

## Ginkgo Bioworks (DNA) – It's Not a Scam... It's a Scheme



We're sure by now you've read Scorpion Capital's report and understand that Ginkgo Bioworks (DNA) is filled with red flags including:

- An overly promotional hype master CEO
- Roundtrip transactions
- Minimal real synthetic biology revenue
- No proprietary technology
- No tangible products in the market

Let's be clear – Ginkgo Bioworks is by no means a scam, rather it is a scheme and a very legal one. The same type of scheme that has made a new generation of investors weary of Wall Street.

DNA today is valued at \$24 billion. Just last year, DNA raised capital at a post-money valuation of approximately \$5 billion yet the company is not a materially better company whatsoever.

DNA only has \$40 million of annualized "actual" synthetic biology revenue when you strip out their revenue from COVID testing and revenue from JVs set up by DNA where they invested. Yet, at first glance retail investors might get excited about the shareholder base... but it is important to look at their cost basis.

- Viking first started buying DNA stock in the private markets during the company's Series B at a \$200 million valuation
- Bill Gates' Cascade Investment started buying during the company's Series C at a \$450 million valuation

<https://craft.co/ginkgo-bioworks/funding-rounds>

<https://pitchbook.com/news/articles/scoop-biotech-unicorn-ginkgo-bioworks-looking-to-raise-over-300m-for-series-e>

And now it is your turn to buy at \$24 billion... say what???

The CEO dropping F bombs on the CC is just a sign of immaturity and him trying to relate to a new age of shareholders who might find that desirable. In our opinion it's all part of the stock scheme.

### The Ugly Side Of Wall Street

The incentives on Ginkgo Bioworks are horribly misaligned. Investment banks generally get a single digit percentage underwriting fee on gross IPO proceeds. As part of the SPAC deal, DNA raised over \$1.6 billion in proceeds while the S-1 shows that SPAC sponsor Eagle Equity owned 43 million shares or over \$500 million of stock.

Name and Address of Beneficial Owner	Before the Business Combination					After the Business Combination									
	SRNG Class A ordinary shares		SRNG Class B ordinary shares		% of Total Voting Power <sup>††</sup>	Assuming No Redemption				Assuming Maximum Redemption					
	Shares	%	Shares	%		New Ginkgo Class A common stock		New Ginkgo Class B common stock		New Ginkgo Class A common stock		New Ginkgo Class B common stock		% of Total Voting Power <sup>††</sup>	
Eagle Equity Partners II, LLC <sup>(2)</sup>	—	—	—	—	—	42,975,000	3.1	—	—	*	26,131,706	2.1	—		—

**The incentive is not to take a company public at a fair price but rather to take a company public at any price.** Politicians such as Senator Elizabeth Warren are catching on to these “misaligned incentives”.

- <https://www.pwc.com/us/en/services/deals/library/cost-of-an-ipo.html>
- <https://www.businesswire.com/news/home/20210914005748/en/Ginkgo-Bioworks-to-Go-Public-with-Over-1.6-Billion-in-Proceeds>
- <https://www.sec.gov/Archives/edgar/data/0001830214/000119312521243355/d172577ds1.htm>
- <https://www.cnn.com/2021/09/22/business/elizabeth-warren-spac-letter/index.html>

The only thing to complete the scheme is for some of the original investors to put money in the SPAC to make it appear as if they believe in the valuation, but all it really does is give them the ability to mark up their original investment multiples higher with a smaller contribution. \$24 billion???

As for the company, we've too checked with DNA former employees and we don't think Scorpion is missing anything here.

We will let others set targets... Citron just needed to add commentary whenever we see a CEO talking about bringing back dinosaurs.

Whereas we normally end with cautious investing to all. The proper piece of advice here is... find a way to invest in Viking... not Ginkgo Bioworks.

## Cautious Investing to All

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