

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark One)

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

**For the quarterly period ended June 30, 2021**

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: 001-34705

**Codexis, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**200 Penobscot Drive, Redwood City, California**  
(Address of principal executive offices)

**71-0872999**  
(I.R.S. Employer Identification No.)

**94063**  
(Zip Code)

**Registrant's telephone number, including area code: (650) 421-8100**

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.0001 per share	CDXS	The Nasdaq Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

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"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 2, 2021, there were 64,640,734 shares of the registrant's Common Stock, par value \$0.0001 per share, outstanding.

**Codexis, Inc.**  
**Quarterly Report on Form 10-Q**  
**For the Quarter Ended June 30, 2021**

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**PART I. FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**Codexis, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
**(In Thousands, Except Per Share Amounts)**

	June 30, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 129,506	\$ 149,117
Restricted cash, current	585	638
Investment in non-marketable debt security	1,289	1,000
Financial assets:		
Accounts receivable	19,488	13,894
Contract assets	4,528	4,526
Unbilled receivables	12,417	10,942
Total financial assets	36,433	29,362
Less: allowances	(74)	(74)
Total financial assets, net	36,359	29,288
Inventories	1,078	964
Prepaid expenses and other current assets	3,578	3,416
Total current assets	172,395	184,423
Restricted cash	1,519	1,062
Investment in non-marketable equity securities	3,430	1,450
Right-of-use assets - Operating leases, net	20,124	21,382
Right-of-use assets - Finance leases, net	68	119
Property and equipment, net	11,232	9,675
Goodwill	3,241	3,241
Other non-current assets	301	294
Total assets	<u>\$ 212,310</u>	<u>\$ 221,646</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 3,164	\$ 2,970
Accrued compensation	6,859	7,288
Other accrued liabilities	9,082	10,272
Current portion of lease obligations - Operating leases	2,672	2,627
Deferred revenue	2,313	1,824
Total current liabilities	24,090	24,981
Deferred revenue, net of current portion	3,166	2,967
Long-term lease obligations - Operating leases	20,992	22,324
Other long-term liabilities	1,289	1,271
Total liabilities	49,537	51,543
Commitments and Contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value per share; 5,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.0001 par value per share; 100,000 shares authorized; 64,623 shares and 64,283 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	6	6
Additional paid-in capital	542,519	536,516
Accumulated deficit	(379,752)	(366,419)
Total stockholders' equity	162,773	170,103
Total liabilities and stockholders' equity	<u>\$ 212,310</u>	<u>\$ 221,646</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

**Codexis, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**  
**(In Thousands, Except Per Share Amounts)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenues:</b>				
Product revenue	\$ 14,717	\$ 4,504	\$ 24,943	\$ 9,604
Research and development revenue	10,736	10,463	18,542	20,033
Total revenues	25,453	14,967	43,485	29,637
<b>Costs and operating expenses:</b>				
Cost of product revenue	4,318	1,699	8,536	4,240
Research and development	12,826	10,853	24,397	21,820
Selling, general and administrative	12,795	8,522	24,193	17,512
Total costs and operating expenses	29,939	21,074	57,126	43,572
Loss from operations	(4,486)	(6,107)	(13,641)	(13,935)
Interest income	206	57	382	323
Other income (expense), net	23	13	(63)	(72)
Loss before income taxes	(4,257)	(6,037)	(13,322)	(13,684)
Provision for income taxes	8	307	11	312
Net loss	\$ (4,265)	\$ (6,344)	\$ (13,333)	\$ (13,996)
Net loss per share, basic and diluted	\$ (0.07)	\$ (0.11)	\$ (0.21)	\$ (0.24)
Weighted average common stock shares used in computing net loss per share, basic and diluted	64,434	59,000	64,363	58,944

See accompanying notes to the unaudited condensed consolidated financial statements

**Codexis, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**(Unaudited)**  
**(In Thousands)**

<b>Three months ended June 30, 2021</b>	<b>Common Stock</b>		<b>Additional paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>			
Balance as of April 1, 2021	64,488	\$ 6	\$ 539,220	\$ (375,487)	\$ 163,739
Exercise of stock options	95	—	455	—	455
Release of stock awards	42	—	—	—	—
Employee stock-based compensation	—	—	2,779	—	2,779
Non-employee stock-based compensation	—	—	65	—	65
Taxes paid related to net share settlement of equity awards	(2)	—	—	—	—
Net loss	—	—	—	(4,265)	(4,265)
Balance as of June 30, 2021	<u>64,623</u>	<u>\$ 6</u>	<u>\$ 542,519</u>	<u>\$ (379,752)</u>	<u>\$ 162,773</u>

<b>Three months ended June 30, 2020</b>	<b>Common Stock</b>		<b>Additional paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>			
Balance as of April 1, 2020	59,017	\$ 6	\$ 449,121	\$ (350,061)	\$ 99,066
Exercise of stock options	27	—	158	—	158
Release of stock awards	81	—	—	—	—
Employee stock-based compensation	—	—	1,935	—	1,935
Non-employee stock-based compensation	—	—	4	—	4
Taxes paid related to net share settlement of equity awards	—	—	(33)	—	(33)
Net loss	—	—	—	(6,344)	(6,344)
Balance as of June 30, 2020	<u>59,125</u>	<u>\$ 6</u>	<u>\$ 451,185</u>	<u>\$ (356,405)</u>	<u>\$ 94,786</u>

See accompanying notes to the unaudited condensed consolidated financial statements

**Codexis, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**(Unaudited)**  
**(In Thousands)**

<b>Six months ended June 30, 2021</b>	<b>Common Stock</b>		<b>Additional paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>			
Balance as of January 1, 2021	64,283	6	536,516	(366,419)	170,103
Exercise of stock options	213	—	1,678	—	1,678
Release of stock awards	181	—	—	—	—
Employee stock-based compensation	—	—	5,405	—	5,405
Non-employee stock-based compensation	—	—	126	—	126
Taxes paid related to net share settlement of equity awards	(54)	—	(1,206)	—	(1,206)
Net loss	—	—	—	(13,333)	(13,333)
Balance as of June 30, 2021	<u>64,623</u>	<u>\$ 6</u>	<u>\$ 542,519</u>	<u>\$ (379,752)</u>	<u>\$ 162,773</u>

<b>Six months ended June 30, 2020</b>	<b>Common Stock</b>		<b>Additional paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>			
Balance as of January 1, 2020	58,877	\$ 6	\$ 447,920	\$ (342,409)	\$ 105,517
Exercise of stock options	32	—	197	—	197
Release of stock awards	300	—	—	—	—
Employee stock-based compensation	—	—	4,104	—	4,104
Non-employee stock-based compensation	—	—	4	—	4
Taxes paid related to net share settlement of equity awards	(84)	—	(1,040)	—	(1,040)
Net loss	—	—	—	(13,996)	(13,996)
Balance as of June 30, 2020	<u>59,125</u>	<u>\$ 6</u>	<u>\$ 451,185</u>	<u>\$ (356,405)</u>	<u>\$ 94,786</u>

See accompanying notes to the unaudited condensed consolidated financial statements

**Codexis, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited, in Thousands)

	Six Months Ended June 30,	
	2021	2020
<b>Operating activities:</b>		
Net loss	\$ (13,333)	\$ (13,996)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,375	900
Amortization expense - right-of-use assets - operating and finance leases	1,309	1,336
Stock-based compensation	5,531	4,108
Equity securities earned from research and development activities	(477)	—
Other non-cash items	(318)	—
Changes in operating assets and liabilities:		
Financial assets, net	(7,521)	(6,258)
Inventories	(113)	(315)
Prepaid expenses and other assets	(170)	(824)
Accounts payable	436	(19)
Accrued compensation and other accrued liabilities	(404)	1,839
Other long-term liabilities	(1,314)	(1,270)
Deferred revenue	264	3,001
Net cash used in operating activities	(14,735)	(11,498)
<b>Investing activities:</b>		
Purchase of property and equipment	(4,344)	(1,490)
Proceeds from sale of property and equipment	29	—
Investment in equity securities	(630)	(1,000)
Net cash used in investing activities	(4,945)	(2,490)
<b>Financing activities:</b>		
Proceeds from exercises of stock options	1,679	197
Payments of lease obligations - Finance leases	—	(60)
Taxes paid related to net share settlement of equity awards	(1,206)	(1,040)
Net cash provided by (used in) financing activities	473	(903)
Net decrease in cash, cash equivalents and restricted cash	(19,207)	(14,891)
Cash, cash equivalents and restricted cash at the beginning of the period	150,817	92,221
Cash, cash equivalents and restricted cash at the end of the period	\$ 131,610	\$ 77,330
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	\$ 3	\$ 4
Income taxes paid	\$ —	\$ 5
<b>Supplemental non-cash investing and financing activities:</b>		
Capital expenditures incurred but not yet paid	\$ 338	\$ 90
Assets received for research and development revenue earned	\$ 1,350	\$ —

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the unaudited condensed consolidated balance sheets as of June 30, 2021 and 2020 to the total of the same such amounts shown above in the unaudited condensed consolidated statements of cash flows:

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 129,506	\$ 75,649
Restricted cash, current and non-current	2,104	1,681
Total cash, cash equivalents and restricted cash	<u>\$ 131,610</u>	<u>\$ 77,330</u>

See accompanying notes to the unaudited condensed consolidated financial statements

**Notes to Condensed Consolidated Financial Statements  
(Unaudited)**

**Note 1. Description of Business**

In these notes to the unaudited condensed consolidated financial statements, the “Company,” “we,” “us,” and “our” refers to Codexis, Inc. and its subsidiaries on a consolidated basis.

We discover, develop and sell enzymes and other proteins that deliver value to our clients in a growing set of industries. We view proteins as a vast, largely untapped source of value-creating products, and we are using our proven technologies, which we have been continuously improving since our inception in 2002, to commercialize an increasing number of novel enzymes, both as proprietary Codexis products and in partnership with our customers.

We are a pioneer in harnessing computational technologies to drive biology advancements. Since 2002, we have made substantial investments in the development of our CodeEvolver<sup>®</sup> protein engineering technology platform, the primary source of our competitive advantage. Our technology platform is powered by proprietary, artificial intelligence-based, computational algorithms that rapidly mine the structural and performance attributes of our large and continuously growing library of protein variants. These computational outputs enable increasingly reliable predictions for next generation protein variants to be engineered, enabling time- and cost-efficient delivery of the targeted performance enhancements. In addition to its computational prowess, our CodeEvolver<sup>®</sup> protein engineering technology platform integrates additional modular competencies, including robotic high-throughput screening and genomic sequencing, organic chemistry and bioprocess development which are all coordinated to rapidly innovate novel, fit-for-purpose products.

The core historical application of the technology has been in developing commercially viable biocatalytic manufacturing processes for more sustainable production of complex chemicals. This begins by conceptually designing the most cost-effective and practical process for a targeted product. We then develop optimized biocatalysts to enable the designed process, using our CodeEvolver<sup>®</sup> platform. Engineered biocatalyst candidates, numbering many thousands for each project, are then rapidly screened and validated using high throughput methods under process-relevant operating conditions. This approach results in an optimized biocatalyst that enables cost-efficient processes that are relatively simple to run in conventional manufacturing equipment. This also allows for efficient technical transfer of our processes to our manufacturing partners.

The successful embodiment of our CodeEvolver<sup>®</sup> protein engineering technology platform in commercial manufacturing processes requires well-integrated expertise in a number of technical disciplines. In addition to those competencies directly integrated in our CodeEvolver<sup>®</sup> protein engineering platform, such as molecular biology, enzymology, microbiology, cellular engineering, metabolic engineering, bioinformatics, biochemistry and high throughput analytical chemistry, our process development projects also involve integrated expertise in organic chemistry, chemical process development, chemical engineering, bioprocess development and fermentation engineering. Our integrated, multi-disciplinary approach to product and process development is a critical success factor for the Company.

We initially commercialized our CodeEvolver<sup>®</sup> protein engineering technology platform and products in the manufacture of small molecule pharmaceuticals, which remains a primary business focus. Our customers, which include many large, global pharmaceutical companies, use our technology, products and services in their process development and in manufacturing. Additionally, we have licensed our proprietary CodeEvolver<sup>®</sup> protein engineering technology platform to global pharmaceutical companies enabling them to use this technology, in house, to engineer enzymes for their own businesses. Most recently, in May 2019, we entered into a Platform Technology Transfer and License Agreement (the “Novartis CodeEvolver<sup>®</sup> Agreement”) with Novartis. The Novartis CodeEvolver<sup>®</sup> Agreement (our third such agreement with large pharma companies) allows Novartis to use our proprietary CodeEvolver<sup>®</sup> protein engineering platform technology in the field of human healthcare.

As evidence of our strategy to extend our technology beyond pharmaceutical manufacturing, we have also used the technology to develop biocatalysts and enzyme products for use in a broader set of industrial markets, including several large verticals, such as food, feed, consumer care and fine chemicals. In addition, we are using our technology to develop enzymes for various life science related applications, such as next generation sequencing (“NGS”) and polymerase chain reaction (“PCR/qPCR”) for in vitro molecular diagnostic and genomic research applications. In December 2019, we entered into a license agreement to provide Roche Sequencing Solutions, Inc. with our first enzyme for this target market: the Company’s EvoT4™ DNA ligase. In June 2020, we entered into a co-marketing and enzyme supply collaboration agreement with Alphazyme LLC for the production and co-marketing of enzymes for life science applications including, initially, high-fidelity DNA polymerase, T7 RNA polymerase and reverse transcriptase enzymes.

We have been using the CodeEvolver<sup>®</sup> protein engineering technology platform to develop early stage, novel biotherapeutic product candidates, both in partnership with customers and for our own proprietary Codexis drug candidates. Our first program was for the potential treatment of phenylketonuria ("PKU") in humans. PKU is an inherited metabolic disorder in which the enzyme that converts the essential amino acid phenylalanine into tyrosine is deficient. In October 2017, we entered into a Global Development, Option and License Agreement (the "Nestlé License Agreement") with Société des Produits Nestlé S.A., formerly known as Nestec Ltd. ("Nestlé Health Science") to advance CDX-6114, our enzyme biotherapeutic product candidate for the potential treatment of PKU. In February 2019, Nestlé Health Science exercised its option to obtain an exclusive license to develop and commercialize CDX-6114. Also in October 2017, we entered into a strategic collaboration agreement with Nestlé Health Science ("Nestlé SCA") pursuant to which we and Nestlé Health Science are collaborating to leverage the CodeEvolver<sup>®</sup> platform technology to develop other novel enzymes for Nestlé Health Science's established Consumer Care and Medical Nutrition business areas. In January 2020, we entered into a development agreement with Nestlé Health Science to advance a new lead candidate discovered under the Nestlé SCA, CDX-7108, into preclinical development and early clinical studies as a potential treatment for a gastrointestinal disorder. In parallel, the Nestlé SCA was extended through December 2021 to support the discovery of therapeutic candidates for additional disorders. In March 2020, we entered into a Strategic Collaboration and License Agreement ("Takeda Agreement") with Shire Human Genetic Therapies, Inc., a wholly-owned subsidiary of Takeda Pharmaceutical Company Limited ("Takeda"), for the research and development of novel gene therapies for certain disease indications, including the treatment of lysosomal storage disorders and a blood factor deficiency.

In June 2020, we entered into a Master Collaboration and Research Agreement (the "MAI Agreement") with Molecular Assemblies, Inc ("MAI") pursuant to which we are leveraging our CodeEvolver<sup>®</sup> platform technology to improve the DNA polymerase enzymes that are critical for enzymatic DNA synthesis. Concurrently with the MAI Agreement, we entered into a Stock Purchase Agreement with MAI pursuant to which we purchased 1,587,050 shares of MAI's Series A preferred stock for \$1.0 million and, in connection with the transaction, John Nicols, our President and Chief Executive Officer, joined MAI's board of directors. In April 2021, we purchased an additional 1,000,000 shares of MAI's Series A preferred stock for \$0.6 million.

See Note 12 "Segment, Geographical and Other Revenue Information" for additional information.

Below are brief descriptions of our business segments:

#### *Performance Enzymes*

We initially commercialized our CodeEvolver<sup>®</sup> protein engineering technology platform and products in the manufacture of small molecule pharmaceuticals and, to date, this continues to be our largest market served. Our customers, which include many large global pharmaceutical companies, use our technology, products and services in their manufacturing processes and process development. We have also used the technology to develop customized enzymes for use in other industrial markets. These markets consist of several large industrial verticals, including food, feed, consumer care, and fine chemicals. We also use our technology in the life sciences markets to develop enzymes for customers using NGS and PCR/qPCR for in vitro molecular diagnostic and molecular biology research applications, as well DNA/RNA synthesis and health monitoring applications.

#### *Novel Biotherapeutics*

We are also targeting new opportunities in the pharmaceutical industry to discover, improve, and/or develop biotherapeutic drug candidates. We believe that our CodeEvolver<sup>®</sup> protein engineering platform technology can be used to discover novel biotherapeutic drug candidates that will target human diseases that are in need of improved therapeutic interventions. Similarly, we believe that we can deploy our platform technology to improve specific characteristics of a customer's pre-existing biotherapeutic drug candidate, such as its activity, stability or immunogenicity.

Our first lead program was for the potential treatment of PKU in humans. PKU is an inherited metabolic disorder in which the enzyme that converts the essential amino acid phenylalanine into tyrosine is deficient. In October 2017, we announced a global development, option and license agreement with Nestlé Health Science to advance CDX-6114, our own novel orally administrable enzyme therapeutic candidate for the potential treatment of PKU. In February 2019, Nestlé Health Science exercised its option to obtain an exclusive, worldwide, royalty-bearing, sub-licensable license for the global development and commercialization of CDX-6114 for the management of PKU. As a result of the option exercise, we earned a milestone and recognized \$3.0 million in revenues in the first quarter of 2019. Upon exercising its option, Nestlé Health Science assumed all responsibilities for future clinical development and commercialization of CDX-6114.

In October 2017, we entered into the Nestlé SCA pursuant to which we and Nestlé Health Science are collaborating to leverage the CodeEvolve<sup>®</sup> platform technology to develop other novel enzymes for Nestlé Health Science's established Consumer Care and Medical Nutrition business areas. The Nestlé SCA was extended through December 2021. In January 2020,

we and Nestlé Health Science entered into a development agreement pursuant to which we and Nestlé Health Science are collaborating to advance into preclinical and early clinical studies a lead candidate targeting a gastrointestinal disorder, CDX-7108, discovered through the Nestlé SCA. During 2021, we, together with Nestlé Health Science, continued to advance CDX-7108 towards initiation of a Phase 1 clinical trial which we anticipate will begin in the fourth quarter of 2021. Additionally, the parties are progressing three programs under the Nestlé SCA targeting different gastrointestinal disorders.

In March 2020, we entered into the Takeda Agreement pursuant to which we are collaborating to research and develop protein sequences for use in gene therapy products for certain disease indications in accordance with the respective program plans for Fabry Disease, Pompe Disease, and an undisclosed blood factor deficiency. In March 2020, we received a one-time, non-refundable cash payment of \$8.5 million. Of these programs, the Fabry disease program is the most advanced, with multiple sequences, including CDX-6311, having been provided to Takeda. In May 2021, Takeda elected to exercise their option to expand the collaboration into a fourth program for an undisclosed rare genetic disorder.

#### ***Business Update Regarding COVID-19***

We are subject to risks and uncertainties as a result of the current COVID-19 pandemic. The COVID-19 pandemic has presented a substantial public health and economic challenge around the world and is affecting our employees, communities and business operations, as well as the U.S. economy and other economies worldwide. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition will depend on future developments that are highly uncertain and may not be accurately predicted, including the duration and severity of the pandemic and the extent and severity of the impact on our customers, new information that may emerge concerning COVID-19, the actions taken to contain it or treat its impact and the economic impact on local, regional, national and international markets.

To date, we and our collaboration partners have been able to continue to supply our enzymes to our customers worldwide. However, we are dependent on our manufacturing and logistics partners and consequently, disruptions in operations of our partners and customers may affect our ability to supply enzymes to our customers. Furthermore, our ability to provide future research and development ("R&D") services will continue to be impacted as a result of governmental orders and any disruptions in operations of our customers with whom we collaborate. We believe that these disruptions have had a minimal impact on revenue for the three and six months ended June 30, 2021. The extent to which the pandemic may impact our business operations and operating results will continue to remain highly dependent on future developments, which are uncertain and cannot be predicted with confidence.

In the U.S., the impact of COVID-19, including governmental orders ("Orders") governing the operation of businesses during the pandemic, caused the temporary closure of our Redwood City, California facilities and has disrupted our R&D operations. R&D operations for several projects were temporarily suspended from mid-March 2020 through the end of April 2020 in accordance with these Orders. In May 2020, we initiated limited R&D operations and have ramped up operations such that we are currently utilizing the majority of our normal R&D capacity while following county, state and federal COVID-19 guidance for the protection of our employees. Additionally, we resumed manufacturing at our Redwood City pilot plant in May 2020.

Our future results of operations and liquidity could be adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, supply chain disruptions and uncertain demand, and the impact of any initiatives or programs that we may undertake to address financial and operations challenges faced by our customers. The near and long term impact of COVID-19 to our financial condition, liquidity, or results of operations in the future remains uncertain. Although some of the Orders that were enacted to control the spread of COVID-19 were scaled back and the vaccine rollout has expanded, surges in the spread of COVID-19 due to the emergence of new more contagious variants or the ineffectiveness of the vaccines against such strains, may result in the reimposition of certain Orders, which could adversely impact our business. For additional information on the various risks posed by the COVID-19 pandemic, please read Item 1A. Risk Factors included in our Annual Report on Form 10-K, for the fiscal year ended December 31, 2020, filed on March 1, 2021.

#### **Note 2. Basis of Presentation and Summary of Significant Accounting Policies**

##### ***Basis of Presentation and Principles of Consolidation***

The accompanying Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information but does not include all the information and notes required by GAAP for complete financial statements. These interim Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2020. The condensed consolidated balance sheet at

December 31, 2020 has been derived from the audited consolidated financial statements at that date, but does not include all disclosures, including notes, required by GAAP for complete financial statements. The significant accounting policies used in preparation of the Unaudited Condensed Consolidated Financial Statements for the three and six months ended June 30, 2021 and 2020, are consistent with those discussed in Note 2 to the audited consolidated financial statements in the Company's 2020 Annual Report on Form 10-K and are updated below as necessary. There have been no significant changes in our significant accounting policies or critical accounting estimates since December 31, 2020.

Certain prior year amounts have been reclassified in the Unaudited Condensed Statements of Cash Flows to conform to the 2021 presentation, however these reclassifications had no effect on the reported results of operations.

The Unaudited Condensed Consolidated Financial Statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments of a normal recurring nature considered necessary to present fairly our financial position as of June 30, 2021, results of our operations for the three and six months ended June 30, 2021 and 2020, changes in stockholders' equity for the three and six months ended June 30, 2021 and 2020, and cash flows for the six months ended June 30, 2021 and 2020. The interim results are not necessarily indicative of the results for any future interim period or for the entire year.

The Unaudited Condensed Consolidated Financial Statements include the accounts of Codexis, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

#### ***Use of Estimates***

The preparation of our unaudited condensed consolidated financial statements in conformity with GAAP requires us to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, equity, revenues and expenses and related disclosure of contingent assets and liabilities. We regularly assess these estimates which primarily affect revenue recognition, inventories, goodwill arising out of business acquisitions, accrued liabilities, stock awards, and the valuation allowances associated with deferred tax assets. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition, including sales, expenses, reserves and allowances, manufacturing, research and development costs and employee-related amounts, will depend on future developments that are highly uncertain, and may not be accurately predicted, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19, as well as the economic impact on local, regional, national and international customers, markets and economies.

#### ***Financial Statement Exclusion***

The net loss in the Unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2021 and 2020, is not different from the Unaudited Condensed Consolidated Statements of Comprehensive Loss for the same periods. Accordingly, the Unaudited Condensed Consolidated Financial Statements exclude the Unaudited Condensed Consolidated Statements of Comprehensive Loss for the three and six months ended June 30, 2021 and 2020.

#### ***Accounting Pronouncements***

##### ***Recently adopted accounting pronouncements***

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* which is intended to simplify various aspects related to accounting for income taxes. We adopted the standard on January 1, 2021, on a modified retrospective basis. The adoption of this standard had no impact on our Unaudited Condensed Consolidated Financial Statements.

In October 2020, the FASB issued ASU No. 2020-10, *Codification Improvements*. ASU 2020-10 provides amendments to a wide variety of topics in the FASB's Accounting Standards Codification, which applies to all reporting entities within the scope of the affected accounting guidance. We adopted the standard on January 1, 2021 on a retrospective basis. The adoption of this standard had no impact on our Unaudited Condensed Consolidated Financial Statements.

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

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. Unless otherwise discussed, we believe that the recently issued standards that are not yet effective will not have a material impact on our Unaudited Condensed Consolidated Financial Statements upon adoption.

In May 2021, FASB issued ASU No. 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40), Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options, a consensus of the Emerging Issues Task Force*. The standard establishes a principles-based framework in accounting for modifications of freestanding equity-classified written call options on the basis of the economic substance of the underlying transaction. The standard also requires incremental financial statement disclosures. The standard affects entities that present earnings per share in accordance with the guidance in Topic 260, Earnings Per Share. The standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years with early adoption is permitted by applying the standard as of the beginning of the fiscal year that includes that interim period. The standard may be adopted prospectively for modifications or exchanges occurring on or after the effective date. We will evaluate modifications of equity-classified written call options to determine applicability of the standard on occurrence; however, we believe that the adoption of ASU 2021-04 will have no impact on our Unaudited Condensed Consolidated Financial Statements and related disclosures.

In August 2020, FASB issued ASU No. 2020-06 *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging— Contracts in Entity’s Own Equity (Subtopic 815-40) No. 2020-06 August 2020 Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, to reduce the complexity and to simplify the accounting for convertible debt instruments and convertible preferred stock, and the derivatives scope exception for contracts in an entity’s own equity. In addition, the guidance on calculating diluted earnings per share has been simplified and made more internally consistent. The standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years with early adoption permitted for fiscal years beginning December 15, 2020. The standard may be adopted on a modified retrospective or fully retrospective method of transition and on adoption, entities may irrevocably elect the fair value option in accordance with Subtopic 825-10, *Financial Instruments—Overall*, for any financial instrument that is a convertible security. We believe that the adoption of ASU 2020-06 will have no impact on our Unaudited Condensed Consolidated Financial Statements and related disclosures.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The standard provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions in which the reference LIBOR or another reference rate are expected to be discontinued as a result of the Reference Rate Reform. The standard is effective for all entities and can be adopted no later than December 1, 2022, with early adoption permitted. The standard may be adopted on a prospective basis. We will evaluate transactions or contract modifications occurring as a result of reference rate reform and determine whether to elect optional expedients for contract modification; however, we believe that the adoption of ASU 2020-04 will have no impact on our Unaudited Condensed Consolidated Financial Statements and related disclosures.

There have been no other recent accounting pronouncements or changes in accounting pronouncements during the three and six months ended June 30, 2021, as compared to the recent accounting pronouncements described in herein, that are of significance or potential significance to us.

### Note 3. Revenue Recognition

#### Disaggregation of Revenue

The following table provides information about disaggregated revenue from contracts with customers into the nature of the products and services, and geographic regions, and includes a reconciliation of the disaggregated revenue with reportable segments. The geographic regions that are tracked are the Americas (United States, Canada, and Latin America), EMEA (Europe, Middle East, and Africa), and APAC (Australia, New Zealand, Southeast Asia, and China).

Segment information is as follows (in thousands):

	Three months ended June 30, 2021			Three months ended June 30, 2020		
	Performance Enzymes	Novel Biotherapeutics	Total	Performance Enzymes	Novel Biotherapeutics	Total
Major products and service:						
Product Revenue	\$ 14,717	\$ —	\$ 14,717	\$ 4,504	\$ —	\$ 4,504
Research and development revenue	6,868	3,868	10,736	3,002	7,461	10,463
Total revenues	\$ 21,585	\$ 3,868	\$ 25,453	\$ 7,506	\$ 7,461	\$ 14,967
Primary geographical markets:						
Americas	3,703	2,141	\$ 5,844	\$ 1,173	\$ 5,733	\$ 6,906
EMEA	4,442	1,727	6,169	1,586	1,728	3,314
APAC	13,440	—	13,440	4,747	—	4,747
Total revenues	\$ 21,585	\$ 3,868	\$ 25,453	\$ 7,506	\$ 7,461	\$ 14,967

	Six months ended June 30, 2021			Six months ended June 30, 2020		
	Performance Enzymes	Novel Biotherapeutics	Total	Performance Enzymes	Novel Biotherapeutics	Total
Major products and service:						
Product Revenue	\$ 24,943	\$ —	\$ 24,943	\$ 9,604	\$ —	\$ 9,604
Research and development revenue	10,872	7,670	18,542	8,775	11,258	20,033
Total revenues	\$ 35,815	\$ 7,670	\$ 43,485	\$ 18,379	\$ 11,258	\$ 29,637
Primary geographical markets:						
Americas	\$ 6,574	\$ 4,199	\$ 10,773	\$ 4,171	\$ 7,960	\$ 12,131
EMEA	8,979	3,471	12,450	5,987	3,298	9,285
APAC	20,262	—	20,262	8,221	—	8,221
Total revenues	\$ 35,815	\$ 7,670	\$ 43,485	\$ 18,379	\$ 11,258	\$ 29,637

#### Contract Balances

The following table presents balances of contract assets, unbilled receivables, contract costs, and contract liabilities (in thousands):

	June 30, 2021	December 31, 2020
Contract assets	\$ 4,528	\$ 4,526
Unbilled receivables	\$ 12,417	\$ 10,942
Contract costs	\$ 86	\$ 90
Contract liabilities: deferred revenue	\$ 5,479	\$ 4,791

We had no asset impairment charges related to financial assets in the three and six months ended June 30, 2021 and 2020.

Contract assets remained unchanged as of June 30, 2021 and December 31, 2020. The increase in unbilled receivables was primarily due to the timing of billings. The increase in deferred revenue was primarily due to cash advances received in excess of revenue recognized.

We recognized the following revenues (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue recognized in the period for:				
Amounts included in contract liabilities at the beginning of the period:				
Performance obligations satisfied	\$ 1,239	\$ 4,272	\$ 1,391	\$ 57
Changes in the period:				
Changes in the estimated transaction price allocated to performance obligations satisfied in prior periods	4,306	1,357	4,336	637
Performance obligations satisfied from new activities in the period - contract revenue	19,908	9,338	37,758	28,943
Total revenues	\$ 25,453	\$ 14,967	\$ 43,485	\$ 29,637

#### Performance Obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting periods. The estimated revenue does not include contracts with original durations of one year or less, amounts of variable consideration attributable to royalties, or contract renewals that are unexercised as of June 30, 2021.

The balances in the table below are partially based on judgments involved in estimating future orders from customers subject to the exercise of material rights pursuant to respective contracts as of June 30, 2021 (in thousands):

	Remainder of 2021	2022	2023	2024 and Thereafter	Total
Product revenue	\$ —	\$ 67	\$ 67	\$ 1,843	\$ 1,977
Research and development revenue	1,568	1,388	546	—	3,502
Total revenues	\$ 1,568	\$ 1,455	\$ 613	\$ 1,843	\$ 5,479

#### Note 4. Net Loss per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding, less restricted stock awards (“RSAs”) subject to forfeiture. Diluted net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock shares outstanding, less RSAs subject to forfeiture, plus all additional common shares that would have been outstanding, assuming dilutive potential common stock shares had been issued for other dilutive securities.

#### Anti-Dilutive Securities

In periods of net loss, the weighted average number of shares outstanding, prior to the application of the treasury stock method, excludes potentially dilutive securities from the computation of diluted net loss per common share because including such shares would have an anti-dilutive effect.

The following shares were not considered in the computation of diluted net loss per share because their effect was anti-dilutive (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Shares issuable under the Equity Incentive Plan	5,366	5,289	5,366	5,289

#### Note 5. Investments in Non-Marketable Securities

##### *Non-Marketable Debt Securities*

We classify non-marketable debt securities, which are accounted for as available-for-sale, within Level 3 in the fair value hierarchy because we estimate the fair value based on a qualitative analysis using the most recent observable transaction price and other significant unobservable inputs including volatility, rights, and obligations of the securities we hold.

We determine gains or losses on the sale or extinguishment of non-marketable debt securities using a specific identification method. Unrealized gains and losses from bifurcated embedded derivatives, which represent share-settled redemption features, are recorded as other expense, net, in the unaudited condensed consolidated statements of operations. Unrealized gains and losses on non-marketable debt securities are recorded as a component of other comprehensive loss until realized. Realized gains or losses are recorded as a component of other income (expense), net.

In the three and six months ended June 30, 2021, we recognized \$0.2 million and \$0.3 million, respectively, in interest income from amortization of debt discount and interest earned on our investment in non-marketable debt security, and \$57.5 thousand in other income and \$10.5 thousand in other expense, respectively, in other income (expense), net, on the change in the fair value of an embedded bifurcated derivative. We recognized no unrealized or realized gains or losses during the three and six months ended June 30, 2021. We recognized no interest income, other expenses, and unrealized or realized gains or losses during the three and six months ended June 30, 2020.

The following table presents balances of the adjusted cost and carrying value and fair value of non-marketable debt security by contractual maturity (in thousands):

	June 30, 2021	
	Adjusted Cost and Carrying Value	Fair Value
Non-marketable debt security due in 1 year or less	\$ 1,289	\$ 1,289
	December 31, 2020	
	Adjusted Cost and Carrying Value	Fair Value
Non-marketable debt security due in 1 year or less	\$ 1,000	\$ 1,000

##### *Non-Marketable Equity Securities*

Non-marketable equity securities are investments in privately held companies without readily determinable market value. We measure investments in non-marketable equity securities without a readily determinable fair value using a measurement alternative that measures these securities at the cost method minus impairment, if any, plus or minus changes resulting from observable price changes on a non-recurring basis. The fair value of non-marketable equity securities that have been remeasured due to impairment are classified within Level 3. We adjust the carrying value of non-marketable equity securities which have been remeasured during the period and recognize resulting gains or losses as a component of other income (expense), net. We recognized no unrealized or realized gain or losses during the three and six months ended June 30, 2021 and 2020.

The following table presents balances of the carrying value of non-marketable equity securities (in thousands):

	June 30, 2021	December 31, 2020
Non-marketable equity securities	\$ 3,430	\$ 1,450

**Note 6. Fair Value Measurements**

The following tables present the financial instruments that were measured at fair value on a recurring basis within the fair value hierarchy (in thousands):

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 111,083	\$ —	\$ —	\$ 111,083
Non-marketable debt security	—	—	1,289	1,289
Total	\$ 111,083	\$ —	\$ 1,289	\$ 112,372

  

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 127,567	\$ —	\$ —	\$ 127,567
Non-marketable debt security	—	—	1,000	1,000
Total	\$ 127,567	\$ —	\$ 1,000	\$ 128,567

The fair value of non-marketable securities remeasured due to impairment would be classified within Level 3. During the three and six months ended June 30, 2021 and 2020, we did not recognize any significant credit losses nor other-than-temporary impairment losses on non-marketable securities. The carrying value of our non-marketable securities approximated fair value.

**Note 7. Balance Sheets Details****Cash Equivalents**

Cash equivalents as of June 30, 2021 and December 31, 2020, consisted of the following (in thousands):

	June 30, 2021		December 31, 2020	
	Adjusted Cost	Estimated Fair Value	Adjusted Cost	Estimated Fair Value
Money market funds <sup>(1)</sup>	\$ 111,083	\$ 111,083	\$ 127,567	\$ 127,567

<sup>(1)</sup> Money market funds are classified in cash and cash equivalents on our consolidated balance sheets. Average Contractual Maturities (in days) is not applicable.

As of June 30, 2021, the total cash and cash equivalents balance of \$129.5 million was comprised of money market funds of \$11.1 million and cash of \$18.4 million held with major financial institutions. As of December 31, 2020, the total cash and cash equivalents balance of \$149.1 million was comprised of money market funds of \$127.6 million and cash of \$21.5 million held with major financial institutions.

**Inventories**

Inventories consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Raw materials	\$ 49	\$ 77
Work-in-process	98	82
Finished goods	931	805
Inventories	\$ 1,078	\$ 964

Inventories includes reserves of \$1.5 million as of June 30, 2021 and December 31, 2020.

**Property and Equipment, net**

Property and equipment, net consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Laboratory equipment	\$ 28,623	\$ 25,468
Leasehold improvements	10,785	10,785
Computer equipment and software	3,283	3,192
Office equipment and furniture	1,246	1,246
Construction in progress	1,736	2,357
Property and equipment	45,673	43,048
Less: accumulated depreciation and amortization	(34,441)	(33,373)
Property and equipment, net	\$ 11,232	\$ 9,675

Depreciation expense included in the Unaudited Condensed Consolidated Statements of Operations was follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Depreciation Expense	\$ 716	\$ 462	\$ 1,375	\$ 900

#### **Goodwill**

Goodwill had a carrying value of \$3.2 million as of June 30, 2021 and December 31, 2020.

#### **Other Accrued Liabilities**

Other accrued liabilities consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Accrued purchases	\$ 5,107	\$ 7,170
Accrued professional and outside service fees	3,899	2,589
Other	76	513
Total	\$ 9,082	\$ 10,272

### **Note 8. Stock-based Compensation**

#### **Equity Incentive Plans**

In 2019, our board of directors (the "Board") and stockholders approved the 2019 Incentive Award Plan (the "2019 Plan"). The 2019 Plan superseded and replaced in its entirety our 2010 Equity Incentive Plan (the "2010 Plan") which was effective in March 2010, and no further awards will be granted under the 2010 Plan; however, the terms and conditions of the 2010 Plan will continue to govern any outstanding awards thereunder.

The 2019 Plan provides for the grant of stock options, including incentive stock options and non-qualified stock options, stock appreciation rights, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), performance-contingent restricted stock units ("PSUs"), performance based options ("PBOs"), other stock or cash based awards and dividend equivalents to eligible employees and consultants of the Company or any parent or subsidiary, as well as members of the Board.

The number of shares of our common stock available for issuance under the 2019 Plan is equal to the sum of (i) 7,897,144 shares, and (ii) any shares subject to awards granted under the 2010 Plan that were outstanding as of April 22, 2019 and thereafter terminate, expire, lapse or are forfeited; provided that no more than 14,000,000 shares may be issued upon the exercise of incentive stock options ("ISOs"). In June 2019, 8.1 million shares authorized for issuance under the 2019 Plan were registered under the Securities Act of 1933, as amended (the "Securities Act").

The 2010 Plan provided for the grant of incentive stock options, non-statutory stock options, RSUs, RSAs, PSUs, PBOs, stock appreciation rights, and stock purchase rights to our employees, non-employee directors and consultants.

### ***Stock Options***

The option exercise price for incentive stock options must be at least 100% of the fair value of our common stock on the date of grant and the option exercise price for non-statutory stock options is at least 85% of the fair value of our common stock on the date of grant, as determined by the Board. If, at the time of a grant, the optionee directly or by attribution owns stock possessing more than 10% of the total combined voting power of all of our outstanding capital stock, the exercise price for these options must be at least 110% of the fair value of the underlying common stock. Stock options granted to employees generally have a maximum term of ten years and vest over four years from the date of grant, of which 25% vest at the end of one year, and 75% vest monthly over the remaining three years. We may grant options with different vesting terms from time to time. Unless an employee's termination of service is due to disability or death, upon termination of service, any unexercised vested options will be forfeited at the end of three months or the expiration of the option, whichever is earlier.

### ***Restricted Stock Units ("RSUs")***

We also grant employees RSUs, which generally vest over either a three year period with 33% of the shares subject to the RSUs vesting on each yearly anniversary of the vesting commencement date or over a four year period with 25% of the shares subject to the RSU vesting on each yearly anniversary of the vesting commencement date, in each case contingent upon such employee's continued service on such vesting date. RSUs are generally subject to forfeiture if employment terminates prior to the release of vesting restrictions. We may grant RSUs with different vesting terms from time to time.

### ***Performance-contingent Restricted Stock Units ("PSUs") and Performance Based Options ("PBOs")***

The compensation committee of the Board approved, solely in respect of non-executive employees, delegated to our Chief Executive Officer the authority to approve grants of PSUs. The compensation committee of the Board also approved grants of PBOs and PSUs to our executives. The PSUs and PBOs vest based upon both the successful achievement of certain corporate operating milestones in specified timelines and continued employment through the applicable vesting date. When the performance goals are deemed to be probable of achievement for these types of awards, recognition of stock-based compensation expense commences. Once the number of shares eligible to vest is determined, those shares vest in two equal installments with 50% vesting upon achievement and the remaining 50% vesting on the first anniversary of achievement, in each case, subject to the recipient's continued service through the applicable vesting date. If the performance goals are achieved at the threshold level, the number of shares eligible to vest in respect of the PSUs and PBOs would be equal to half the number of PSUs granted and one-quarter the number of shares underlying the PBOs granted. If the performance goals are achieved at the target level, the number of shares eligible to vest in respect of the PSUs and PBOs would be equal to the number of PSUs granted and half of the shares underlying the PBOs granted. If the performance goals are achieved at the superior level, the number of shares eligible to vest in respect of the PSUs would be equal to two times the number of PSUs granted and equal to the number of PBOs granted. The number of shares issuable upon achievement of the performance goals at the levels between the threshold and target levels for the PSUs and PBOs or between the target level and superior levels for the PSUs would be determined using linear interpolation. Achievement below the threshold level would result in no shares being eligible to vest in respect of the PSUs and PBOs.

In the first quarter of 2021, we awarded PSUs ("2021 PSUs") and PBOs ("2021 PBOs"), each of which commence vesting based upon the achievement of various weighted performance goals, including corporate revenue, performance enzyme segment gross margin, major new biotherapeutics publicity events, strategic performance enzyme and biotherapeutics deliverables, safety, and technology and strategic plan development. As of June 30, 2021, we estimated that the 2021 PSUs and 2021 PBOs performance goals would be achieved at 136% and 68% of the target level, respectively, and recognized expenses accordingly.

In 2020, we awarded PSUs ("2020 PSUs") and PBOs ("2020 PBOs"), each of which commenced vesting based upon the achievement of various weighted performance goals, including corporate revenue, performance enzyme segment gross margin, major new biotherapeutics publicity events, strategic performance enzyme and biotherapeutics deliverables, and strategic plan development. In the first quarter of 2021, we determined that the 2020 PSUs and 2020 PBOs performance goals had been achieved at 88% of the target level, and recognized expenses accordingly. Accordingly, 50% of the shares underlying the 2020 PSUs and PBOs vested in the first quarter of 2021 and 50% of the shares underlying the 2020 PSUs and PBOs will vest in the first quarter of 2022, in each case, subject to the recipient's continued service on each vesting date.

In 2019, we awarded PSUs ("2019 PSUs") and PBOs ("2019 PBOs"), each of which commenced vesting based upon the achievement of various weighted performance goals, including sustained revenue and performance enzyme growth, strategic advancement of biotherapeutics, cash balance and strategic plan development. In the first quarter of 2020, we determined that the 2019 PSUs and 2019 PBOs performance goals had been achieved at 84% of the target level, and recognized expenses accordingly. Accordingly, 50% of the shares underlying the 2019 PSUs and PBOs vested in the first quarter of 2020 and 50%

of the shares underlying the 2019 PSUs and PBOs vested in the first quarter of 2021, in each case, subject to the recipient's continued service on each vesting date.

### ***Stock-Based Compensation Expense***

Stock-based compensation expense is included in the unaudited condensed consolidated statements of operations as follows (in thousands):

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Research and development	\$ 597	\$ 471	\$ 1,074	\$ 894
Selling, general and administrative	2,247	1,468	4,457	3,214
<b>Total</b>	<b>\$ 2,844</b>	<b>\$ 1,939</b>	<b>\$ 5,531</b>	<b>\$ 4,108</b>

The following table presents total stock-based compensation expense by security type included in the unaudited condensed consolidated statements of operations (in thousands):

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Stock options	\$ 682	\$ 575	\$ 1,347	\$ 1,116
RSUs and RSAs	690	610	1,232	1,210
PSUs	573	296	1,043	627
PBOs	899	458	1,909	1,155
<b>Total</b>	<b>\$ 2,844</b>	<b>\$ 1,939</b>	<b>\$ 5,531</b>	<b>\$ 4,108</b>

As of June 30, 2021, unrecognized stock-based compensation expense, net of expected forfeitures, was \$4.8 million related to unvested stock options, \$4.7 million related to unvested RSUs and RSAs, \$1.9 million related to unvested PSUs, and \$3.3 million related to unvested PBOs based on current estimates of the level of achievement. Stock-based compensation expense for these awards will be recognized through the year of 2025.

### **Note 9. Capital Stock**

#### ***Exercise of Options***

For the six months ended June 30, 2021 and June 30, 2020, we issued 212,631 and 32,749 shares, respectively, upon option exercises at a weighted-average exercise price of \$8.03 and \$6.03 per share, respectively, with net cash proceeds of \$1.7 million and \$0.2 million, respectively.

#### ***Equity Distribution Agreement***

We filed a Registration Statement on Form S-3 with the SEC, under which we may sell common stock, preferred stock, debt securities, warrants, purchase contracts, and units from time to time in one or more offerings. The registration statement became effective on May 7, 2021. In May 2021, we entered into an Equity Distribution Agreement ("EDA") with Piper Sandler & Co ("PSC"), under which PSC, as our exclusive agent, at our discretion and at such times that we may determine from time to time, may sell over a three-year period from the execution of the EDA up to a maximum of \$50.0 million of shares of our common stock. Under the terms of the EDA, PSC may sell the shares at market prices by any method that is deemed to be an "at the market offering" as defined in Rule 415 under the Securities Act of 1933, as amended.

We are not required to sell any shares at any time during the term of the EDA. The EDA will terminate upon the earlier of: (i) the issuance and sale of all shares through PSC on the terms and conditions of the EDA, or (ii) the termination of the EDA in accordance with its terms. Either party may terminate the EDA at any time upon written notification to the other party in accordance with the EDA, and upon such notification, the offering will terminate. Under no circumstances shall any shares be sold pursuant to the EDA after the date which is three years after the registration statement is first declared effective by the SEC. We agreed to pay PSC a commission of 3% of the gross sales price of any shares sold pursuant to the EDA. With the exception of certain expenses, we will pay PSC up to 8% of the gross sales price of the shares sold pursuant to the EDA for a combined amount of commission and reimbursement of PSC's expenses and fees.

During the three and six months ended June 30, 2021, no shares of our common stock were issued pursuant to the EDA. As of June 30, 2021, \$50.0 million of shares remained available under the EDA.

## **Note 10. Commitments and Contingencies**

### ***Operating Leases***

Our headquarters are located in Redwood City, California, where we occupy approximately 77,300 square feet of office and laboratory space in multiple buildings within the same business park of Metropolitan Life Insurance Company ("MetLife"). Our lease agreement with MetLife ("RWC Lease") includes approximately 28,200 square feet of space located at 200 and 220 Penobscot Drive, Redwood City, California (the "200/220 Penobscot Space") and approximately 37,900 square feet of space located at 400 Penobscot Drive, Redwood City, California (the "400 Penobscot Space") (the 200/220 Penobscot Space and the 400 Penobscot Space are collectively referred to as the "Penobscot Space"), and approximately 11,200 square feet of space located at 501 Chesapeake Drive, Redwood City, California (the "501 Chesapeake Space").

Until the end of January 2020, we also leased approximately 29,900 square feet of space located at 101 Saginaw Drive, Redwood City, California (the "Saginaw Space"). During January 2020, we subleased approximately 26,500 square feet of the Saginaw Space to Minerva Surgical, Inc. The lease and sublease for the Saginaw Space both expired at the end of January 2020. During the period from February 1, 2020 through April 30, 2020, we subleased approximately 3,400 square feet at 101 Saginaw Drive from Minerva Surgical, Inc. The sublease expired at the end of April 2020.

We entered into the initial lease with MetLife for our facilities in Redwood City in 2004 and the RWC Lease has been amended multiple times since then to adjust the leased space and terms of the Lease. In February 2019, we entered into an Eighth Amendment to the Lease (the "Eighth Amendment") with MetLife with respect to the Penobscot Space and the 501 Chesapeake Space to extend the term of the Lease for additional periods. Pursuant to the Eighth Amendment, the term of the lease of the Penobscot Space has been extended through May 2027. The lease term for the 501 Chesapeake Space has been extended to May 2029. We have one (1) option to extend the term of the lease for the Penobscot Space for five (5) years, and one (1) separate option to extend the term of the lease for the 501 Chesapeake Space for five (5) years.

We are required to restore certain areas of the Redwood City facilities that we are renting to their original form. We are expensing the asset retirement obligation over the terms of the respective leases. We review the estimated obligation each reporting period and make adjustments if our estimates change. We recorded asset retirement obligations of \$0.2 million as of June 30, 2021 and December 31, 2020, which are included in other long-term liabilities in the unaudited condensed consolidated balance sheets. Accretion expense related to our asset retirement obligations was nominal in the three and six months ended June 30, 2021 and 2020.

Pursuant to the terms of the RWC Lease, we exercised our right to deliver a letter of credit in lieu of a security deposit. The letter of credit is collateralized by deposit balances held by the bank in the amount of \$1.1 million as of June 30, 2021 and December 31, 2020, and are recorded as non-current restricted cash on the unaudited condensed consolidated balance sheets.

We entered into a short-term office lease in San Carlos, California during the second quarter of 2021 and this lease will expire in April 2022. Our remaining future commitment pursuant to this lease is \$0.1 million as of June 30, 2021.

### ***Finance Leases***

In December 2016, we entered into a three-year financing lease agreement with a third party supplier for the purchase of laboratory equipment that was partially financed through a finance lease of \$0.4 million. The lease became effective upon delivery of the equipment in February 2017, and the term of the three-year lease was from February 2017 and expired in February 2020. This financing agreement was accounted for as a finance lease due to bargain purchase options at the end of the lease. In April 2017, we entered into a three-year financing lease agreement with a third-party supplier for the purchase of information technology equipment for \$0.3 million. The effective term of the three-year lease was from May 2017 and expired in April 2020.

### Lease and other information

Lease costs, amounts included in measurement of lease obligations and other information related to non-cancellable operating leases and finance leases were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Finance lease costs:				
Amortization of right-of-use assets	\$ 27	\$ 45	\$ 53	\$ 99
Interest on lease obligations	—	1	—	1
Finance lease costs	27	46	53	100
Operating lease cost	1,033	1,032	2,065	2,100
Short-term lease costs <sup>(1)</sup>	10	16	10	47
Sublease income	—	—	—	(55)
Total lease cost <sup>(2)</sup>	\$ 1,070	\$ 1,094	\$ 2,128	\$ 2,192

<sup>(1)</sup> Short-term lease costs on leases with terms of over one month and less than one year.

<sup>(2)</sup> The Company had no variable lease costs.

### Other information:

	Operating Leases
Weighted-average remaining lease term (in years)	6.2 years
Weighted-average discount rate	6.6 %

	Six months ended June 30,	
	2021	2020
Cash paid:		
Operating cash flows from operating leases	\$ 2,093	\$ 774
Financing cash flows from finance leases	\$ —	\$ 60

As of June 30, 2021, our maturity analysis of annual undiscounted cash flows of the non-cancellable operating leases are as follows (in thousands):

Years ending December 31,	Operating Leases
2021 (remaining 6 months)	\$ 2,104
2022	4,285
2023	4,589
2024	4,726
2025	4,868
Thereafter	8,626
Total minimum lease payments	29,198
Less: imputed interest	5,534
Lease obligations	\$ 23,664

### Future Lease Commitment

In the first quarter of 2021, we entered into a lease agreement with ARE-San Francisco No. 63, LLC (“ARE”) to lease a portion of a facility comprising approximately 36,593 rentable square feet in San Carlos, California to serve as additional office and research and development laboratory space (the “San Carlos Space”). We expect to commence occupancy of the San Carlos Space in November 2021 once tenant improvements are substantially completed by ARE in accordance with the construction plan. The budget provides a net tenant improvement allowance of \$6.3 million and an additional allowance of up to \$2.7 million, which we expect to use. ARE will have an enforceable right to payment by us in the form of equal monthly additional rent payments at a certain interest rate through the lease term for the additional allowance. The terms include an initial annualized base rent of \$2.5 million, subject to scheduled 3% annual rent increases, an annualized additional allowance

payment of \$0.4 million, plus certain operating expenses. The lease has a 10-year term from the lease commencement date with one option to extend the term for an additional period of 5 years. We have provided ARE with a \$0.5 million security deposit in the form of a letter of credit. We have the right to sublease the facility, subject to landlord consent. We determined that the lease commencement date is in November 2021 at which point we will record a right of use asset and a corresponding lease liability.

An estimated maturity analysis of the annual undiscounted cash flows of the lease is as follows (in thousands):

Years ending December 31,	Operating Lease
2021 (remaining 6 months)	\$ —
2022	2,463
2023	2,988
2024	3,066
2025	3,145
2026 and thereafter	20,061
<b>Total minimum lease payments</b>	<b>\$ 31,723</b>

#### **Other Commitments**

We enter into supply and service arrangements in the normal course of business. Supply arrangements are primarily for fixed-price manufacture and supply. Service agreements are primarily for the development of manufacturing processes and certain studies. Commitments under service agreements are subject to cancellation at our discretion which may require payment of certain cancellation fees. The timing of completion of service arrangements is subject to variability in estimates of the time required to complete the work.

The following table provides quantitative data regarding our other commitments. Future minimum payments reflect amounts that we expect to pay including potential obligations under services agreements subject to risk of cancellation by us (in thousands):

Other Commitment Agreement Type	Agreement Date	Future Minimum Payment
Manufacture and supply agreement with expected future payment date of December 2022	April 2016	\$ 162
Development and manufacturing services agreements	September 2019	1,852
<b>Total other commitments</b>		<b>\$ 2,014</b>

#### **Credit Facility**

In June 30, 2017, we entered into a credit facility (the "Credit Facility") with Western Alliance Bank consisting of term loans ("Term Debt") up to \$0.0 million, and advances ("Advances") under a revolving line of credit ("Revolving Line of Credit") up to \$5.0 million with an accounts receivable borrowing base of 80% of eligible accounts receivable. As of June 30, 2021 and December 31, 2020, we have not drawn from the Credit Facility. We may draw on the Term Debt and the Revolving Line of Credit at any time prior to October 1, 2021 and October 1, 2024, respectively. On October 1, 2024 loans drawn under the Term Debt mature and the Revolving Line of Credit terminate. Loans made under the Term Debt bear interest through maturity equal to the greater of (i) 3.75% or (ii) the sum of (A) Index Rate (prime rate published in the Money Rates section of the Western Edition of The Wall Street Journal plus (B) 0.50%. Advances made under the Revolving Line of Credit bear interest at a variable annual rate equal to the equal to the greater of (i) 4.25% or (ii) the sum of (A) the prime rate plus (B) 1.00%.

Our obligations under the Credit Facility are secured by a lien on substantially all of our personal property other than our intellectual property. The Credit Facility includes a number of customary covenants and restrictive financial covenants including meeting minimum product revenue levels and maintaining certain minimum cash levels with the lender. The Credit Facility's financial covenants restrict the ability of the Company to transfer collateral, incur additional indebtedness, engage in mergers or acquisitions, pay dividends or make other distributions, make investments, create liens, sell assets, or sell certain assets held at foreign subsidiaries. A failure to comply with these covenants could permit the lender to exercise remedies against us and the collateral securing the Credit Facility, including foreclosure of our properties securing the Credit Facilities and our cash. As of June 30, 2021, we were in compliance with the covenants for the Credit Facility.

The Credit Facility allows for interest-only payments on the Term Debt through November 1, 2022. Monthly payments of principal and interest on the Term Debt are required following the applicable amortization date. We may elect to prepay in full the Term Debt and Advances under the Revolving Line of Credit at any time.

#### ***Legal Proceedings***

We are not currently a party to any material pending litigation or other material legal proceedings.

#### ***Indemnifications***

We are required to recognize a liability for the fair value of any obligations we assume upon the issuance of a guarantee. We have certain agreements with licensors, licensees and collaborators that contain indemnification provisions. In such provisions, we typically agree to indemnify the licensor, licensee and collaborator against certain types of third party claims. The maximum amount of the indemnifications is not limited. We accrue for known indemnification issues when a loss is probable and can be reasonably estimated. There were no accruals for expenses related to indemnification issues for any periods presented.

### **Note 11. Related Party Transactions**

#### ***Molecular Assemblies, Inc.***

In June 2020, we entered into a Stock Purchase Agreement with MAI pursuant to which we purchased 1,587,050 shares of MAI's Series A preferred stock for \$1.0 million. In connection with the transaction, John Nicols, our President and Chief Executive Officer, also joined MAI's board of directors. Concurrently with our initial equity investment, we entered into the MAI Agreement with MAI, pursuant to which we are performing services utilizing our CodeEvolver<sup>®</sup> protein engineering platform technology to improve DNA polymerase enzymes in exchange for compensation in the form of additional shares of MAI's Series A preferred stock. In April 2021, we purchased an additional 1,000,000 shares of MAI's Series A preferred stock for \$0.6 million.

We recognized \$0.3 million and \$0.5 million in research and development revenue from transactions with MAI in the three and six months ended June 30, 2021, respectively, and we recognized no revenue from research and development service transactions with MAI in the three and six months ended June 30, 2020. We received 714,171 and 1,428,342 shares of MAI's Series A preferred stock from research and development services we provided to MAI in the three and six months ended June 30, 2021, respectively, and no shares of MAI's Series A preferred stock from research and development services in the three and six months ended June 30, 2020. As of June 30, 2021, we have 5,443,734 shares of MAI's Series A preferred stock since executing the Stock Purchase Agreement with MAI. The carrying value of our investment in MAI Series A preferred stock was \$3.4 million and \$1.5 million at June 30, 2021 and December 31, 2020, respectively. We had \$0.4 million and nil in deferred revenue as of June 30, 2021 and December 31, 2020, respectively, and nil and \$0.5 million in contract asset due from MAI for services rendered as of June 30, 2021 and December 31, 2020, respectively. Payment for the services rendered was received in the form of additional MAI Series A preferred stock.

#### ***AstraZeneca PLC***

Pam P. Cheng, who served as a member of our board of directors until June 2020, joined AstraZeneca PLC as Executive Vice President, Operations and Information Technology in June 2015. We sold biocatalyst products to AstraZeneca PLC and its controlled purchasing agents and contract manufacturers. We recognized \$20 thousand and \$0.1 million of revenue from transactions with AstraZeneca and its controlled purchasing agents and contract manufacturers for the three and six months ended June 30, 2020, respectively, and through the date of Ms. Cheng's departure from our board of directors. As of June 30, 2021 and December 31, 2020, we had no receivables from AstraZeneca PLC and its controlled purchasing agents and contract manufacturers from related party transactions, respectively.

### **Note 12. Segment, Geographical and Other Revenue Information**

#### ***Segment Information***

We manage our business as two business segments: Performance Enzymes and Novel Biotherapeutics. Our chief operating decision maker ("CODM") is our Chief Executive Officer. Our business segments are primarily based on our organizational structure and our operating results as used by our CODM in assessing performance and allocating resources for the Company.

We report corporate-related expenses such as legal, accounting, information technology, and other costs that are not otherwise included in our reportable business segments as "Corporate costs." All items not included in income (loss) from operations are excluded from the business segments.

We manage our assets on a total company basis, not by business segment, as the majority of our operating assets are shared or commingled. Our CODM does not review asset information by business segment in assessing performance or allocating resources, and accordingly, we do not report asset information by business segment.

#### ***Performance Enzymes***

We initially commercialized our CodeEvolve<sup>®</sup> protein engineering technology platform and products in the pharmaceuticals market, and to date this continues to be our largest market served. Our customers, which include many large global pharmaceutical companies, use our technology, products and services in their manufacturing processes and process development. We have also used the technology to develop customized enzymes for use in other industrial markets. These markets consist of several large industrial verticals, including food and food ingredients, animal feed, flavors, fragrances, and agricultural chemicals. We also use our technology to develop enzymes for customers using NGS and PCR/qPCR for in vitro molecular diagnostic and molecular biology research applications.

#### ***Novel Biotherapeutics***

We are also targeting new opportunities in the pharmaceutical industry to discover, improve, and/or develop biotherapeutic drug candidates. We believe that our CodeEvolver<sup>®</sup> protein engineering platform technology can be used to discover novel biotherapeutic drug candidates that will target human diseases that are in need of improved therapeutic interventions. Similarly, we believe that we can deploy our platform technology to improve specific characteristics of a customer's pre-existing biotherapeutic drug candidate, such as its activity, stability or immunogenicity. Most notable is our lead program for the potential treatment of PKU in humans. PKU is an inherited metabolic disorder in which the enzyme that converts the essential amino acid phenylalanine into tyrosine is deficient.

We have also developed a pipeline of other biotherapeutic drug candidates, which are in preclinical development, and in which we expect to continue to make additional investments with the aim of advancing additional product candidates targeting other therapeutic areas. In March 2020, we entered into the Takeda Agreement with Takeda under which we will research and develop protein sequences for use in gene therapy products for certain diseases.

Factors considered in determining the two reportable segments of the Company include the nature of business activities, the management structure directly accountable to our CODM for operating and administrative activities, availability of discrete financial information and information presented to the Board of Directors. Our CODM regularly reviews our segments and the approach provided by management for performance evaluation and resource allocation.

Operating expenses that directly support the segment activity are allocated based on segment headcount, revenue contribution or activity of the business units within the segments, based on the corporate activity type provided to the segment. The expense allocation excludes certain corporate costs that are separately managed from the segments. This provides the CODM with more meaningful segment profitability reporting to support operating decisions and allocate resources.

The following table provides financial information by our reportable business segments along with a reconciliation to consolidated income (loss) before income taxes (in thousands):

	Three months ended June 30, 2021			Three months ended June 30, 2020		
	Performance Enzymes	Novel Biotherapeutics	Total	Performance Enzymes	Novel Biotherapeutics	Total
<b>Revenues:</b>						
Product revenue	\$ 14,717	\$ —	\$ 14,717	\$ 4,504	\$ —	\$ 4,504
Research and development revenue	6,868	3,868	10,736	3,002	7,461	10,463
Total revenues	21,585	3,868	25,453	7,506	7,461	14,967
<b>Costs and operating expenses:</b>						
Cost of product revenue	4,318	—	4,318	1,699	—	1,699
Research and development <sup>(1)</sup>	5,057	7,194	12,251	4,997	5,490	10,487
Selling, general and administrative <sup>(1)</sup>	3,170	620	3,790	2,375	621	2,996
Total segment costs and operating expenses	12,545	7,814	20,359	9,071	6,111	15,182
Income (loss) from operations	\$ 9,040	\$ (3,946)	5,094	\$ (1,565)	\$ 1,350	(215)
Corporate costs <sup>(2)</sup>			(8,610)			(5,316)
Unallocated depreciation and amortization			(741)			(506)
Loss before income taxes			\$ (4,257)			\$ (6,037)

	Six months ended June 30, 2021			Six months ended June 30, 2020		
	Performance Enzymes	Novel Biotherapeutics	Total	Performance Enzymes	Novel Biotherapeutics	Total
<b>Revenues:</b>						
Product revenue	\$ 24,943	\$ —	\$ 24,943	\$ 9,604	\$ —	\$ 9,604
Research and development revenue	10,872	7,670	18,542	8,775	11,258	20,033
Total revenues	35,815	7,670	43,485	18,379	11,258	29,637
<b>Costs and operating expenses:</b>						
Cost of product revenue	8,536	—	8,536	4,240	—	4,240
Research and development <sup>(1)</sup>	11,502	11,799	23,301	10,693	10,415	21,108
Selling, general and administrative <sup>(1)</sup>	5,988	1,221	7,209	4,720	1,213	5,933
Total segment costs and operating expenses	26,026	13,020	39,046	19,653	11,628	31,281
Income (loss) from operations	\$ 9,789	\$ (5,350)	4,439	\$ (1,274)	\$ (370)	(1,644)
Corporate costs <sup>(2)</sup>			(16,335)			(11,042)
Unallocated depreciation and amortization			(1,426)			(998)
Loss before income taxes			\$ (13,322)			\$ (13,684)

<sup>(1)</sup> Research and development expenses and selling, general and administrative expenses exclude depreciation and amortization of finance leases.

<sup>(2)</sup> Corporate costs include unallocated selling, general and administrative expenses, interest income, and other income (expense), net.

The following table provides stock-based compensation expense included in income (loss) from operations (in thousands):

	Three months ended June 30,							
	2021				2020			
	Performance Enzymes	Novel Biotherapeutics	Corporate cost	Total	Performance Enzymes	Novel Biotherapeutics	Corporate cost	Total
Stock-based compensation	\$ 1,115	\$ 257	\$ 1,472	\$ 2,844	\$ 741	\$ 252	\$ 946	\$ 1,939

  

	Six months ended June 30,							
	2021				2020			
	Performance Enzymes	Novel Biotherapeutics	Corporate cost	Total	Performance Enzymes	Novel Biotherapeutics	Corporate cost	Total
Stock-based compensation	\$ 2,109	\$ 495	\$ 2,927	\$ 5,531	\$ 1,496	\$ 494	\$ 2,118	\$ 4,108

### Significant Customers

Customers that each accounted for 10% or more of our total revenues were as follows:

	Percentage of Total Revenues for the			
	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Customer A	15%	*	10%	*
Customer B	12%	*	*	*
Customer C	12%	*	13%	*
Customer D	*	16%	17%	20%
Customer E	*	38%	10%	27%
Customer F	*	12%	*	11%
Customer G	*	*	*	13%

\* Percentage was less than 10%

Customers that each accounted for 10% or more of accounts receivable balances as of the periods presented as follows:

	Percentage of Accounts Receivables as of	
	June 30, 2021	December 31, 2020
Customer A	20%	*
Customer H	15%	*
Customer B	15%	*
Customer D	14%	32%
Customer E	10%	*
Customer G	*	25%
Customer F	*	13%

\* Percentage was less than 10%

### Geographical Information

Geographic revenues are identified by the location of the customer and consist of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues				
Americas	\$ 5,844	\$ 6,906	\$ 10,773	\$ 12,131
EMEA	6,169	3,314	12,450	9,285
APAC	13,440	4,747	20,262	8,221
Total revenues	\$ 25,453	\$ 14,967	\$ 43,485	\$ 29,637

Identifiable long-lived assets by location was as follows (in thousands):

	June 30, 2021	December 31, 2020
United States	\$ 31,424	\$ 31,176

Identifiable goodwill by reporting unit was as follows (in thousands):

	As of June 30, 2021 and December 31, 2020		
	Performance Enzymes	Novel Biotherapeutics	Total
Goodwill	\$ 2,463	\$ 778	\$ 3,241

### Note 13. Allowance for Credit Losses

The following table summarizes the financial assets allowance for credit losses (in thousands):

	June 30, 2021	December 31, 2020
Allowance for credit losses	\$ 74	\$ 74

The following tables summarize accounts receivable by aging category (in thousands):

	June 30, 2021				
	Current	31-60 Days	61-90 Days	91 Days and over	Total balance
Accounts receivable	\$ 17,414	\$ 83	\$ 1,602	\$ 389	\$ 19,488

  

	December 31, 2020				
	Current	31-60 Days	61-90 Days	91 Days and over	Total balance
Accounts receivable	\$ 13,398	\$ 489	\$ 7	\$ —	\$ 13,894

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2020 included in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on March 1, 2021 (the "Annual Report"). This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include, but are not limited to, expectations regarding our strategy, business plans, financial performance and developments relating to our industry. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "estimate," or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Part II, Item 1A: "Risk Factors" of this Quarterly Report on Form 10-Q and Part I, Item 1A: "Risk Factors" of our Annual Report, as incorporated herein and referenced in Part II, Item 1A: "Risk Factors" of this Quarterly Report on Form 10-Q and elsewhere in this report. The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report on Form 10-Q.*

### Business Overview

We discover, develop and sell enzymes and other proteins that deliver value to our clients in a growing set of industries. We view proteins as a vast, largely untapped source of value-creating products, and we are using our proven technologies, which we have been continuously improving since our inception in 2002, to commercialize an increasing number of novel enzymes, both as proprietary Codexis products and in partnership with our customers.

We are a pioneer in harnessing computational technologies to drive biology advancements. Since 2002, we have made substantial investments in the development of our CodeEvolver<sup>®</sup> protein engineering technology platform, the primary source of our competitive advantage. Our technology platform is powered by proprietary, artificial intelligence-based, computational algorithms that rapidly mine the structural and performance attributes of our large and continuously growing library of protein variants. These computational outputs enable increasingly reliable predictions for next generation protein variants to be engineered, enabling time- and cost-efficient delivery of the targeted performance enhancements. In addition to its computational prowess, our CodeEvolver<sup>®</sup> protein engineering technology platform integrates additional modular competencies, including robotic high-throughput screening and genomic sequencing, organic chemistry and bioprocess development which are all coordinated to rapidly innovate novel, fit-for-purpose products.

The core historical application of the technology has been in developing commercially viable biocatalytic manufacturing processes for more sustainable production of complex chemicals. This begins by conceptually designing the most cost-effective and practical process for a targeted product. We then develop optimized biocatalysts to enable the designed process, using our CodeEvolver<sup>®</sup> platform. Engineered biocatalyst candidates, numbering many thousands for each project, are then rapidly screened and validated using high throughput methods under process-relevant operating conditions. This approach results in an optimized biocatalyst that enables cost-efficient processes that are relatively simple to run in conventional manufacturing equipment. This also allows for efficient technical transfer of our processes to our manufacturing partners.

The successful embodiment of our CodeEvolver<sup>®</sup> protein engineering technology platform in commercial manufacturing processes requires well-integrated expertise in a number of technical disciplines. In addition to those competencies directly integrated in our CodeEvolver<sup>®</sup> protein engineering platform, such as molecular biology, enzymology, microbiology, cellular engineering, metabolic engineering, bioinformatics, biochemistry and high throughput analytical chemistry, our process development projects also involve integrated expertise in organic chemistry, chemical process development, chemical engineering, bioprocess development and fermentation engineering. Our integrated, multi-disciplinary approach to product and process development is a critical success factor for the Company.

We initially commercialized our CodeEvolver<sup>®</sup> protein engineering technology platform and products in the manufacture of small molecule pharmaceuticals, which remains a primary business focus. Our customers, which include many large, global

pharmaceutical companies, use our technology, products and services in their process development and in manufacturing. Additionally, we have licensed our proprietary CodeEvolver<sup>®</sup> protein engineering technology platform to global pharmaceutical companies enabling them to use this technology, in house, to engineer enzymes for their own businesses. Most recently, in May 2019, we entered into the Novartis CodeEvolver<sup>®</sup> Agreement with Novartis. The Novartis CodeEvolver<sup>®</sup> Agreement (our third such agreement with large pharma companies) allows Novartis to use our proprietary CodeEvolver<sup>®</sup> protein engineering platform technology in the field of human healthcare.

As evidence of our strategy to extend our technology beyond pharmaceutical manufacturing, we have also used the technology to develop biocatalysts and enzyme products for use in a broader set of industrial markets, including several large verticals, such as food, feed, consumer care and fine chemicals. In addition, we are using our technology to develop enzymes for various life science related applications, such as next generation sequencing (“NGS”) and polymerase chain reaction (“PCR/qPCR”) for in vitro molecular diagnostic and genomic research applications. In December 2019, we entered into a license agreement to provide Roche Sequencing Solutions, Inc. with our first enzyme for this target market: the Company’s EvoT4<sup>™</sup> DNA ligase. In June 2020, we entered into a co-marketing and enzyme supply collaboration agreement with Alphazyme LLC for the production and co-marketing of enzymes for life science applications including, initially, high-fidelity DNA polymerase, T7 RNA polymerase and reverse transcriptase enzymes.

We have been using the CodeEvolver<sup>®</sup> protein engineering technology platform to develop early stage, novel biotherapeutic product candidates, both in partnership with customers and for our own proprietary Codexis drug candidates. Our first program was for the potential treatment of phenylketonuria (“PKU”) in humans. PKU is an inherited metabolic disorder in which the enzyme that converts the essential amino acid phenylalanine into tyrosine is deficient. In October 2017, we entered into the Nestlé License Agreement with Nestlé Health Science to advance CDX-6114, our enzyme biotherapeutic product candidate for the potential treatment of PKU. In February 2019, Nestlé Health Science exercised its option to obtain an exclusive license to develop and commercialize CDX-6114. Also in October 2017, we entered into the Nestlé SCA pursuant to which we and Nestlé Health Science are collaborating to leverage the CodeEvolver<sup>®</sup> platform technology to develop other novel enzymes for Nestlé Health Science’s established Consumer Care and Medical Nutrition business areas. In January 2020, we entered into a development agreement with Nestlé Health Science to advance a new lead candidate discovered under the Nestlé SCA, CDX-7108, into preclinical development and early clinical studies as a potential treatment for a gastrointestinal disorder. In parallel, the Nestlé SCA was extended through December 2021 to support the discovery of therapeutic candidates for additional disorders. In March 2020, we entered into Takeda Agreement with Shire Human Genetic Therapies, Inc., a wholly-owned subsidiary of Takeda, for the research and development of novel gene therapies for certain disease indications, including the treatment of lysosomal storage disorders and a blood factor deficiency.

In June 2020, we entered into the MAI Agreement with Molecular Assemblies, Inc. (“MAI”) pursuant to which we are leveraging our CodeEvolver<sup>®</sup> platform technology to improve the DNA polymerase enzymes that are critical for enzymatic DNA synthesis. Concurrently with the MAI Agreement, we entered into a Stock Purchase Agreement with MAI pursuant to which we purchased 1,587,050 shares of MAI’s Series A preferred stock for \$1.0 million and, in connection with the transaction, John Nicols, our President and Chief Executive Officer, also joined MAI’s board of directors. In April 2021, we purchased an additional 1,000,000 shares of MAI’s Series A preferred stock for \$0.6 million. We anticipate completing an enzyme engineering project with MAI in the second half of 2021 that may enable MAI to begin commercialization efforts thereafter.

## **Business Segments**

We manage our business as two business segments: Performance Enzymes and Novel Biotherapeutics. See Note 12, “Segment, Geographical and Other Revenue Information” in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

### *Performance Enzymes*

We initially commercialized our CodeEvolver<sup>®</sup> protein engineering technology platform and products in the manufacture of small molecule pharmaceuticals and, to date, this continues to be our largest market served. Our customers, which include many large global pharmaceutical companies, use our technology, products and services in their manufacturing processes and process development. We have also used the technology to develop customized enzymes for use in other industrial markets. These markets consist of several large industrial verticals, including food, feed, consumer care, and fine chemicals. We also use our technology in the life sciences markets to develop enzymes for customers using NGS and PCR/qPCR for in vitro molecular diagnostic and molecular biology research applications, as well DNA/RNA synthesis and health monitoring applications.

### *Novel Biotherapeutics*

We are also targeting new opportunities in the pharmaceutical industry to discover, improve, and/or develop biotherapeutic drug candidates. We believe that our CodeEvolver<sup>®</sup> protein engineering platform technology can be used to discover novel biotherapeutic drug candidates that will target human diseases that are in need of improved therapeutic interventions. Similarly, we believe that we can deploy our platform technology to improve specific characteristics of a customer's pre-existing biotherapeutic drug candidate, such as its activity, stability or immunogenicity. Our first lead program was for the potential treatment of PKU in humans. PKU is an inherited metabolic disorder in which the enzyme that converts the essential amino acid phenylalanine into tyrosine is deficient. In October 2017, we announced a global development, option and license agreement with Nestlé Health Science to advance CDX-6114, our own novel orally administrable enzyme therapeutic candidate for the potential treatment of PKU. In February 2019, Nestlé Health Science exercised its option to obtain an exclusive, worldwide, royalty-bearing, sub-licensable license for the global development and commercialization of CDX-6114 for the management of PKU. As a result of the option exercise, we earned a milestone and recognized \$3.0 million in revenues in the first quarter of 2019. Upon exercising its option, Nestlé Health Science assumed all responsibilities for future clinical development and commercialization of CDX-6114. During 2020, Nestlé Health Science completed a safety, tolerability and PK/PD study of CDX-6114 in PKU patients that demonstrated CDX-6114 was well tolerated and safe at all doses tested. In addition, an increase in blood levels of cinnamic acid, a biomarker of enzyme activity, was observed which is consistent with the intended mode of action for CDX-6114.

In October 2017, we separately entered into the Nestlé SCA with Nestlé Health Science pursuant to which we and Nestlé Health Science are collaborating to leverage the CodeEvolver<sup>®</sup> platform technology to develop other novel enzymes for Nestlé Health Science's established Consumer Care and Medical Nutrition business areas. The Nestlé SCA was extended through December 2021. In January 2020, we and Nestlé Health Science entered into a development agreement pursuant to which we and Nestlé Health Science are collaborating to advance into preclinical and early clinical studies a lead candidate targeting a gastrointestinal disorder, CDX-7108, discovered through the Nestlé SCA. During 2021, we, together with Nestlé Health Science, continued to advance CDX-7108 towards initiation of a Phase 1 clinical trial which we anticipate will begin in the fourth quarter of 2021. Additionally, the parties are progressing three programs under the Nestlé SCA targeting different gastrointestinal disorders.

In March 2020, we entered into the Takeda Agreement pursuant to which we are collaborating to research and develop protein sequences for use in gene therapy products for certain disease indications in accordance with the respective program plans for Fabry Disease, Pompe Disease, and an undisclosed blood factor deficiency. In March 2020, we received a one-time, non-refundable cash payment of \$8.5 million. Of these programs, the Fabry disease program is the most advanced, with multiple sequences, including CDX-6311, having been provided to Takeda. In May 2021, Takeda elected to exercise their option to initiate an additional program for a certain undisclosed rare genetic disorder, as a result we are eligible to receive an option exercise fee.

For further description of our business segments, see Note 12, "Segment, Geographical and Other Revenue Information" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

### **Business Update Regarding COVID-19**

We are subject to risks and uncertainties as a result of the current COVID-19 pandemic. The COVID-19 pandemic has presented a substantial public health and economic challenge around the world and is affecting our employees, communities and business operations, as well as the U.S. economy and other economies worldwide. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition will depend on future developments that are highly uncertain and may not be accurately predicted, including the duration and severity of the pandemic, the prevalence of more contagious and or virulent variants, and the extent and severity of the impact on our customers, new information that may emerge concerning COVID-19, the actions taken to contain it or treat its impact and the economic impact on local, regional, national and international markets.

To date, we and our collaboration partners have been able to continue to supply our enzymes to our customers worldwide. However, we are dependent on our manufacturing and logistics partners and consequently, disruptions in operations of our partners and customers may affect our ability to supply enzymes to our customers. Furthermore, our ability to provide future research and development ("R&D") services will continue to be impacted as a result of governmental orders and any disruptions in operations of our customers with whom we collaborate. We believe that these disruptions have had a minimal impact on revenue for the three and six months ended June 30, 2021. The extent to which the pandemic may impact our business operations and operating results will continue to remain highly dependent on future developments, which are uncertain and cannot be predicted with confidence.

In the United States, the impact of COVID-19, including governmental orders (“Orders”) governing the operation of businesses during the pandemic, caused the temporary closure of our Redwood City, California facilities and has disrupted our R&D operations. R&D operations for several projects were temporarily suspended from mid-March 2020 through the end of April 2020 in accordance with these Orders. In May 2020, we re-initiated limited R&D operations and have ramped up operations such that we are currently utilizing the majority of our normal R&D capacity while following county, state and federal COVID-19 guidance for the protection of our employees. Additionally, we resumed manufacturing at our Redwood City pilot plant in May 2020.

Our future results of operations and liquidity could be adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, supply chain disruptions and uncertain demand, and the impact of any initiatives or programs that we may undertake to address financial and operations challenges faced by our customers. The near-and-long term impact of COVID-19 to our financial condition, liquidity, or results of operations in the future remains uncertain. Although some of the Orders that were enacted to control the spread of COVID-19 have begun to be scaled back and the vaccine rollout has expanded, surges in the spread of COVID-19 due to the emergence of new more contagious or virulent variants or the ineffectiveness of the vaccines against such strains, may result in the reimplementation of certain Orders, which could adversely impact our business. For additional information on the various risks posed by the COVID-19 pandemic, please read Item 1A. Risk Factors included in our Annual Report on Form 10-K, for the fiscal year ended December 31, 2020, filed on March 1, 2021.

### ***Results of Operations Overview***

Revenues were \$25.5 million in the second quarter of 2021, a 70% increase from \$15.0 million in the second quarter of 2020.

Product revenue, which consists primarily of sales of biocatalysts, pharmaceutical intermediates, and Codex® biocatalyst panels and kits, was \$14.7 million in the second quarter of 2021, an increase of 227% from \$4.5 million in the second quarter of 2020. The increase in product revenue was primarily due to an increase in customer demand for branded pharmaceutical products. We expect the demand for our products for the rest of the year to be higher than the comparative periods in the prior year mainly due to overall higher demand for enzymes used in the manufacture of branded pharmaceutical products and a large purchase order for \$13.9 million of a proprietary high enzyme product that we received in June 2021 from a pharmaceutical customer that will be recognized as revenue in subsequent periods.

Research and development revenues, which include license, technology access and exclusivity fees, research service fees, milestone payments, royalties, and optimization and screening fees, totaled \$10.7 million in the second quarter of 2021, a 3% increase compared with \$10.5 million in the second quarter of 2020. The increase in research and development revenue was primarily due to higher license fees from other existing collaboration agreement, but partially offset by higher license fees from Takeda under the Takeda Agreement being recognized in the same period in the prior year.

Our products’ profitability is affected by many factors including the margin of profit on the products we sell. Our profit margins are affected by many factors including the costs of internal and third-party fixed and variable costs, including materials and supplies, labor, facilities and other overhead costs. Profit margin data is used as a management performance measure to provide additional information regarding our results of operations on a consolidated basis. Product gross margins increased to 71% in the second quarter of 2021, compared to 62% in the second quarter of 2020, due to improved product mix resulting from an increase in customer demand for branded products.

Research and development expenses were \$12.8 million in the second quarter of 2021, an increase of 18% from \$10.9 million in the second quarter of 2020. The increase was primarily due to increases in expenses associated with a higher headcount, an increase in outside services costs, higher depreciation expense and higher lab supplies costs, partially offset by a reduction in outside services related to Chemistry, Manufacturing and Controls (“CMC”) and regulatory expenses and a decrease in allocable expenses. We expect research and development expenses for the rest of the year to be higher than the comparative periods in the prior year mainly due to increase in headcount and as we continue our efforts on advancing our internal and collaborative programs.

Selling, general and administrative expenses were \$12.8 million in the second quarter of 2021, an increase of 50%, compared to \$8.5 million in the second quarter of 2020. The increase was primarily due to increases in expenses associated with a higher headcount, legal expenses, and stock-based compensation partially offset by lower travel and allocable expenses. We expect selling, general and administrative expenses for the rest of the year to be higher than the comparative periods in prior year mainly due to increase in headcount and higher operating costs as we invest more in our business.

We recognized \$8 thousand in income tax expense in the second quarter of 2021 due to the accrual of interest and penalties on historical uncertain tax positions. We recognized a \$0.3 million provision for income taxes for the second quarter of 2020

due to income tax withholding imposed by foreign taxing authorities on income earned in certain countries outside of the United States and remitted to the United States.

Net loss was \$4.3 million, or a net loss of \$0.07 per basic and diluted share in the second quarter of 2021 compared to a net loss of \$6.3 million, or a net loss of \$0.11 per basic and diluted share for the second quarter of 2020. The decrease in net loss is primarily related to increase in product revenues and margins, which were partially offset by increases in operating expenses.

Cash and cash equivalents decreased to \$129.5 million of June 30, 2021 compared to \$149.1 million as of December 31, 2020. In addition, net cash used in operating activities was \$14.7 million in the six months ended June 30, 2021 compared to \$11.5 million in the six months ended June 30, 2020. We believe that based on our current level of operations, our existing cash and cash equivalents will provide adequate funds for ongoing operations, planned capital expenditures and working capital requirements for at least the next 12 months.

In June 2017, we entered into a loan and security agreement with Western Alliance Bank that allows us to borrow up to \$10.0 million under a term loan, and up to \$5.0 million under a revolving credit facility with 80% of certain eligible accounts receivable as a borrowing base (the "Credit Facility"). Obligations under the Credit Facility are secured by a lien on substantially all of our personal property other than our intellectual property. In September 2020, we entered into an Eighth Amendment to the Credit Facility whereby we may draw on the term debt and the Revolving Line of Credit at any time prior to October 1, 2021 and October 1, 2024, respectively. Draws on the term debt are subject to customary conditions for funding including, among others, that no event of default exists. As of June 30, 2021, no amounts were borrowed under the Credit Facility and we were in compliance with the covenants for the Credit Facility. See Note 10, "Commitments and Contingencies" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Below is an overview of our results of operations by business segments:

#### *Performance Enzymes*

Revenues increased by \$14.1 million, or 188%, to \$21.6 million in the second quarter of 2021, compared to \$7.5 million in the second quarter of 2020 primarily due to higher product revenue. The increase in product revenue of \$10.2 million, or 227%, to \$14.7 million in the second quarter of 2021, compared to \$4.5 million in the second quarter of 2020 was primarily due to higher customer demand for enzymes for the manufacture of branded pharmaceuticals products. We expect the demand for our products for the rest of the year to be higher than the comparative periods in the prior year mainly due to overall higher demand for enzymes used in the manufacture of branded pharmaceutical products and a large purchase order for \$13.9 million of a proprietary high enzyme product that we received in June 2021 from a pharmaceutical customer that will be recognized as revenue in subsequent periods.

The increase in research and development revenue of \$3.9 million, or 129%, to \$6.9 million in the second quarter of 2021, compared to \$3.0 million in second quarter of 2020 was primarily due to higher license fees from existing collaboration agreements but were partially offset by lower revenues from the Novartis CodeEvolver<sup>®</sup> Agreement as we approach completion of the technology transfer to Novartis.

Product gross margins were 71% in the second quarter of 2021, compared to 62% in the second quarter of 2020. The increase in product gross margins was primarily due to improved product mix due to higher demand for enzymes for the manufacture of branded pharmaceutical products.

Research and development expense increased nominally by \$60.0 thousand, or 1%, to \$5.1 million for the second quarter of 2021, compared to the second quarter of 2020. The increase was primarily due to an increase in costs associated with higher headcount, higher outside services expenses, and higher lab supplies, partially offset by lower allocable expenses.

Selling, general and administrative expense increased by \$0.8 million, or 33%, to \$3.2 million for the second quarter of 2021, compared to the second quarter of 2020. The increase was primarily due to an increase in costs associated with higher headcount and allocable expenses, partially offset by lower outside services expenses.

We expect both research and development expenses and selling, general and administrative expenses for the rest of the year to be higher than the comparative periods in the prior year mainly due to increase in headcount and as we invest more in our business.

#### *Novel Biotherapeutics*

Research and development revenues decreased by \$3.6 million, to \$3.9 million in the second quarter of 2021, compared to \$7.5 million in the second quarter of 2020. The decrease in research and development revenue was primarily due to higher license and research and development fees from Takeda under the Takeda Agreement recognized in the prior year.

Research and development expense increased by \$1.7 million, or 31%, to \$7.2 million for the second quarter of 2021, compared to \$5.5 million in the second quarter of 2020. The increase was primarily due to higher costs associated with higher headcount and allocable expenses. We expect research and development expenses for the rest of the year to be higher than the comparative periods in prior year mainly due to increase in headcount and as we continue our efforts on advancing our internal and collaborative programs.

Selling, general and administrative expense remain unchanged at \$0.6 million for the second quarter of 2021 and 2020. The increase in costs associated with headcount and higher allocable expenses were partially offset by lower outside services expenses.

#### ***Merck Sitagliptin Catalyst Supply Agreement***

In February 2012, we entered into a five-year Sitagliptin Catalyst Supply Agreement (“Sitagliptin Catalyst Supply Agreement”) with Merck whereby Merck may obtain commercial scale enzyme for use in the manufacture of Januvia<sup>®</sup>, its product based on the active ingredient sitagliptin. In December 2015, Merck exercised its option under the terms of the Sitagliptin Catalyst Supply Agreement to extend the agreement for an additional five years through February 2022.

Effective as of January 2016, we and Merck amended the Sitagliptin Catalyst Supply Agreement to prospectively provide for variable pricing based on the cumulative volume of sitagliptin catalyst purchased by Merck and to allow Merck to purchase a percentage of its requirements for sitagliptin catalyst from a specified third-party supplier. Merck received a distinct, functional license to manufacture a portion of its demand beginning January 1, 2018, which we recognized as research and development revenue.

We have determined that the variable pricing, which provides a discount based on the cumulative volume of Sitagliptin catalyst purchased by Merck, provides Merck material rights and we are recognizing product revenues using the alternative method. Under the alternative approach, we estimate the total expected consideration and allocate it proportionately with the expected sales.

The Sitagliptin Catalyst Supply Agreement requires Merck to pay an annual fee for the rights to the sitagliptin technology each year for the term of the Sitagliptin Catalyst Supply Agreement. Amounts of annual license fees are based on contractually agreed prices and are on a declining scale over the term of the contract.

Pursuant to the terms of the Sitagliptin Catalyst Supply Agreement, Merck may purchase supply from us for a fee based on contractually stated prices. We recognized revenue of \$2.2 million and \$5.5 million for the three and six months ended June 30, 2021, respectively, compared to \$2.0 million and \$3.8 million for the three and six months ended June 30, 2020, respectively, in product revenue under this agreement. Revenues recognized by us under the Sitagliptin Catalyst Supply Agreement comprised 9% and 13% for the three and six months ended June 30, 2021, respectively, compared to 13% for the three and six months ended June 30, 2020 of our total revenues.

The Sitagliptin Catalyst Supply Agreement will expire in February 2022. We are in process of negotiating an extension at this time.

As of June 30, 2021, we recorded revenue of \$5.2 million from Sitagliptin products that were recognized over time based on the progress of the manufacturing process. These products will be shipped within the six month period following the end of the quarter. The contract asset balances were partially offset by contract liabilities as they are under the same contract.

#### ***Global Development, Option and License Agreement and Strategic Collaboration Agreement***

In October 2017, we entered into the Nestlé License Agreement with Nestlé Health Science and, solely for the purpose of the integration and the dispute resolution clauses of the Nestlé License Agreement, Nestlé Health Science S.A., to advance CDX-6114, our enzyme biotherapeutic product candidate for the potential treatment of PKU.

In January 2019, we received notice from the FDA that it had completed its review of our IND for CDX-6114 and concluded that we may proceed with the proposed Phase 1b multiple ascending dose study in healthy volunteers in the United States. In February 2019, Nestlé Health Science exercised its option to obtain an exclusive, worldwide, royalty-bearing, sub-licensable license for the global development and commercialization of CDX-6114 for the management of PKU. Upon exercising its option, Nestlé Health Science made an option payment and assumed all responsibilities for future clinical development and commercialization of CDX-6114. We are also eligible to receive payments from Nestlé Health Science under the Nestlé License Agreement that include (i) development and approval milestones of up to \$85.0 million, (ii) sales-based milestones of up to \$250.0 million in the aggregate, which aggregate amount is achievable if net sales exceed \$1.0 billion in a

single year, and (iii) tiered royalties, at percentages ranging from the mid-single digits to low double-digits, of net sales of product.

In October 2017, we entered into the Nestlé SCA pursuant to which we and Nestlé Health Science are collaborating to leverage the CodeEvolver<sup>®</sup> protein engineering technology platform to develop novel enzymes for Nestlé Health Science's established Consumer Care and Medical Nutrition business areas.

In January 2020, we entered into a development agreement with Nestlé Health Science pursuant to which we and Nestlé Health Science are collaborating to advance a lead candidate, CDX-7108, targeting a gastrointestinal disorder discovered through our Nestlé SCA into preclinical and early clinical studies.

Under the Nestlé SCA and the development agreement, we recognized research and development fees of \$1.7 million and \$3.5 million for the three and six months ended June 30, 2021, respectively, compared to \$1.7 million and \$3.3 million for the three and six months ended June 30, 2020, respectively.

#### ***Platform Technology Transfer and License Agreement***

In May 2019, we entered into the Novartis CodeEvolver<sup>®</sup> Agreement with Novartis. The Agreement allows Novartis to use our proprietary CodeEvolver<sup>®</sup> protein engineering platform technology in the field of human healthcare. Under the Novartis CodeEvolver<sup>®</sup> Agreement, we are transferring our proprietary CodeEvolver<sup>®</sup> protein engineering platform technology to Novartis over approximately 27 months, starting with the date on which we commenced the technology transfer (the "Technology Transfer Period"). As a part of this technology transfer, the Company provided to Novartis our proprietary enzymes, proprietary protein engineering protocols and methods, and proprietary software algorithms. In addition, teams of the Company and Novartis scientists participated in technology training sessions and collaborative research projects at our laboratories in Redwood City, California and at a designated Novartis laboratory in Basel, Switzerland. Upon completion of technology transfer, Novartis will have the CodeEvolver<sup>®</sup> protein engineering platform technology installed at its designated laboratory.

Pursuant to the agreement, we received an upfront payment of \$5.0 million shortly after the effective date of the Novartis CodeEvolver<sup>®</sup> Agreement. In the second quarter of 2020 we completed the second technology milestone transfer under the agreement and became eligible to receive a milestone payment of \$4.0 million, which we subsequently received in July 2020. We have also received \$3.4 million in March 2021 for partial completion of the third technology milestone. In addition to this payment, we are eligible for an additional payment of \$1.6 million for completion of the third technology milestone transfer, which would bring total cash payment for this milestone to \$5.0 million as specified in the Novartis CodeEvolver<sup>®</sup> Agreement. In consideration for the continued disclosure and license of improvements to the technology and materials during a multi-year period that begins on the conclusion of the Technology Transfer Period ("Improvements Term"), Novartis will pay Codexis annual payments which amount to an additional \$8.0 million in aggregate. The Company also has the potential to receive quantity-dependent, usage payments for each API that is manufactured by Novartis using one or more enzymes that have been developed or are in development using the CodeEvolver<sup>®</sup> protein engineering platform technology during the period that begins on the conclusion of the Technology Transfer Period and ends on the expiration date of the last to expire licensed patent. These product-related usage payments, if any, will be paid by Novartis to the Company for each quarter that Novartis manufactures API using a CodeEvolver<sup>®</sup>-developed enzyme. The usage payments will be based on the total volume of API produced using the CodeEvolver<sup>®</sup>-developed enzyme. These usage payments can begin in the clinical stage and will extend throughout the commercial life of each API. Revenue for the combined initial license and technology transfer performance obligation, which is expected to occur over 27 months, is being recognized using a single measure of progress that depicts our performance in transferring control of the services, which is based on the ratio of level of effort incurred to date compared to the total estimated level of effort required to complete the performance obligation relating to the combined initial license and technology transfer. Revenue allocated to future improvements will be recognized during the Improvement Term. We recognized \$0.3 million and \$1.1 million in research and development revenue for the three and six months ended June 30, 2021, respectively, compared to \$0.9 million and \$3.7 million for the three and six months ended June 30, 2020, respectively.

#### ***Strategic Collaboration and License Agreement***

In March 2020, we entered into the Takeda Agreement with Shire Human Genetic Therapies, Inc., a wholly-owned subsidiary of Takeda Pharmaceutical Co. Ltd. ("Takeda"), under which we are collaborating to research and develop protein sequences for use in gene therapy products for certain diseases. On execution of the Takeda Agreement, we received an upfront non-refundable cash payment of \$8.5 million. Revenue relating to the functional licenses provided to Takeda was recognized at a point in time when the control of the license transferred to the customer. In May 2021, Takeda elected to exercise their option to initiate an additional program for a certain undisclosed rare genetic disorder; as a result we are eligible to receive an option exercise fee.

Other potential payments from Takeda include (i) reimbursement of research and development fees and preclinical development milestones for the three initial programs of \$15.4 million, in aggregate (ii) clinical development and commercialization-based milestones, per target gene, of up to \$100.0 million, and (iii) tiered royalties based on net sales of applicable products at percentages ranging from the middle-single digits to low single-digits. We recognized research and development revenue related to the Takeda Agreement of \$2.1 million and \$4.2 million for the three and six months ended June 30, 2021, respectively, compared to \$5.7 million and \$8.0 million for the three and six months ended June 30, 2020, respectively.

## Results of Operations

The following table shows the amounts from our unaudited condensed consolidated statements of operations for the periods presented (in thousands, except percentages):

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
<b>Revenues:</b>								
Product revenue	\$ 14,717	\$ 4,504	\$ 10,213	227%	\$ 24,943	\$ 9,604	\$ 15,339	160%
Research and development revenue	10,736	10,463	273	3%	18,542	20,033	(1,491)	(7)%
Total revenues	25,453	14,967	10,486	70%	43,485	29,637	13,848	47%
<b>Costs and operating expenses:</b>								
Cost of product revenue	4,318	1,699	2,619	154%	8,536	4,240	4,296	101%
Research and development	12,826	10,853	1,973	18%	24,397	21,820	2,577	12%
Selling, general and administrative	12,795	8,522	4,273	50%	24,193	17,512	6,681	38%
Total costs and operating expenses	29,939	21,074	8,865	42%	57,126	43,572	13,554	31%
Loss from operations	(4,486)	(6,107)	1,621	27%	(13,641)	(13,935)	294	2%
Interest income	206	57	149	261%	382	323	59	18%
Other income (expense), net	23	13	10	(77)%	(63)	(72)	9	13%
Loss before income taxes	(4,257)	(6,037)	1,780	29%	(13,322)	(13,684)	362	3%
Provision for income taxes	8	307	(299)	(97)%	11	312	(301)	(96)%
Net loss	\$ (4,265)	\$ (6,344)	\$ 2,079	33%	\$ (13,333)	\$ (13,996)	\$ 663	5%

## Revenues

Our revenues comprise of product revenue and research and development revenue as follows:

- Product revenue consist of sales of biocatalysts, pharmaceutical intermediates, and Codex® biocatalyst panels and kits.
- Research and development revenue includes license, technology access and exclusivity fees, research services fees, milestone payments, royalties, optimization and screening fees.

Revenues are as follows (in thousands, except percentages):

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
Product revenue	\$ 14,717	\$ 4,504	\$ 10,213	227%	\$ 24,943	\$ 9,604	\$ 15,339	160%
Research and development revenue	10,736	10,463	273	3%	18,542	20,033	(1,491)	(7)%
Total revenues	\$ 25,453	\$ 14,967	\$ 10,486	70%	\$ 43,485	\$ 29,637	\$ 13,848	47%

Revenues typically fluctuate on a quarterly basis due to the variability in our customers' manufacturing schedules and the timing of our customers' clinical trials. In addition, we have limited internal capacity to manufacture enzymes. As a result, we are dependent upon the performance and capacity of third-party manufacturers for the commercial scale manufacturing of the enzymes used in our pharmaceutical and fine chemicals business.

We accept purchase orders for deliveries covering periods from one day up to approximately 14 months from the date on which the order is placed. However, a majority of the purchase orders can be revised or cancelled by the customer without

penalty. Considering these industry practices and our experience, we do not believe the total of customer purchase orders outstanding (backlog) provides meaningful information that can be relied on to predict actual sales for future periods.

Total revenues increased by \$10.5 million and \$13.8 million in the three and six months ended June 30, 2021, respectively, compared to the same periods in 2020, primarily due to higher product revenue but partially offset by lower research and development revenue for the six month period.

Product revenue, increased by \$10.2 million and \$15.3 million in the three and six months ended June 30, 2021, respectively, compared to the same periods in 2020, primarily due to an increase in customer demand for branded pharmaceutical products. We expect the demand for our products for the rest of the year to be higher than the comparative periods in the prior year mainly due to overall higher demand for enzymes used in the manufacture of branded pharmaceutical products and a large purchase order for \$13.9 million of a proprietary high enzyme product that we received in June 2021 from a pharmaceutical customer that will be recognized as revenue in subsequent periods.

Research and development revenue increased by \$0.3 million to \$10.7 million in the three months ended June 30, 2021 compared to three months ended June 30, 2020, primarily due to higher license fees from existing collaboration agreements. Research and development revenue decreased by \$1.5 million to \$18.5 million in the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily due to higher license and research and development fees from Takeda under the Takeda Agreement recognized in the prior year period, partially offset by higher license fees from other existing collaboration agreements.

### Cost and Operating Expenses

Our cost and operating expenses comprise cost of product revenue, research and development expense, and selling, general and administrative expense. The following table shows the amounts of our cost of product revenue, research and development expense, and selling, general and administrative expense from our unaudited condensed consolidated statements of operations for the periods presented (in thousands, except percentages):

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
Cost of product revenue	\$ 4,318	\$ 1,699	\$ 2,619	154%	\$ 8,536	\$ 4,240	\$ 4,296	101%
Research and development	12,826	10,853	1,973	18%	24,397	21,820	2,577	12%
Selling, general and administrative	12,795	8,522	4,273	50%	24,193	17,512	6,681	38%
Total costs and operating expenses	\$ 29,939	\$ 21,074	\$ 8,865	42%	\$ 57,126	\$ 43,572	\$ 13,554	31%

### Cost of Product Revenue and Product Gross Margin

Our product revenues are derived entirely from our Performance Enzymes segment. Revenues from the Novel Biotherapeutics segment are from collaborative research and development activities and not from product revenue.

The following table shows the amounts of our product revenue, cost of product revenue, product gross profit and product gross margin from our unaudited condensed consolidated statements of operations for the periods presented (in thousands, except percentages):

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
Product revenue	\$ 14,717	\$ 4,504	\$ 10,213	227%	\$ 24,943	\$ 9,604	\$ 15,339	160%
Cost of product revenue <sup>(1)</sup>	4,318	1,699	2,619	154%	8,536	4,240	4,296	101%
Product gross profit	\$ 10,399	\$ 2,805	\$ 7,594	271%	\$ 16,407	\$ 5,364	\$ 11,043	206%
Product gross margin (%) <sup>(2)</sup>	71	% 62			66	% 56		

<sup>(1)</sup> Cost of product revenue comprises both internal and third-party fixed and variable costs, including materials and supplies, labor, facilities and other overhead costs associated with our product revenue.

<sup>(2)</sup> Product gross margin is used as a performance measure to provide additional information regarding our results of operations on a consolidated basis.

Cost of product revenue increased by \$2.6 million in the three months ended June 30, 2021, compared to the three months ended June 30, 2020 and increased by \$4.3 million in the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase was primarily due to a higher volume of product sales and variations in product mix. The product gross margin increased to 71% and 66% in the three and six months ended June 30, 2021, respectively, compared to 62% and 56% in the three and six months ended June 30, 2020, respectively, primarily due to the sale of higher margin branded products.

#### **Research and Development Expenses**

Research and development expenses consist of costs incurred for internal projects as well as collaborative research and development activities. These costs primarily consist of (i) employee-related costs, which include salaries and other personnel-related expenses (including stock-based compensation), (ii) various allocable expenses, which include occupancy-related costs, supplies, depreciation of facilities and laboratory equipment, and (iii) external costs. Research and development expenses are expensed when incurred.

Research and development expenses increased by \$2.0 million, or 18%, during the three months ended June 30, 2021, and by \$2.6 million, or 12%, in the six months ended June 30, 2021, compared to the same periods in 2020. The increase in research and development expenses was primarily due to an increase in costs associated with higher headcount, higher lab supplies, depreciation and other outside services, partially offset by a decrease in costs associated with outside services relating to CMC and regulatory expenses. We expect research and development expenses for the rest of the year to be higher than the comparative periods in the prior year mainly due to increase in headcount and as we continue our efforts on advancing our internal and collaborative programs.

#### **Selling, General and Administrative Expenses**

Selling, general and administrative expenses consist of employee-related costs, which include salaries and other personnel-related expenses (including stock-based compensation), hiring and training costs, consulting and outside services expenses (including audit and legal counsel related costs), marketing costs, building lease costs, and depreciation expenses and amortization expense.

Selling, general and administrative expenses increased by \$4.3 million, or 50%, in the three months ended June 30, 2021, and by \$6.7 million, or 38%, in the six months ended June 30, 2021 compared to the same periods in 2020. The increase was primarily due to an increase in costs associated with a higher headcount, an increase in legal fees, and higher share-based compensation costs, partially offset by lower travel and allocable expenses. We expect selling, general and administrative expenses for the rest of the year to be higher than the comparative periods in the prior year mainly due to increase in headcount and higher operating costs as we invest more in our business in order to pursue on future growth opportunities.

#### **Interest Income and Other Income (Expense), net**(in thousands, except percentages):

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
Interest income	\$ 206	\$ 57	\$ 149	261%	\$ 382	\$ 323	\$ 59	18%
Other income (expense), net	23	13	10	(77)%	(63)	(72)	9	13%
Total other income	\$ 229	\$ 70	\$ 159	227%	\$ 319	\$ 251	\$ 68	27%

#### **Interest Income**

Interest income increased by \$149.0 thousand and \$59.0 thousand in the three and six months ended June 30, 2021, respectively, compared to the same periods in 2020, primarily due to earned interest income and amortization of debt discount on a non-marketable debt security, partially offset by a reduction in interest income from lower average interest rates on declining average cash balances.

#### **Other Income (Expense), net**

Other income (expense), net, increased by \$10.0 thousand and \$9.0 thousand in the three and six months ended June 30, 2021, respectively, compared to the same periods in 2020, primarily due to interest expense charges recognized on the amortization of an embedded bifurcated derivative of a share-settled redemption feature on non-marketable securities, partially offset by prior year write-down of \$0.4 million of our investment in CO<sub>2</sub> Solutions and fluctuations in foreign currency.

**Provision for Income Taxes** (in thousands, except percentages):

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
Provision for income taxes	\$ 8	\$ 307	\$ (299)	(97)%	\$ 11	\$ 312	\$ (301)	96 %

The provision for income taxes for the three and six months ended June 30, 2021 were primarily due to the accrual of interest and penalties on historic uncertain tax positions. We recognized a provision for income taxes for the three and six months ended June 30, 2020 for income tax withholding imposed by foreign taxing authorities on income earned in certain countries outside of the United States and remitted to the United States.

**Net Loss**

Net loss for the three months ended June 30, 2021 was \$4.3 million, or a net loss per basic and diluted share of \$0.07. This compared to a net loss of \$6.3 million, or a net loss per basic and diluted share of \$0.11 for the three months ended June 30, 2020. Net loss for the six months ended June 30, 2021 was \$13.3 million, or a net loss per basic and diluted share of \$0.21. This compared to a net loss of \$14.0 million, or a net loss per basic and diluted share of \$0.24 for the six months ended June 30, 2020. The decrease in net loss for both the three and six months ended June 30, 2021 was primarily related to increase in product revenue with higher margins, partially offset by higher operating expenses and lower research and development revenues.

**Results of Operations by Segment** (in thousands, except percentages):

**Revenues by segment**

	Three months ended June 30,						Change			
	2021			2020			Performance Enzymes		Novel Biotherapeutics	
	Performance Enzymes	Novel Biotherapeutics	Total	Performance Enzymes	Novel Biotherapeutics	Total	\$	%	\$	%
<b>Revenues:</b>										
Product revenue	\$ 14,717	\$ —	\$ 14,717	\$ 4,504	\$ —	\$ 4,504	\$ 10,213	227 %	\$ —	— %
Research and development revenue	6,868	3,868	10,736	3,002	7,461	10,463	3,866	129 %	(3,593)	(48)%
Total revenues	\$ 21,585	\$ 3,868	\$ 25,453	\$ 7,506	\$ 7,461	\$ 14,967	\$ 14,079	188 %	\$ (3,593)	(48)%

	Six months ended June 30,						Change			
	2021			2020			Performance Enzymes		Novel Biotherapeutics	
	Performance Enzymes	Novel Biotherapeutics	Total	Performance Enzymes	Novel Biotherapeutics	Total	\$	%	\$	%
<b>Revenues:</b>										
Product revenue	\$ 24,943	\$ —	\$ 24,943	\$ 9,604	\$ —	\$ 9,604	\$ 15,339	160 %	\$ —	— %
Research and development revenue	10,872	7,670	18,542	8,775	11,258	20,033	2,097	24 %	(3,588)	(32)%
Total revenues	\$ 35,815	\$ 7,670	\$ 43,485	\$ 18,379	\$ 11,258	\$ 29,637	\$ 17,436	95 %	\$ (3,588)	(32)%

Revenues from the Performance Enzymes segment increased by \$14.1 million, or 188%, for the three months ended June 30, 2021, and by \$17.4 million, or 95%, for the six months ended June 30, 2021 compared to the same periods in 2020 primarily due to higher product and research and development revenue. The increase in product revenue of \$10.2 million, or 227%, in the three months ended June 30, 2021, and of \$15.3 million, or 160%, in the six months ended June 30, 2021, compared to the same periods in 2020, was primarily due to higher customer demand for enzymes for the manufacture of branded pharmaceuticals products. The increase in research and development revenue of \$3.9 million, or 129%, to \$6.9 million in three months ended June 30, 2021, compared to \$3.0 million in the three months ended June 30, 2020 was primarily due to an annual collaboration fee and research and development revenue from Porton under the Porton Agreement. The increase in research and development revenue of \$2.1 million, or 24%, to \$10.9 million in the six months ended June 30, 2021, compared

to \$8.8 million in the six months ended June 30, 2020 was primarily due to higher license fees from existing collaboration agreements but partially offset by lower revenues from Novartis under the Novartis CodeEvolver<sup>®</sup> Agreement.

Revenues from the Novel Biotherapeutics segment decreased by \$3.6 million, or 48%, for the three months ended June 30, 2021 and by \$3.6 million, or 32%, for the six months ended June 30, 2020 compared to the same periods in 2020 primarily due to higher license and research and development fees from Takeda under the Takeda Agreement recognized in the prior year and decrease in research and development revenue from Nestlé Health Science.

**Costs and operating expenses by segment**

	Three months ended June 30,						Change			
	2021			2020			Performance Enzymes		Novel Biotherapeutics	
	Performance Enzymes	Novel Biotherapeutics	Total	Performance Enzymes	Novel Biotherapeutics	Total	\$	%	\$	%
Cost of product revenue	\$ 4,318	\$ —	\$ 4,318	\$ 1,699	\$ —	\$ 1,699	\$ 2,619	154 %	\$ —	— %
Research and development <sup>(1)</sup>	5,057	7,194	12,251	4,997	5,490	10,487	60	1 %	1,704	31 %
Selling, general and administrative <sup>(1)</sup>	3,170	620	3,790	2,375	621	2,996	795	33 %	(1)	— %
Total segment costs and operating expenses	\$ 12,545	\$ 7,814	20,359	\$ 9,071	\$ 6,111	15,182	\$ 3,474	38 %	\$ 1,703	28 %
Corporate costs <sup>(2)</sup>			8,839			5,386				
Unallocated depreciation and amortization			741			506				
Total costs and operating expenses			\$ 29,939			\$ 21,074				

	Six months ended June 30,						Change			
	2021			2020			Performance Enzymes		Novel Biotherapeutics	
	Performance Enzymes	Novel Biotherapeutics	Total	Performance Enzymes	Novel Biotherapeutics	Total	\$	%	\$	%
Cost of product revenue	\$ 8,536	\$ —	\$ 8,536	\$ 4,240	\$ —	\$ 4,240	\$ 4,296	101 %	\$ —	— %
Research and development <sup>(1)</sup>	11,502	11,799	23,301	10,693	10,415	21,108	809	8 %	1,384	13 %
Selling, general and administrative <sup>(1)</sup>	5,988	1,221	7,209	4,720	1,213	5,933	1,268	27 %	8	1 %
Total segment costs and operating expenses	\$ 26,026	\$ 13,020	39,046	\$ 19,653	\$ 11,628	31,281	\$ 6,373	32 %	\$ 1,392	12 %
Corporate costs <sup>(2)</sup>			16,654			11,293				
Unallocated depreciation and amortization			1,426			998				
Total costs and operating expenses			\$ 57,126			\$ 43,572				

<sup>(1)</sup> Research and development expenses and selling, general and administrative expenses exclude depreciation and amortization of finance leases.

<sup>(2)</sup> Corporate costs include unallocated selling, general and administrative expenses.

For a discussion of product cost of revenue, see "Results of Operations".

Research and development expense in the Performance Enzymes segment increased nominally by \$60.0 thousand, or 1%, in the three months ended June 30, 2021 and by \$0.8 million, or 8% in the six months ended June 30, 2021, as compared to the same periods in 2020. The increase was primarily due to an increase in costs associated with outside services, lab supplies and higher headcount, partially offset by lower allocable expenses.

Selling, general and administrative expense in the Performance Enzymes segment increased by \$0.8 million, or 33%, in the three months ended June 30, 2021, and by \$1.3 million, or 27%, in the six months ended June 30, 2021, as compared to the

same periods in 2020. The increase was primarily due to an increase in costs associated with higher headcount and higher allocable expenses, partially offset by lower outside services expenses.

Research and development expense in the Novel Biotherapeutics segment increased by \$1.7 million, or 31%, and by \$1.4 million, or 13%, in the six months ended June 30, 2021 compared to the same periods in 2020. The increase was primarily due to higher costs associated with higher headcount and allocable expenses.

Selling, general and administrative expense in the Novel Biotherapeutics segment remained unchanged for the three and six months ended June 30, 2021, compared to the three and six months ended June 30, 2020.

### Liquidity and Capital Resources

Liquidity is the measurement of our ability to meet working capital needs and to fund capital expenditures. We have historically funded our operations primarily through cash generated from operations, stock option exercises and public and private offerings of our common stock. We also have the ability to borrow up to \$15.0 million under our Credit Facility. We actively manage our cash usage and investment of liquid cash to ensure the maintenance of sufficient funds to meet our working capital needs. Our cash and cash equivalents are held in U.S. banks.

The following summarizes our cash and cash equivalents balance and working capital as of June 30, 2021 and December 31, 2020 (in thousands):

	June 30, 2021		December 31, 2020	
Cash and cash equivalents	\$	129,506	\$	149,117
Working capital	\$	148,305	\$	159,442

In addition to our existing cash and cash equivalents, we are eligible to earn milestone and other contingent payments for the achievement of defined collaboration objectives and certain royalty payments under our collaboration agreements. Our ability to earn these milestone and contingent payments and the timing of achieving these milestones is primarily dependent upon the outcome of our collaborators' research and development activities and is uncertain at this time. In 2016, we completed the final phase in the transfer of CodeEvolver<sup>®</sup> technology to Merck under the Merck CodeEvolver<sup>®</sup> Agreement. Following the completion of the technology transfer to Merck, we are now eligible to receive payments of up to \$15.0 million for each commercial API that is manufactured by Merck using one or more novel enzymes developed by Merck using the CodeEvolver<sup>®</sup> technology. In addition, depending upon GSK's successful application of the licensed technology, we have the potential to receive additional contingent payments that range from \$5.75 million to \$38.5 million per project.

In May 2019, we entered into the Novartis CodeEvolver<sup>®</sup> Agreement with Novartis. The Novartis CodeEvolver<sup>®</sup> Agreement allows Novartis to use Codexis' proprietary CodeEvolver<sup>®</sup> protein engineering platform technology in the field of human healthcare. Pursuant to the agreement, we received an upfront payment of \$5.0 million shortly after the effective date of the Novartis CodeEvolver<sup>®</sup> Agreement. In the second quarter of 2020, we completed the second technology milestone transfer under the agreement and became eligible to receive a milestone payment of \$4.0 million, which we subsequently received in July 2020. In the first quarter of 2021, we also received \$3.4 million for partial completion of the third technology milestone. Additionally, we will receive an additional \$1.6 million upon satisfactory completion of the third technology transfer milestone which occurred in July 2021. In consideration for the continued disclosure and license of improvements to our technology and materials during a multi-year period that begins on the conclusion of the Technology Transfer Period ("Improvements Term"), Novartis will pay Codexis annual payments which amount to an additional \$8 million in aggregate.

In October 2017, we entered into the Nestlé License Agreement with Nestlé Health Science. Pursuant to the Nestlé License Agreement, Nestlé Health Science paid us an upfront cash payment and milestone payments after dosing the first subjects in a first-in-human Phase 1a dose-escalation trial with CDX-6114 and achievement of a formulation relating to CDX-6114. In January 2019, we received notice from the FDA that it had completed its review of our IND for CDX-6114 and concluded that we may proceed with the proposed Phase 1b multiple ascending dose study in healthy volunteers in the United States. In February 2019, Nestlé Health Science exercised its option to obtain an exclusive, worldwide, royalty-bearing, sub-licensable license for the global development and commercialization of CDX-6114 for the management of PKU. Upon exercising its option, Nestlé Health Science made an option payment and assumed all responsibilities for future clinical development and commercialization of CDX-6114, with the exception of the completion of an extension study which was substantially completed in the fourth quarter of 2019. Other potential payments from Nestlé Health Science to us under the Nestlé License Agreement include (i) development and approval milestones of up to \$85.0 million, (ii) sales-based milestones of up to \$250.0 million in the aggregate, which aggregate amount is achievable if net sales exceed \$1.0 billion in a single year, and (iii) tiered royalties, at percentages ranging from the mid-single digits to low double-digits, of net sales of Product.

We are actively collaborating with new and existing customers in the pharmaceutical and food industries. We believe that we can utilize our current products and services, and develop new products and services, to increase our revenues and gross margins in future periods.

We have historically experienced negative cash flows from operations as we continue to invest in key technology development projects and improvements to our CodeEvolver<sup>®</sup> protein engineering technology platform and expand our business development and collaboration with new customers. Our cash flows from operations will continue to be affected principally by sales from licensing our technology to major pharmaceutical companies, product sales and product gross margins, and collaborative research and development services provided to customers, as well as our headcount costs, primarily in research and development. Our primary source of cash flows from operating activities is cash receipts from our customers for purchases of products, collaborative research and development services, and licensing our technology to major pharmaceutical companies. Our largest uses of cash from operating activities are for employee-related expenditures, rent payments, inventory purchases to support our product sales and non-payroll research and development costs.

#### *Equity Distribution Agreement*

In May 2021, we entered into an Equity Distribution Agreement ("EDA") with Piper Sandler & Co ("PSC"), under which PSC, as our exclusive agent, at our discretion and at such times that we may determine from time to time, may sell over a three-year period from the execution of the agreement up to a maximum of \$50 million of shares of our common stock. During the six months ended June 30, 2021, no shares were issued of our common stock pursuant to the EDA. As of June 30, 2021, \$50.0 million of shares remained available under the EDA. Sales of our common stock under this arrangement could be subject to business, economic or competitive uncertainties and contingencies, many of which may be beyond our control, and which could cause actual results from the sale of our common stock to differ materially from expectations. For information, see Note 9, "Capital Stock" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

#### *Stock Offering*

In December 2020, we completed an underwritten public offering of approximately 4,928,572 shares of our common stock, par value \$0.0001 per share, at a public offering price of \$17.50 per share. The net proceeds to us were approximately \$80.8 million after deducting offering costs and the underwriting discounts and commissions and other offering expenses of \$5.5 million.

#### *Credit Facility*

In June 30, 2017, we entered into the Credit Facility with Western Alliance Bank which consists of term debt for loans that allow us to borrow up to \$10.0 million, and under a revolving facility that allows us to borrow up to \$5.0 million with a certain eligible accounts receivable borrowing base of 80% of eligible accounts receivable. In September 2020, we entered into an Eighth Amendment to the Credit Facility whereby we may draw on the Term Debt and the Revolving Line of Credit at any time prior to October 1, 2021 and October 1, 2024, respectively, subject to customary conditions for funding including, among others, that no event of default exists. Draws on the Credit Facility are secured by a lien on substantially all of our personal property other than our intellectual property. On October 1, 2024 loans drawn under the Term Debt mature and the Revolving Line of Credit terminate. No amounts were drawn under the credit facility as of June 30, 2021 and December 31, 2020. At June 30, 2021, we were in compliance with the covenants for the Credit Facility. The Credit Facility requires us to maintain compliance with certain financial covenants including attainment of certain lender-approved projections or maintenance of certain minimum cash levels. Restrictive covenants in the Credit Facility restrict the payment of dividends or other distributions. For additional information about our contractual obligations, see Note 10, "Commitments and Contingencies" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

As of June 30, 2021, we had cash and cash equivalents of \$129.5 million and \$15.0 million available to borrow under our Credit Facility. Our liquidity is dependent upon our cash and cash equivalents, cash flows provided by operating activities and the continued availability of borrowings under our Credit Facility.

We believe that, based on our current level of operations, our existing cash and cash equivalents will provide adequate funds for ongoing operations, planned capital expenditures and working capital requirements for at least the next 12 months.

However, we may need additional capital if our current plans and assumptions change. In addition, we may choose to seek other sources of capital even if we believe we have generated sufficient cash flows to support our operating needs. Our need for additional capital will depend on many factors, including the financial success of our business, the spending required to develop and commercialize new and existing products, the effect of any acquisitions of other businesses, technologies or facilities that

we may make or develop in the future, our spending on new market opportunities, and the potential costs for the filing, prosecution, enforcement and defense of patent claims, if necessary. If our capital resources are insufficient to meet our capital requirements, and we are unable to enter into or maintain collaborations with partners that are able or willing to fund our development efforts or commercialize any products that we develop or enable, we will have to raise additional funds to continue the development of our technology and products and complete the commercialization of products, if any, resulting from our technologies. If future financings involve the issuance of equity securities, our existing stockholders would suffer dilution. If we raise debt financing or enter into credit facilities, we may be subject to restrictive covenants that limit our ability to conduct our business. We may not be able to raise sufficient additional funds on terms that are favorable to us, if at all. If we fail to raise sufficient funds and fail to generate sufficient revenues to achieve planned gross margins and to control operating costs, our ability to fund our operations, take advantage of strategic opportunities, develop products or technologies, or otherwise respond to competitive pressures could be significantly limited. If this happens, we may be forced to delay or terminate research or development programs or the commercialization of products resulting from our technologies, curtail or cease operations or obtain funds through collaborative and licensing arrangements that may require us to relinquish commercial rights, or grant licenses on terms that are not favorable to us. If adequate funds are not available, we will not be able to successfully execute our business plan or continue our business.

#### *Cash Flows*

The following is a summary of cash flows for six months ended June 30, 2021 and 2020 (in thousands):

	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Net cash used in operating activities	\$ (14,735)	\$ (11,498)
Net cash used in investing activities	(4,945)	(2,490)
Net cash provided by (used in) financing activities	473	(903)
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (19,207)</u>	<u>\$ (14,891)</u>

#### *Cash Flows from Operating Activities*

Cash used in operating activities was \$14.7 million for the six months ended June 30, 2021, which resulted from a net loss of \$13.3 million for the six months ended June 30, 2021 adjusted for non-cash charges for depreciation of \$1.4 million, ROU lease asset amortization expense of \$1.3 million, stock-based compensation of \$5.5 million, partially offset by equity securities earned from research and development activities of \$0.5 million. Additional cash used by changes in operating assets and liabilities was \$8.8 million. Changes in operating assets and liabilities included a decrease of \$1.3 million in other long-term liabilities, a decrease of \$0.4 million in accrued compensation and other accrued liabilities and an increase of \$7.5 million in financial assets, partially offset by an increase of \$0.3 million in deferred revenue and increase of \$0.4 million in accounts payable.

Cash used in operating activities was \$11.5 million for the six months ended June 30, 2020, which resulted from a net loss of \$14.0 million for the six months ended June 30, 2020 adjusted for non-cash charges for depreciation of \$0.9 million, ROU lease asset amortization expense of \$1.3 million and stock-based compensation of \$4.1 million. Additional cash used by changes in operating assets and liabilities was \$3.8 million. Changes in operating assets and liabilities included a \$2.3 million decrease in unbilled receivables and a \$5.0 million decrease in accounts receivables, partially offset by an increase of \$3.0 million in deferred revenue and \$1.9 million in accrued compensation and other accrued liabilities.

#### *Cash Flows from Investing Activities*

Cash used in investing activities was \$4.9 million and \$2.5 million for the six months ended June 30, 2021 and 2020, respectively. Cash used in investing activities for the six months ended June 30, 2021 was primarily attributable to \$4.3 million for purchases of property and equipment and \$0.6 million for the purchase of 1,000,000 shares of MAI's Series A preferred stock.

Cash used in investing activities for the six months ended June 30, 2020 was primarily attributable to the purchase of 1,587,050 shares of MAI's Series A preferred stock for \$1.0 million and \$1.5 million for purchases of property and equipment.

#### *Cash Flows from Financing Activities*

Cash provided by financing activities was \$0.5 million for the six months ended June 30, 2021 primarily attributable to \$1.7 million of proceeds from exercises of stock options, partially offset by \$1.2 million for taxes paid related to net share settlement of equity awards.

Cash used in financing activities was \$0.9 million for the six months ended June 30, 2020 and primarily attributable to taxes paid related to net share settlement of equity awards.

#### **Material Cash Requirements**

The following table summarizes material cash requirements related to minimum future payments under non-cancellable operating leases, exclusive of common area maintenance charges and real estate taxes, as of June 30, 2021 (in thousands):

	Payments due by period				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Operating lease <sup>(1)</sup>	\$ 29,198	\$ 4,156	\$ 9,179	\$ 9,738	\$ 6,125
Operating lease <sup>(2)</sup>	31,723	1,000	5,977	7,912	16,834
<b>Total</b>	<b>\$ 60,921</b>	<b>\$ 5,156</b>	<b>\$ 15,156</b>	<b>\$ 17,650</b>	<b>\$ 22,959</b>

<sup>(1)</sup> In the first quarter of 2019, we have entered into an Eighth Amendment to the Lease with MetLife, extending the lease terms from May 2027 to May 2029 of our Redwood City, California facilities.

<sup>(2)</sup> In the first quarter of 2021, we entered into a ten-year lease with 2021 RE-San Francisco No. 63, LLC, for our San Carlos facilities.

For additional information see Note 10, "Commitments and Contingencies" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

#### **Other Material Cash Requirements**

We have other material cash requirements related to supply and service arrangements entered in the normal course of business. For additional information about other material cash requirements, see Note 10, "Commitments and Contingencies" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. Future minimum payments reflect amounts those obligations are expected to have on our liquidity and cash flows in future period and include obligations subject to risk of cancellation by us (in thousands):

Other Material Cash Requirements by Agreement Type	Agreement Date	Future Minimum Payment
Manufacture and supply agreement with expected future payment date of December 2022	April 2016	\$ 162
Development and manufacturing services agreements	September 2019	1,852
<b>Total other commitments</b>		<b>\$ 2,014</b>

We are contingently committed to an aggregate \$2.7 million of potential future research and development milestone payments to third parties for patents, licensing and development programs achieved in clinical application and the regulatory approval process. Payments generally are due and payable only upon achievement of certain developmental and regulatory milestones for which the specific timing cannot be predicted. Certain agreements also provide for sales-based milestones aggregating to \$0.6 million that we are contingently obligated to pay to upon achievement of certain sales levels in addition to royalties.

We do not utilize special-purpose financing vehicles or have undisclosed off-balance sheet arrangements.

#### **Critical Accounting Policies and Estimates**

The preparation financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions in the preparation of our consolidated financial statements and accompanying notes. Actual results could differ from those estimates. There have been no material changes to our critical accounting policies or estimates during the three and six months ended June 30, 2021 from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 1, 2021.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### *Market Risk Management*

Our cash flows and earnings are subject to fluctuations due to changes in foreign currency exchange rates, interest rates and other factors. These market risk exposures are disclosed in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 1, 2021.

#### *Interest Rate Sensitivity*

Our unrestricted cash and cash equivalents total \$129.5 million at June 30, 2021. We primarily invest these amounts in money market funds which are held for working capital purposes. We do not enter into investments for trading or speculative purposes. As of June 30, 2021, the effect of a hypothetical 10% decrease in market interest rates would have an immaterial impact on a potential loss in future interest income and cash flows.

In June 2017, we entered into a Credit Facility with Western Alliance Bank consisting of term loans up to \$10.0 million, and advances under a revolving line of credit up to \$5.0 million. Term loans made under the Term Debt bear interest at variable rate through maturity at the greater of (i) 3.75% or (ii) the sum of (A) Index Rate (prime rate published in the Money Rates section of the Western Edition of The Wall Street Journal plus (B) 0.50%. Advances made under the Revolving Line of Credit bear interest at a variable annual rate equal to the greater of (i) 4.25% or (ii) the sum of (A) the prime rate plus (B) 1.00%. Increases in these variable interest rates will increase our future interest expense and decrease our results of operations and cash flows. No amounts were drawn under the Credit Facility as of June 30, 2021. Our exposure to interest rates risk relates to our 2017 Credit Facility with variable interest rates, where an increase in interest rates may result in higher borrowing costs. Since we have no outstanding borrowings under our 2017 Credit Facility as of June 30, 2021, the effect of a hypothetical 10% change in interest rates would not have any impact on our interest expense.

#### *Foreign Currency Risk*

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Although substantially all of our sales are denominated in United States dollars, future fluctuations in the value of the USD may affect the price competitiveness of our products outside the United States. The impact of changes in foreign currency exchange rates on our operations and cash flows may be difficult or impossible to quantify.

#### *Investment in Non-Marketable Debt and Equity Securities*

We own investments in a non-marketable available-for-sale debt security and non-marketable equity securities without readily determinable fair values. To analyze the fair value measurement of these debt securities, we perform a qualitative analysis using significant unobservable inputs. Significant changes to the unobservable inputs may result in a significantly higher or lower fair value estimate.

We may value these equity securities based on significant recent arms-length equity transactions with sophisticated non-strategic unrelated investors, providing the terms of these security transactions are substantially similar to the security transactions terms between the investors and us. The impact of the difference in transaction terms on the market value of the portfolio company may be difficult or impossible to quantify.

**ITEM 4. CONTROLS AND PROCEDURES**

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

We maintain disclosure controls and procedures and internal controls that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and our principal financial and accounting officer, evaluated the effectiveness of our disclosure controls and procedures as defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on this review, our principal executive officer and our principal financial and accounting officer concluded that these disclosure controls and procedures were effective as of June 30, 2021 at the reasonable assurance level.

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

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. There were no significant changes to our internal control over financial reporting due to the adoption of new standards.

***Inherent Limitations on Effectiveness of Controls***

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, even if determined effective and no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives to prevent or detect misstatements. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. 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.

## PART II. OTHER INFORMATION

### LEGAL PROCEEDINGS

#### ITEM 1.

We are not currently a party to any material pending litigation or other material legal proceedings.

### RISK FACTORS

#### ITEM 1A.

We have included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020, a description of certain risks and uncertainties that could affect our business, future performance or financial condition (the "Risk Factors"). During the three months ended June 30, 2021, there were no material changes from the disclosure provided in the Form 10-K for the year ended December 31, 2020 with respect to the Risk Factors. Investors should consider the Risk Factors prior to making an investment decision with respect to our stock.

### UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### ITEM 2.

None.

### DEFAULTS UPON SENIOR SECURITIES

#### ITEM 3.

None.

### MINE SAFETY DISCLOSURES

#### ITEM 4.

Not applicable.

### OTHER INFORMATION

#### ITEM 5.

Not applicable.

**ITEM 6. EXHIBITS**

- 3.1 Amended and Restated Certificate of Incorporation of Codexis, Inc. filed with the Secretary of the State of Delaware on April 27, 2010 and effective as of April 27, 2010 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, filed on May 28, 2010).
  - 3.2 Certificate of Designations of Series A Junior Participating Preferred Stock of Codexis, Inc., filed with the Secretary of State of the State of Delaware on September 4, 2012 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on September 4, 2012).
  - 3.3 Amended and Restated Bylaws of Codexis, Inc. effective as of April 27, 2010 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, filed on May 28, 2010).
  - 4.1 Reference is made to Exhibits 3.1 through 3.3.
  - 10.1 Equity Distribution Agreement by and between the Company and Piper Sandler & Co. dated as of May 7, 2021 (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on May 7, 2021).
  - 31.1 Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
  - 31.2 Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
  - 32.1 Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
  - 101 The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline Extensible Business Reporting Language ("iXBRL") includes: (i) Unaudited Condensed Consolidated Balance Sheets at June 30, 2021 and December 31, 2020 (ii) Unaudited Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2021 and 2020, (iii) Unaudited Condensed Consolidated Statements of Stockholders' Equity for the Three and Six Months Ended June 30, 2021 and 2020, (iv) Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2021 and 2020 and (v) Notes to Unaudited Condensed Consolidated Financial Statements.
  - 101.SCH Inline XBRL Taxonomy Extension Schema Document
  - 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
  - 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
  - 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
  - 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
  - 104 The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL and contained in Exhibit 101.
- \* Portions of the exhibit, marked by brackets, have been omitted because the omitted information is (i) not material and (ii) would be competitively harmful if publicly disclosed.



**CERTIFICATION**

I, John J. Nicols, certify that:

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

Date: August 6, 2021

/s/ John J. Nicols

John J. Nicols

President and Chief Executive Officer  
(principal executive officer)

**CERTIFICATION**

I, Ross Taylor, certify that:

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

Date: August 6, 2021

/s/ Ross Taylor

Ross Taylor  
Senior Vice President and Chief Financial Officer  
(principal financial and accounting officer)

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

In connection with the Quarterly Report of Codexis, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended June 30, 2021, as filed with the Securities and Exchange Commission (the "Report"), John J. Nicols, President and Chief Executive Officer of the Company and Ross Taylor, Senior Vice President and Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 6, 2021

/s/ John J. Nicols

John J. Nicols  
President and Chief Executive Officer  
(principal executive officer)

/s/ Ross Taylor

Ross Taylor  
Senior Vice President and Chief Financial Officer  
(principal financial and accounting officer)