orally or by drawings or inspection of premises, parts, equipment, or other Company property. Notwithstanding the foregoing, Company Confidential Information shall not include any such information which I can establish (i) was publicly known or made generally available prior to the time of disclosure by the Company to me; (ii) becomes publicly known or made generally available after disclosure by the Company to me through no wrongful

action or omission by me; or (iii) is in my rightful possession, without confidentiality obligations, at the time of disclosure by the Company as shown by my then-contemporaneous written records; provided that any combination of individual items of information shall not be deemed to be within any of the foregoing exceptions merely because one or more of the individual items are within such exception, unless the combination as a whole is within such exception. I understand that nothing in this Agreement is intended to limit employees' rights to discuss the terms, wages, and working conditions of their employment, nor to deny employees the right to disclose information pertaining to sexual harassment or any unlawful or potentially unlawful conduct, as protected by applicable law.

B. *Nonuse and Nondisclosure.* I agree that during and after my employment with the Company, I will hold in the strictest confidence and take all reasonable precautions to prevent any unauthorized use or disclosure of Company Confidential Information. I will not (i) use Company Confidential Information for any purpose whatsoever other than for the benefit of the Company in the course of my employment, or (ii) disclose Company Confidential Information to any third party without the prior written authorization of the President, CEO, or the Board of Directors of the Company. Prior to disclosure, when compelled by applicable law, I shall provide prior written notice to the President, CEO, and General Counsel of the Company (as applicable). I agree that I obtain no title to any Company Confidential Information, and that the Company retains all Confidential Information as the sole property of the Company. I understand that my unauthorized use or disclosure of Company Confidential Information during my employment may lead to disciplinary action, up to and including, immediate termination and legal action by the Company. I understand that my obligations under this Section 2.B shall continue after termination of my employment and also that nothing in this Agreement prevents me from engaging in protected activity, as described in Section 14 below.

C. *Former Employer Confidential Information.* I agree that during my employment with the Company, I will not improperly use, disclose, or induce the Company to use any proprietary information or trade secrets of any former employer or other person or entity with which I have an obligation to keep such proprietary information or trade secrets in confidence. I further agree that I will not bring onto the Company's premises or transfer onto the Company's technology systems any unpublished document, proprietary information, or trade secrets belonging to any such third party unless disclosure to, and use by, the Company has been consented to, in writing, by such third party and the Company.

D. *Third Party Information.* I recognize that the Company has received, and in the future may receive, from third parties (for example, customers, suppliers, licensors, licensees, partners, and collaborators) as well as its subsidiaries and affiliates ("Associated Third Parties"), information which the Company is required to maintain and treat as confidential or proprietary information of such Associated Third Parties ("Associated Third Party Confidential Information"), and I agree to use such Associated Third Party Confidential Information only as directed by the Company and to not use or disclose such Associated Third Party Confidential Information in a manner that would violate the Company's obligations to such Associated Third Parties. By way of example, Associated Third Party Confidential Information may include the habits or practices of Associated Third Parties, the technology of Associated Third Parties, requirements of Associated Third Parties, and information related to the business conducted between the Company and such Associated Third Parties. I agree at all times during my employment with the Company and thereafter, that I owe the Company and its Associated Third Parties a duty to hold all such Associated Third Party Confidential Information in the strictest confidence, and not to use it or to

disclose it to any person, firm, corporation, or other third party except as necessary in carrying out my work for the Company consistent with the Company's agreement with such Associated Third Parties. I further agree to comply with any and all Company policies and guidelines that may be adopted from time to time regarding Associated Third Parties and Associated Third Party Confidential Information. I understand that my unauthorized use or disclosure of Associated Third Party Confidential Information or violation of any Company policies during my employment may lead to disciplinary action, up to and including, immediate termination and legal action by the Company.

### **3. OWNERSHIP**

*A. Assignment of Inventions.* As between the Company and myself, I agree that all right, title, and interest in and to any and all copyrightable material, notes, records, drawings, designs, logos, inventions, improvements, developments, discoveries, ideas and trade secrets conceived, discovered, authored, invented, developed or reduced to practice by me, solely or in collaboration with others, during the period of time I am in the employ of the Company (including during my off-duty hours), or with the use of Company's equipment, supplies, facilities, or Company Confidential Information, and any copyrights, patents, trade secrets, mask work rights or other intellectual property rights relating to the foregoing, except as provided in Section 3.G below (collectively, "Inventions"), are the sole property of the Company. I also agree to promptly make full written disclosure to the Company of any Inventions, and to deliver and assign and hereby irrevocably assign fully to the Company all of my right, title and interest in and to Inventions. I agree that this assignment includes a present conveyance to the Company of ownership of Inventions that are not yet in existence. I further acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and that are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act. I understand and agree that the decision whether or not to commercialize or market any Inventions is within the Company's sole discretion and for the Company's sole benefit, and that no royalty or other consideration will be due to me as a result of the Company's efforts to commercialize or market any such Inventions.

*B. Pre-Existing Materials.* I will inform the Company, in writing, before incorporating any inventions, discoveries, ideas, original works of authorship, developments, improvements, trade secrets and other proprietary information or intellectual property rights owned by me or in which I have an interest prior to, or separate from, my employment with the Company, including, without limitation, any such inventions that are subject to California Labor Code Section 2870 (attached hereto as Exhibit B) ("Prior Inventions") into any Invention or otherwise utilizing any Prior Invention in the course of my employment with the Company; and the Company is hereby granted a nonexclusive, royalty-free, perpetual, irrevocable, transferable worldwide license (with the right to grant and authorize sublicenses) to make, have made, use, import, offer for sale, sell, reproduce, distribute, modify, adapt, prepare derivative works of, display, perform, and otherwise exploit such incorporated or utilized Prior Inventions, without restriction, including, without limitation, as part of, or in connection with, such Invention, and to practice any method related thereto. I will not incorporate any inventions, discoveries, ideas, original works of authorship, developments, improvements, trade secrets and other proprietary information or intellectual property rights owned by any third party into any Invention without the Company's prior written permission. I have attached hereto, as Exhibit A, a list describing all Prior Inventions that relate to the Company's current or anticipated business, products, or research and

development or, if no such list is attached, I represent and warrant that there are no such Prior Inventions. Furthermore, I represent and warrant that if any Prior Inventions are included on Exhibit A, they will not materially affect my ability to perform all obligations under this Agreement.

C. *Moral Rights*. Any assignment to the Company of Inventions includes all rights of attribution, paternity, integrity, modification, disclosure and withdrawal, and any other rights throughout the world that may be known as or referred to as “moral rights,” “artist’s rights,” “droit moral,” or the like (collectively, “Moral Rights”). To the extent that Moral Rights cannot be assigned under applicable law, I hereby waive and agree not to enforce any and all Moral Rights, including, without limitation, any limitation on subsequent modification, to the extent permitted under applicable law.

D. *Maintenance of Records*. I agree to keep and maintain adequate, current, accurate, and authentic written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company. The records will be in the form of notes, sketches, drawings, electronic files, reports, or any other format that may be specified by the Company. As between the Company and myself, the records are and will be available to and remain the sole property of the Company at all times.

E. *Further Assurances*. I agree to assist the Company, or its designee, at the Company’s expense, in every proper way to secure the Company’s rights in the Inventions in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, and all other instruments that the Company shall deem proper or necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights, and in order to deliver, assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title, and interest in and to all Inventions, and testifying in a suit or other proceeding relating to such Inventions. I further agree that my obligations under this Section 3.E shall continue after the termination of this Agreement.

F. *Attorney-in-Fact*. I agree that, if the Company is unable because of my unavailability, mental or physical incapacity, or for any other reason to secure my signature with respect to any Inventions, including, without limitation, for the purpose of applying for or pursuing any application for any United States or foreign patents or mask work or copyright registrations covering the Inventions assigned to the Company in Section 3.A, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney-in-fact, to act for and on my behalf to execute and file any papers and oaths, and to do all other lawfully permitted acts with respect to such Inventions to further the prosecution and issuance of patents, copyright and mask work registrations with the same legal force and effect as if executed by me. This power of attorney shall be deemed coupled with an interest, and shall be irrevocable.

G. *Exception to Assignments*. I UNDERSTAND THAT THE PROVISIONS OF THIS AGREEMENT REQUIRING ASSIGNMENT OF INVENTIONS (AS DEFINED UNDER SECTION 3.A ABOVE) TO THE COMPANY DO NOT APPLY TO ANY INVENTION THAT QUALIFIES FULLY UNDER THE PROVISIONS OF CALIFORNIA LABOR CODE SECTION 2870 (ATTACHED HERETO AS EXHIBIT B). I WILL ADVISE THE COMPANY PROMPTLY IN WRITING OF ANY INVENTIONS THAT I BELIEVE MEET THE CRITERIA

IN CALIFORNIA LABOR CODE SECTION 2870 AND ARE NOT OTHERWISE DISCLOSED ON EXHIBIT A TO PERMIT A DETERMINATION OF OWNERSHIP BY THE COMPANY. ANY SUCH DISCLOSURE WILL BE RECEIVED IN CONFIDENCE.

#### **4. CONFLICTING OBLIGATIONS**

A. *Current Obligations.* I agree that during the term of my employment with the Company, I will not engage in or undertake any other employment, occupation, consulting relationship, or commitment that is directly related to the business in which the Company is now involved or becomes involved or has plans to become involved, nor will I engage in any other activities that conflict with my obligations to the Company.

B. *Prior Relationships.* Without limiting Section 4.A, I represent and warrant that I have no other agreements, relationships, or commitments to any other person or entity that conflict with the provisions of this Agreement, my obligations to the Company under this Agreement, or my ability to become employed and perform the services for which I am being hired by the Company. I further agree that if I have signed a confidentiality agreement or similar type of agreement with any former employer or other entity, I will comply with the terms of any such agreement to the extent that its terms are lawful under applicable law. I represent and warrant that after undertaking a careful search (including searches of my computers, cell phones, electronic devices, and documents), I have returned all property and confidential information belonging to all prior employers (and/or other third parties I have performed services for in accordance with the terms of my applicable agreement). Moreover, I agree to fully indemnify the Company, its directors, officers, agents, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns for all verdicts, judgments, settlements, and other losses incurred by any of them resulting from my breach of my obligations under any agreement with a third party to which I am a party or obligation to which I am bound, as well as any reasonable attorneys' fees and costs if the plaintiff is the prevailing party in such an action, except as prohibited by law.

#### **5. RETURN OF COMPANY MATERIALS**

A. *Definition of Electronic Media Equipment and Electronic Media Systems.* I understand that "Electronic Media Equipment" includes, but is not limited to, computers, external storage devices, thumb drives, mobile devices (including, but not limited to, smart phones, tablets, and e-readers), telephone equipment, and other electronic media devices. I understand that "Electronic Media Systems" includes, but is not limited to, computer servers, messaging and email systems or accounts, applications for computers or mobile devices, and web-based services (including cloud-based information storage accounts).

B. *Return of Company Property.* I understand that anything that I created or worked on for the Company while working for the Company belongs solely to the Company and that I cannot remove, retain, or use such information without the Company's express written permission. Accordingly, upon separation from employment with the Company or upon the Company's request at any other time, I will immediately deliver to the Company, and will not keep in my possession (or custody or control), recreate, or deliver to anyone else, any and all Company property, including, but not limited to, Company Confidential Information, Associated Third Party Confidential Information, all Company equipment including all Company Electronic Media Equipment, all tangible embodiments of the Inventions, all electronically stored information and

passwords to access such information, Company credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, photographs, charts, any other documents and property, and reproductions of any of the foregoing items including, without limitation, those records maintained pursuant to Section 3.D. Notwithstanding the foregoing, I understand that I am allowed to keep a copy of the Company's employee handbook and personnel records relating to my employment.

*C. Return of Company Information on Company Electronic Media Equipment.* In connection with my obligation to return information to the Company, I agree that I will not copy, delete, or alter any information, including personal information voluntarily created or stored, contained in Company Electronic Media Equipment before I return the information to the Company.

*D. Return of Company Information on Personal Electronic Media Equipment.* In addition, if I have used any personal Electronic Media Equipment or personal Electronic Media Systems to create, receive, store, review, prepare or transmit any Company information, including, but not limited to, Company Confidential Information, I agree to make a prompt and reasonable search for such information in good faith, including reviewing any personal Electronic Media Equipment or personal Electronic Media Systems to locate such information and, if I locate such information, I agree to notify the Company of that fact and then provide the Company with a computer-useable copy of all such Company information from those equipment and systems. I agree to cooperate reasonably with the Company to verify that the necessary copying is completed (including upon request providing a sworn declaration confirming the return of property and deletion of information), and, upon confirmation of compliance by the Company, I agree to delete and expunge all Company information.

*E. No Expectation of Privacy in Company Property.* I understand that I have no expectation of privacy in Company property, and I agree that any Company property is subject to inspection by Company personnel at any time with or without further notice. As to any personal Electronic Media Equipment or personal Electronic Media Systems that I have used for Company purposes, I agree that the Company, at its sole discretion, may have reasonable access, as determined by the Company in good faith, to such personal Electronic Media Equipment or personal Electronic Media Systems to review, retrieve, destroy, or ensure the permanent deletion of Company information from such equipment or systems or to take such other actions necessary to protect the Company or Company property, as determined by the Company reasonably and in good faith. I also consent to an exit interview and an audit to confirm my compliance with this Section 5, and I will certify in writing that I have complied with the requirements of this Section 5.

## **6. TERMINATION CERTIFICATION**

Upon separation from employment with the Company, I agree to immediately sign and deliver to the Company the "Termination Certification" attached hereto as Exhibit C.

## **7. NOTIFICATION OF NEW EMPLOYER**

In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my obligations under this Agreement. I also agree to keep the Company advised of my home and business address for a period of three (3) years after

termination of my employment with the Company, so that the Company can contact me regarding my continuing obligations provided by this Agreement.

**8. COMPLIANCE WITH COMPANY POLICIES**

I agree to diligently adhere to all policies of the Company, including the Company's insider trading policies and the Company's conflict of interest guidelines (outlined in the Company's Code of Business Conduct and Ethics), any of which may be revised from time to time during my employment.

**9. REPRESENTATIONS**

Without limiting my obligations under Section 3.E above, I agree to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. I represent and warrant that my performance of all the terms of this Agreement will not breach any agreement to keep confidential information acquired by me in confidence or in trust prior to my employment by the Company. I hereby represent and warrant that I have not entered into, and I will not enter into, any oral or written agreement in conflict herewith.

**10. AUDIT**

I acknowledge that I have no reasonable expectation of privacy in any Company Electronic Media Equipment or Company Electronic Media Systems. All information, data, and messages created, received, sent, or stored in Company Electronic Media Equipment or Company Electronic Media Systems are, at all times, the property of the Company. As such, the Company has the right to audit and search all such items and systems, without further notice to me, to ensure that the Company is licensed to use the software on the Company's devices in compliance with the Company's software licensing policies, to ensure compliance with the Company's policies, and for any other business-related purposes in the Company's sole discretion. I understand that I am not permitted to add any unlicensed, unauthorized, or non-compliant applications to the Company's technology systems, including, without limitation, open source or free software not authorized by the Company, and that I shall refrain from copying unlicensed software onto the Company's technology systems or using non-licensed software or websites. I understand that it is my responsibility to comply with the Company's policies governing use of the Company's documents and the internet, email, telephone, and technology systems to which I will have access in connection with my employment. In addition, as to any personal Electronic Media Equipment or personal Electronic Systems or other personal property that I have used for Company purposes, I agree that the Company may have reasonable access to such personal Electronic Media Equipment or personal Electronic Media Systems or other personal property to review, retrieve, destroy, or ensure the permanent deletion of Company information from such equipment or systems or property or take such other actions that are needed to protect the Company or Company property, as determined by the Company reasonably and in good faith.

I am aware that the Company has or may acquire software and systems that are capable of monitoring and recording all Company network traffic to and from any Company Electronic Media Equipment or Company Electronic Media Systems. The Company reserves the right to access, review, copy, and delete any of the information, data, or messages accessed through Company Electronic Media Equipment or Electronic Media Systems, with or without notice to me and/or in my absence. This includes, but is not limited to, all e-mail messages sent or received, all website

visits, all chat sessions, all news group activity (including groups visited, messages read, and postings by me), and all file transfers into and out of the Company's internal networks. The Company further reserves the right to retrieve previously deleted messages from e-mail or voicemail and monitor usage of the Internet, including websites visited and any information I have downloaded. In addition, the Company may review Internet and technology systems activity and analyze usage patterns, and may choose to publicize this data to assure that technology systems are devoted to legitimate business purposes.

## **11. MISCELLANEOUS**

A. *Governing Law; Consent to Personal Jurisdiction.* This Agreement will be governed by the laws of the State of California without regard to California's conflicts-of-law. To the extent that any lawsuit is permitted under this Agreement, I hereby expressly consent to the personal and exclusive jurisdiction and venue of the state and federal courts located in California for any lawsuit filed against me by the Company.

B. *Assignability.* This Agreement will be binding upon my heirs, executors, assigns, administrators, and other legal representatives, and will be for the benefit of the Company, its successors, and its assigns. The Associated Third Parties are intended third-party beneficiaries to this Agreement with respect to my obligations in Section 2.D. Notwithstanding anything to the contrary herein, the Company may assign this Agreement and its rights and obligations under this Agreement to any successor to all, or substantially all, of the Company's relevant assets, whether by merger, consolidation, reorganization, reincorporation, sale of assets or stock, or otherwise. For the avoidance of doubt, the Company's successors and assigns are authorized to enforce the Company's rights under this Agreement.

C. *Entire Agreement.* This Agreement, together with the Exhibits herein and any executed written offer letter between me and the Company, to the extent such materials are not in conflict with this Agreement, sets forth the entire agreement and understanding between the Company and me with respect to the subject matter herein and supersedes all prior written and oral agreements, discussions, or representations between us, including, but not limited to, any representations made during my interview(s) or relocation negotiations. I represent and warrant that I am not relying on any statement or representation not contained in this Agreement. Any subsequent change or changes in my duties, salary, compensation, conditions or any other terms of my employment will not affect the validity or scope of this Agreement.

D. *Headings.* Headings are used in this Agreement for reference only and shall not be considered when interpreting this Agreement.

E. *Severability.* If a court or other body of competent jurisdiction finds, or the Parties mutually believe, any provision of this Agreement, or portion thereof, to be invalid or unenforceable, such provision will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the remainder of this Agreement will continue in full force and effect.

F. *Modification, Waiver.* No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in a writing signed by the President or CEO of the Company and me. Waiver by the Company of a breach of any provision of this Agreement will not operate as a waiver of any other or subsequent breach.



G. *Survivorship*. The rights and obligations of the Parties to this Agreement will survive termination of my employment with the Company.

**12. PROTECTED ACTIVITY NOT PROHIBITED**

I understand that nothing in this Agreement limits or prohibits me from filing and pursuing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by, any federal, state or local government agency or commission, public prosecutor, or law enforcement agency, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, the Occupational Safety and Health Administration, and the National Labor Relations Board ("**Government Agencies**"), including disclosing documents or other information as permitted by law, without giving notice to, or receiving authorization from, the Company. Notwithstanding, in making any such disclosures or communications, I agree to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company Confidential Information to any parties other than the Government Agencies. I further understand that I am not permitted to disclose the Company's attorney-client privileged communications or attorney work product. In addition, I hereby acknowledge that the Company has provided me with notice in compliance with the Defend Trade Secrets Act of 2016 regarding immunity from liability for limited disclosures of trade secrets. The full text of the notice is attached in Exhibit B.

Date: 12/18/2023                      /s/ Adam Laponis

Signature

Adam Laponis

Name of Employee (typed or printed)

**EXHIBIT A**

**LIST OF PRIOR INVENTIONS  
AND ORIGINAL WORKS OF AUTHORSHIP**

Title	Date	Identifying Number or Brief Description
NA		

  No inventions or improvements

  Additional Sheets Attached

Date: 12/18/2023 /s/ Adam Laponis

Signature

Adam Laponis

Name of Employee (typed or printed)

## **EXHIBIT B**

### **CALIFORNIA LABOR CODE SECTION 2870 INVENTION ON OWN TIME - EXEMPTION FROM AGREEMENT**

“(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer’s equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer’s business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.”

### **SECTION 7 OF THE DEFEND TRADE SECRETS ACT OF 2016**

“ . . . An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected

violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.”

**EXHIBIT C**

**Twist Bioscience Corporation TERMINATION CERTIFICATION**

This is to certify that I do not have in my possession, custody, or control, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, any other documents or property, or reproductions of any and all aforementioned items belonging to Twist Bioscience Corporation (the "Company"). Notwithstanding the foregoing, I understand that I may keep a copy of the Company's employee handbook and personnel records relating to me.

I further certify that I have complied with all the terms of the Company's At-Will Employment, Confidential Information, and Invention Assignment Agreement (the "Agreement") signed by me, including the reporting of any inventions and original works of authorship (as defined therein) conceived or made by me (solely or jointly with others), as covered by that Agreement.

I understand that pursuant to the Agreement, and subject to its protected activity exclusion, I am obligated to preserve, as confidential, all Company Confidential Information and Associated Third Party Confidential Information, including trade secrets, confidential knowledge, data, or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, databases, other original works of authorship, customer lists, business plans, financial information, or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants, or licensees.

After leaving the Company's employment, I will be employed by \_\_\_\_\_ in the position of \_\_\_\_\_.

Date: \_\_\_\_\_

Signature

\_\_\_\_\_

Name of Employee (typed or printed)

Address for Notifications: \_\_\_\_\_

\_\_\_\_\_

**Certification of Principal Executive Officer  
pursuant to  
Exchange Act Rules 13a-14(a) and 15d-14(a),  
as adopted pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Emily M. Leproust, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Twist Bioscience Corporation for the quarter ended December 31, 2023;
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.
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 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.

/s/ Emily M. Leproust

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Emily M. Leproust  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 2, 2024

**Certification of Principal Financial Officer  
pursuant to  
Exchange Act Rules 13a-14(a) and 15d-14(a),  
as adopted pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Adam Laponis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Twist Bioscience Corporation for the quarter ended December 31, 2023;
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.
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 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.

/s/ Adam Laponis

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Adam Laponis  
Chief Financial Officer

Date: February 2, 2024

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

In connection with the Quarterly Report of Twist Bioscience Corporation (the “Company”) on Form 10-Q for the quarterly period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Emily M. Leproust, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: February 2, 2024

/s/ Emily M. Leproust

Emily M. Leproust  
Chief Executive Officer  
(Principal Executive Officer)

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

In connection with the Quarterly Report of Twist Bioscience Corporation (the “Company”) on Form 10-Q for the quarterly period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Adam Laponis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: February 2, 2024

/s/ Adam Laponis

Adam Laponis  
Chief Financial Officer