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NEWS RELEASE

AbCellera Reports Q2 2023 Business Results

08/03/2023

- Total revenue of \$10 million, compared to \$46 million in Q2 2022
- Total cumulative partnered program starts of 106, up 20% from Q2 2022
- Net loss of \$0.11 per share on a basic and diluted basis, compared to a net loss of \$0.02 per share on a basic and diluted basis in Q2 2022

VANCOUVER, British Columbia, August 3, 2023 -- [AbCellera](#) (Nasdaq: ABCL) today announced financial results for the second quarter of 2023. All financial information in this press release is reported in U.S. dollars, unless otherwise indicated.

“In the second quarter we secured over \$220 million in strategic financing from the Governments of Canada and British Columbia to accelerate the execution of our strategy. When combined with our cash, cash equivalents, and marketable securities of over \$800 million this brings our total available liquidity to over \$1 billion,” said Carl Hansen, Ph.D., founder and CEO of AbCellera. “By strengthening our liquidity position, our discovery and development engine, and our portfolio, this funding will drive value in multiple dimensions of our business, including advancing more pre-partnered programs to the clinic.”

Q2 2023 Business Summary

- Earned \$10.1 million in total revenue.
- Generated a net loss of \$30.5 million, compared to a net loss of \$6.8 million in Q2 2022.
- Maintained a cumulative total of 177 programs under contract with 41 different partners.
- Reached a cumulative total of 106 partnered program starts.
- Continuing to report nine molecules cumulatively advanced to the clinic.

Key Business Metrics

| Cumulative Metrics | June 30, 2022 | June 30, 2023 | Change % |
|------------------------------|---------------|---------------|----------|
| Number of discovery partners | 38 | 41 | 8 % |
| Programs under contract | 164 | 177 | 8 % |
| Partnered program starts | 88 | 106 | 20 % |
| Molecules in the clinic | 6 | 9 | 50 % |

AbCellera maintained a cumulative total of 177 programs under contract (up from 164 on June 30, 2022) that are either completed, in progress, or under contract with 41 different partners as of June 30, 2023 (up from 38 on June 30, 2022). AbCellera started discovery on an additional five partner-initiated programs to reach a cumulative total of 106 partnered program starts in Q2 2023 (up from 88 on June 30, 2022). AbCellera's partners have advanced a cumulative total of nine molecules into the clinic (up from six on June 30, 2022).

Discussion of Q2 2023 Financial Results

- **Revenue** – Total revenue was \$10.1 million, compared to \$45.9 million in Q2 2022. The partnership business generated research fees of \$9.8 million, compared to \$12.5 million in Q2 2022. Licensing revenue was \$0.2 million.
- **Research & Development (R&D) Expenses** – R&D expenses were \$36.5 million, compared to \$26.7 million in Q2 2022, reflecting continued growth in program execution and platform development.
- **Sales & Marketing (S&M) Expenses** – S&M expenses were \$3.8 million, compared to \$3.1 million in Q2 2022. The increase reflects continued investments in business development.
- **General & Administrative (G&A) Expenses** – G&A expenses were \$15.5 million, compared to \$14.4 million in Q2 2022, with the increase driven by investments to support the growth of the company.
- **Net Loss** – Net loss of \$30.5 million, or \$(0.11) per share on a basic and diluted basis, compared to a net loss of \$6.8 million, or \$(0.02) per share on a basic and diluted basis in Q2 2022.
- **Liquidity** – \$822.9 million of total cash, cash equivalents, and marketable securities.

Conference Call and Webcast

AbCellera will host a conference call and live webcast to discuss these results today at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time).

The live webcast of the earnings conference call can be accessed on the Events and Presentations section of AbCellera's Investor Relations [website](#). A replay of the webcast will be available through the same link following the conference call.

About AbCellera Biologics Inc.

AbCellera is breaking the barriers of conventional antibody discovery to bring better medicines to patients, sooner. AbCellera's engine integrates expert teams, technology, and facilities with the data science and automation needed to propel antibody-based medicines from target to clinic in nearly every therapeutic area with precision and speed. AbCellera provides innovative biotechs and leading pharmaceutical companies with a competitive advantage that empowers them to move quickly, reduce cost, and tackle the toughest problems in drug development. For more information, please visit www.abcellera.com.

Definition of Key Business Metrics

We regularly review the following key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make strategic decisions. We believe that the following metrics are important to understand our current business. These metrics may change or may be substituted for additional or different metrics as our business develops.

Number of discovery partners represents the unique number of partners with whom we have executed partnership contracts. We view this metric as an indication of the competitiveness of our engine and our level of market penetration. The metric also relates to our opportunities to secure programs under contract.

Programs under contract represent the number of antibody development programs that are under contract for delivery of discovery research activities. A program under contract is counted when a contract is executed with a partner under which we commit to discover or deliver antibodies against one selected target. A target is any relevant antigen for which a partner seeks our support in developing binding antibodies. We view this metric as an indication of commercial success and technological competitiveness. It further relates to revenue from access fees. The cumulative number of programs under contract with downstream participation is related to our ability to generate future revenue from milestone payments and royalties.

Partnered program starts represent the number of unique programs under contract for which we have commenced the discovery effort. The discovery effort commences on the later of (i) the day on which we receive sufficient reagents to start discovery of antibodies against a target and (ii) the day on which the kick-off meeting for the program is held. We view this metric as an indication of our operational capacity to execute on programs under contract. It is also an indication of the selection and initiation of discovery projects by our partners and the resulting potential for near-term payments. Cumulatively, partnered program starts with downstream participation indicate our total opportunities to earn downstream revenue from milestone fees and royalties in the mid- to long-term.

Molecules in the clinic represent the count of unique molecules for which an Investigational New Drug, or IND, New Animal Drug, or equivalent under other regulatory regimes, application has been approved based on an antibody that was discovered either by us or by a partner using licensed AbCellera technology. Where the date of such application approval is not known to us, the date of the first public announcement of a clinical trial will be used for the purpose of this

metric. We view this metric as an indication of our near- and mid-term potential revenue from milestone fees and potential royalty payments in the long term.

AbCellera Forward-Looking Statements

This press release contains forward-looking statements, including statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on management's current beliefs and assumptions and on information currently available to management. All statements contained in this release other than statements of historical fact are forward-looking statements, including statements regarding our ability to develop, commercialize and achieve market acceptance of our current and planned products and services, our research and development efforts, and other matters regarding our business strategies, use of capital, results of operations and financial position, and plans and objectives for future operations.

In some cases, you can identify forward-looking statements by the words "may," "will," "could," "would," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance, or achievements to be materially different from the information expressed or implied by these forward-looking statements. These risks, uncertainties and other factors are described under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in the documents we file with the Securities and Exchange Commission from time to time. We caution you that forward-looking statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. As a result, the forward-looking statements may not prove to be accurate. The forward-looking statements in this press release represent our views as of the date hereof. We undertake no obligation to update any forward-looking statements for any reason, except as required by law.

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AbCellera Biologics Inc.
Condensed Consolidated Statements of Income (Loss) and
Comprehensive Income (Loss)

(All figures in U.S. dollars. Amounts are expressed in thousands except share and per share data)
(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|-------------|---------------------------|-------------|
| | 2022 | 2023 | 2022 | 2023 |
| Revenue: | | | | |
| Research fees | \$ 12,538 | \$ 9,830 | \$ 21,871 | \$ 20,400 |
| Licensing revenue | 147 | 226 | 377 | 598 |
| Milestone payments | - | - | - | 1,250 |
| Royalty revenue | 33,232 | - | 340,249 | - |
| Total revenue | 45,917 | 10,056 | 362,497 | 22,248 |
| Operating expenses: | | | | |
| Royalty fees | 5,210 | - | 49,847 | - |
| Research and development ⁽¹⁾ | 26,685 | 36,473 | 53,052 | 89,120 |
| Sales and marketing ⁽¹⁾ | 3,120 | 3,841 | 5,490 | 7,612 |
| General and administrative ⁽¹⁾ | 14,412 | 15,521 | 28,680 | 30,655 |
| Depreciation and amortization | 4,886 | 5,610 | 8,875 | 11,124 |
| Total operating expenses | 54,313 | 61,445 | 145,944 | 138,511 |
| Income (loss) from operations | (8,396) | (51,389) | 216,553 | (116,263) |
| Other (income) expense | | | | |
| Interest (income) | (1,414) | (10,779) | (2,079) | (20,537) |
| Grants and incentives | (1,535) | (4,576) | (6,730) | (7,951) |
| Other | 1,439 | 1,970 | 1,438 | (1,624) |
| Total other (income) | (1,510) | (13,385) | (7,371) | (30,112) |
| Net earnings (loss) before income tax | (6,886) | (38,004) | 223,924 | (86,151) |
| Income tax (recovery) expense | (101) | (7,476) | 62,136 | (15,513) |
| Net earnings (loss) | \$ (6,785) | \$ (30,528) | \$ 161,788 | \$ (70,638) |
| Foreign currency translation adjustment | (211) | 122 | 296 | (508) |
| Comprehensive income (loss) | \$ (6,996) | \$ (30,406) | \$ 162,084 | \$ (71,146) |
| Net earnings (loss) per share attributable to common shareholders | | | | |
| Basic | \$ (0.02) | \$ (0.11) | \$ 0.57 | \$ (0.24) |
| Diluted | \$ (0.02) | \$ (0.11) | \$ 0.52 | \$ (0.24) |
| Weighted-average common shares outstanding | | | | |
| Basic | 284,686,542 | 288,905,587 | 284,292,312 | 288,357,081 |
| Diluted | 284,686,542 | 288,905,587 | 313,361,183 | 288,357,081 |

(1) Exclusive of depreciation and amortization

AbCellera Biologics Inc.
Condensed Consolidated Balance Sheet
(All figures in U.S. dollars. Amounts are expressed in thousands except share data)
(Unaudited)

| | <u>December 31, 2022</u> | <u>June 30, 2023</u> |
|---|--------------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 386,535 | \$ 179,747 |
| Marketable securities | 499,950 | 615,947 |
| Total cash, cash equivalents, and marketable securities | 886,485 | 795,694 |
| Accounts and accrued receivable | 38,593 | 45,678 |
| Restricted cash | 25,000 | 25,000 |
| Other current assets | 75,413 | 64,363 |
| Total current assets | 1,025,491 | 930,735 |
| Long-term assets: | | |
| Property and equipment, net | 217,255 | 259,640 |
| Intangible assets, net | 131,502 | 126,747 |
| Goodwill | 47,806 | 47,806 |
| Investments in and loans to equity accounted investees | 72,522 | 58,792 |
| Other long-term assets | 46,331 | 113,446 |
| Total long-term assets | 515,416 | 606,431 |
| Total assets | <u>\$ 1,540,907</u> | <u>\$ 1,537,166</u> |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Accounts payable and other liabilities | \$ 33,150 | \$ 52,395 |
| Contingent consideration payable | 44,211 | 54,874 |
| Accrued royalties payable | 19,347 | 3,094 |
| Deferred revenue | 21,612 | 8,542 |
| Total current liabilities | 118,320 | 118,905 |
| Long-term liabilities: | | |
| Operating lease liability | 76,675 | 78,079 |
| Deferred revenue | 19,516 | 27,716 |
| Deferred government contributions | 40,801 | 76,354 |
| Contingent consideration payable | 16,054 | 5,774 |
| Deferred tax liability | 33,178 | 33,178 |
| Other long-term liabilities | 3,086 | 2,333 |
| Total long-term liabilities | 189,310 | 223,434 |
| Total liabilities | 307,630 | 342,339 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Common shares: no par value, unlimited authorized shares at December 31, 2022 and June 30, 2023: 286,851,595 and 289,189,469 shares issued and outstanding at December 31, 2022 and June 30, 2023, respectively | 734,365 | 744,756 |
| Additional paid-in capital | 74,118 | 96,423 |
| Accumulated other comprehensive (loss) | (1,391) | (1,899) |
| Accumulated earnings | 426,185 | 355,547 |
| Total shareholders' equity | 1,233,277 | 1,194,827 |
| Total liabilities and shareholders' equity | <u>\$ 1,540,907</u> | <u>\$ 1,537,166</u> |

AbCellera Biologics Inc.
Condensed Consolidated Statement of Cash Flows
(Expressed in thousands of U.S. dollars)
(Unaudited)

| | Six months ended June 30, | |
|---|----------------------------------|-------------------|
| | 2022 | 2023 |
| Cash flows from operating activities: | | |
| Net earnings (loss) | \$ 161,788 | \$ (70,638) |
| Cash flows from operating activities: | | |
| Depreciation of property and equipment | 3,681 | 5,810 |
| Amortization of intangible assets | 5,213 | 5,314 |
| Amortization of operating lease right-of-use assets | 2,120 | 3,252 |
| Stock-based compensation | 24,404 | 31,873 |
| Other | (298) | (4,429) |
| Changes in operating assets and liabilities: | | |
| Accounts and accrued research fees receivable | (6,963) | (24,269) |
| Accrued royalties receivable | 106,583 | 9,260 |
| Income taxes payable | 52,251 | 22,884 |
| Accounts payable and accrued liabilities | (1,882) | (2,827) |
| Deferred revenue | (2,979) | (4,870) |
| Accrued royalties payable | 28,049 | (16,253) |
| Deferred grant income | 5,406 | 25,566 |
| Other assets | (4,139) | (4,833) |
| Net cash provided by (used in) operating activities | <u>373,234</u> | <u>(24,160)</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (45,817) | (42,185) |
| Purchase of marketable securities | (134,306) | (528,891) |
| Proceeds from marketable securities | 145,808 | 422,814 |
| Receipt of grant funding | 8,098 | 7,693 |
| Long-term investments and other assets | (11,657) | (36,757) |
| Investment in and loans to equity accounted investees | (15,694) | (6,673) |
| Net cash used in investing activities | <u>(53,568)</u> | <u>(183,999)</u> |
| Cash flows from financing activities: | | |
| Payment of liability for in-licensing agreement and contingent consideration | (4,133) | (677) |
| Proceeds (repayment) from long-term debt and exercise of stock options | 2,175 | 638 |
| Net cash used in financing activities | <u>(1,958)</u> | <u>(39)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (1,411) | 584 |
| Increase (decrease) in cash and cash equivalents | 316,297 | (207,614) |
| Cash and cash equivalents and restricted cash, beginning of period | 501,142 | 414,651 |
| Cash and cash equivalents and restricted cash, end of period | <u>\$ 817,439</u> | <u>\$ 207,037</u> |
| Restricted cash included in other assets | 1,824 | 2,290 |
| Total cash, cash equivalents, and restricted cash shown on the balance sheet | <u>\$ 815,615</u> | <u>\$ 204,747</u> |
| Supplemental disclosure of non-cash investing and financing activities | | |
| Property and equipment in accounts payable | 2,146 | 11,718 |
| Right-of-use assets obtained in exchange for operating lease obligation | 796 | 2,945 |