

## Recursion Provides Business Updates and Reports Second Quarter 2022 Financial Results

- Actively enrolling participants in our Phase 2/3 clinical trial for the potential treatment of progressive *NF2*-mutated meningiomas
- On track to initiate our Phase 2 clinical trial for the potential treatment of FAP in the third quarter of 2022
- U.S. FDA granted Recursion Fast Track designation and the European Commission granted Recursion Orphan Drug Designation for REC-4881 for the potential treatment of FAP
- On track to initiate our Phase 1 clinical trial for the potential treatment of *Clostridium difficile* colitis in the second half of 2022

SALT LAKE CITY, Aug. 9, 2022 [/PRNewswire/](#) -- Recursion (Nasdaq: RXXR), the clinical-stage biotechnology company industrializing drug discovery by decoding biology, today reported business updates and financial results for its second quarter ending June 30, 2022.

"Recursion continues to make progress in advancing its clinical programs, including initiating a Phase 2 trial for *NF2*-mutated meningiomas and receiving U.S. FDA Fast Track and European Commission Orphan Drug designations for REC-4881 for the potential treatment of FAP," said Chris Gibson, Ph.D., Co-Founder & CEO at Recursion. "In the context of continued capital markets friction we are increasingly focusing our pipeline around rapidly deliverable oncology programs. We also continue to lead the digital transformation of drug discovery by building additional capabilities into our Recursion OS platform, including scaling our transcriptomics hit validation platform to up to 13,000 near-whole exomes per week and advancing our ChemOS systems by preparing to install our scalable and automated drug metabolism and pharmacokinetics platform. Across our diverse platform that spans target and hit discovery through optimization and translation, we have now generated and control over 16 petabytes of proprietary biological and chemical data and 2.4 trillion predicted biological and chemical relationships, helping us turn the bespoke, artisanal, and serial process of drug discovery into a search and validation problem."

### Summary of Business Highlights

#### • Internal Pipeline

- **Cerebral cavernous malformation (CCM) (REC-994):** In March 2022, we announced the initiation of our Phase 2 SYCAMORE clinical trial, which is a double-blind, placebo-controlled safety, tolerability and exploratory efficacy study of this drug candidate in 60 participants with CCM. At this time, we continue to actively enroll participants.
- **Neurofibromatosis type 2 (NF2) (REC-2282):** In June 2022 at the Children's Tumor Foundation NF Conference, we announced the initiation of our Phase 2/3 POPLAR clinical trial, which is a parallel group, two stage, randomized, multicenter study of this drug candidate in approximately 90 participants with progressive *NF2*-mutated meningiomas. At this time, we continue to actively enroll participants.
- **Familial adenomatous polyposis (FAP) (REC-4881):** We are on track to initiate a Phase 2, randomized, double-blind, placebo-controlled study to evaluate safety, pharmacokinetics and exploratory efficacy of this drug candidate in FAP in the third quarter of 2022. Recently, the U.S. Food and Drug Administration (FDA) granted Recursion Fast Track designation and the European Commission granted Recursion Orphan Drug Designation for REC-4881 for the potential treatment of FAP.
- ***Clostridium difficile* colitis (REC-3964):** We made progress in IND-enabling studies for REC-3964 and are on track to initiate a Phase 1 study in the second half of 2022.
- **Oncology pipeline:** We continue to focus our pipeline on oncology and oncology-like programs while advancing numerous programs discovered using our next generation mapping and navigating technology, including programs focused on novel targets and polypharmacology.

#### • Transformational Collaborations

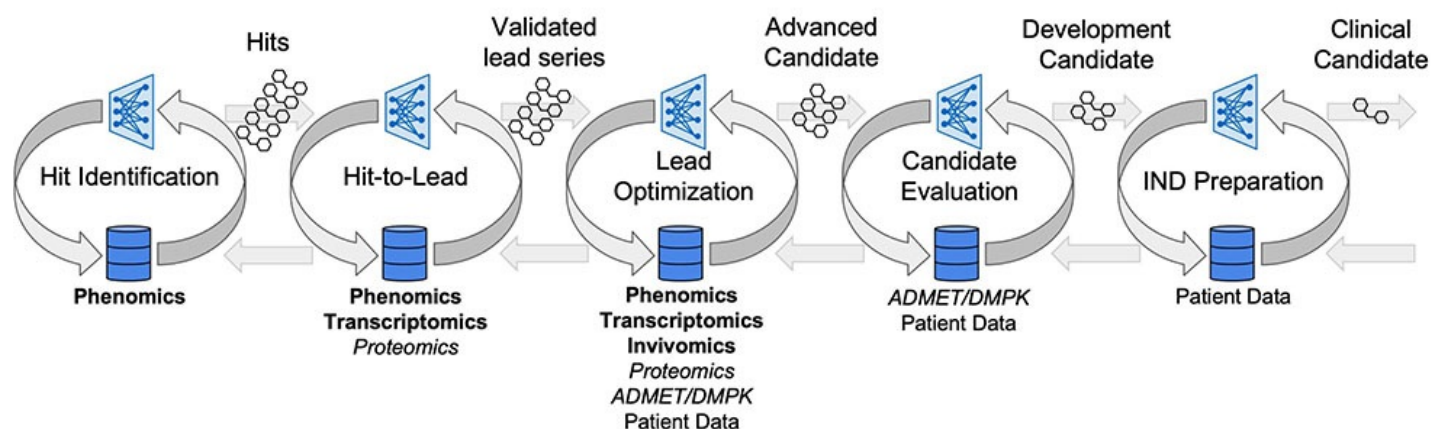
- We continue to advance efforts to discover new potential therapeutics with our strategic partners in the areas of fibrotic disease (Bayer) as well as neuroscience and a single indication in gastrointestinal oncology (Roche and Genentech).

#### • Recursion OS

- **ChemOS:** We are preparing to install our automated and scalable drug metabolism and pharmacokinetics (DMPK) platform which will allow for the processing and evaluation of compounds for protein plasma binding, microsomal stability, and cell permeability. Such continuous chemical data generation will help enable us to build machine learning approaches that predict properties for our and our partners' growing libraries of chemical compounds. Furthermore, we are implementing a unified workflow for medicinal and computational chemists to seamlessly access assay data, design molecules, and perform predictive

analyses to support our internal and partnership programs.

- **Machine Learning:** We continue to improve the ease, scale, and biological relevance of our machine learning models and added new benchmarking flows to evaluate how well our models recapitulate known biological relationships associated with protein complexes and pathways. We improved our machine learning models to achieve state-of-the-art results in 9 of 22 absorption, distribution, metabolism, excretion, and toxicity (ADMET) benchmark tasks from Therapeutic Data Commons and we are leveraging them for our oncology programs.
- **Transcriptomics:** We continued building out our scaled transcriptomics platform, with infrastructure, automation, and operational processes that will enable the robust validation of inferences from our maps of biology and chemistry. We have now been able to carry out and analyze up to 13,000 near-whole exomes per week, creating another growing reliable dataset that we can integrate in our Recursion OS for continued improvement of our inferences across compounds and biology at scale.
- **Compounding Cycles of Discovery:** The visualization below frames how additional datasets and capabilities compound cycles of discovery to potentially translate novel insights into clinical candidates. In this technology stack graphic, **bold text** signifies capabilities that have been built to some meaningful scale already, *italic text* signifies capabilities that are in the process of being built, and standard text signifies capabilities that Recursion intends to incorporate in the future.



## Second Quarter 2022 Financial Results

- **Cash Position:** Cash, cash equivalents, and investments were \$515.4 million as of June 30, 2022.
- **Revenue:** Total revenue, consisting primarily of revenue from collaborative agreements, was \$7.7 million for the second quarter of 2022, compared to \$2.5 million for the second quarter of 2021. The increase was due to revenue recognized from our Roche-Genentech collaboration.
- **Research and Development Expenses:** Research and development expenses were \$38.4 million for the second quarter of 2022, compared to \$29.6 million for the second quarter of 2021. The increase in research and development expenses was primarily due to an increased number of pre-clinical assets being validated and increased clinical costs as studies progressed.
- **General and Administrative Expenses:** General and administrative expenses were \$21.2 million for the second quarter of 2022, compared to \$13.9 million for the second quarter of 2021. The increase in general and administrative expenses was due to the growth in size of the company's operations, including an increase in salaries and wages of \$1.8 million, a fixed asset write-down of \$2.8 million, increased rent expense of \$1.0 million, and other administrative costs associated with operating a public company.
- **Net Loss:** Net loss was \$65.6 million for the second quarter of 2022, compared to a net loss of \$43.4 million for the second quarter of 2021.

## About Recursion

[Recursion](#) is the clinical-stage biotechnology company industrializing drug discovery by decoding biology. Enabling its mission is the Recursion OS, a platform built across diverse technologies that continuously expands one of the world's largest proprietary biological and chemical datasets. Recursion leverages sophisticated machine-learning algorithms to distill from its dataset a collection of trillions of searchable relationships across biology and chemistry unconstrained by human bias. By commanding massive experimental scale — up to millions of wet lab experiments weekly — and massive computational scale — owning and operating one of the most powerful supercomputers in the world, Recursion is uniting technology, biology and chemistry to advance the future of medicine.

Recursion is headquartered in Salt Lake City, where it is a founding member of [BioHive](#), the Utah life sciences industry collective. Recursion also has offices in Toronto, Montreal and the San Francisco Bay Area. Learn more at [www.Recursion.com](http://www.Recursion.com), or connect on [Twitter](#) and [LinkedIn](#).

## Media Contact

**Investor Contact****Consolidated Statements of Operations**

**Recursion Pharmaceuticals, Inc.**  
**Condensed Consolidated Statements of Operations (unaudited)**  
*(in thousands, except share and per share amounts)*

|   | Three months ended |             | Six months ended |             |
|---|--------------------|-------------|------------------|-------------|
|   | June 30,           |             | June 30,         |             |
|   | 2022               | 2021        | 2022             | 2021        |
| <b>Revenue</b>  |                    |             |                  |             |
| Operating revenue   | \$ 7,653           | \$ 2,500    | \$ 12,952        | \$ 5,000    |
| Grant revenue   | 21                 | 49          | 55               | 111         |
| <b>Total revenue</b>  | 7,674              | 2,549       | 13,007           | 5,111       |
| <b>Operating costs and expenses</b>   |                    |             |                  |             |
| Cost of revenue   | 14,227             | -           | 22,026           | -           |
| Research and development  | 38,439             | 29,624      | 70,880           | 53,733      |
| General and administrative  | 21,199             | 13,854      | 42,273           | 22,791      |
| <b>Total operating costs and expenses</b>                                     | 73,865             | 43,478      | 135,179          | 76,524      |
| <b>Loss from operations</b>   | (66,191)           | (40,929)    | (122,172)        | (71,413)    |
| Other income (loss), net  | 631                | (2,472)     | 633              | (2,705)     |
| <b>Net loss</b>   | \$ (65,560)        | \$ (43,401) | \$ (121,539)     | \$ (74,118) |
| <b>Per share data</b>   |                    |             |                  |             |
| <b>Net loss per share of Class A and B common stock, basic and diluted</b>    | \$ (0.38)          | \$ (0.31)   | \$ (0.71)        | \$ (0.91)   |
| <b>Weighted-average shares (Class A and B) outstanding, basic and diluted</b> | 172,212,390        | 138,360,646 | 171,455,595      | 81,022,240  |

**Consolidated Balance Sheets**

**Recursion Pharmaceuticals, Inc.**  
**Condensed Consolidated Balance Sheets (unaudited)**  
*(in thousands)*

|   | June 30,   | December 31, |
|---|------------|--------------|
|   | 2022       | 2021         |
| <b>Assets</b>                               |            |              |
| <b>Current assets</b>                       |            |              |
| Cash and cash equivalents                   | \$ 453,875 | \$ 285,116   |
| Restricted cash                             | 1,901      | 1,552        |
| Accounts receivable                         | 21         | 34           |
| Other receivables                           | 11,659     | 9,056        |
| Investments                                 | 61,561     | 231,446      |
| Other current assets                        | 16,979     | 7,514        |
| <b>Total current assets</b>                 | 545,996    | 534,718      |
| Restricted cash, non-current                | 8,334      | 8,681        |
| Property and equipment, net                 | 81,508     | 64,725       |
| Operating lease right-of-use assets         | 34,643     | -            |
| Intangible assets, net                      | 1,233      | 1,385        |
| Goodwill                                    | 801        | 801          |
| Other non-current assets                    | -          | 35           |
| <b>Total assets</b>                         | \$ 672,515 | \$ 610,345   |
| <b>Liabilities and stockholders' equity</b> |            |              |
| <b>Current liabilities</b>                  |            |              |
| Accounts payable                            | \$ 3,176   | \$ 2,819     |
| Accrued expenses and other liabilities      | 24,361     | 32,333       |
| Unearned revenue                            | 63,781     | 10,000       |
| Notes payable                               | 93         | 90           |
| Operating lease liabilities                 | 5,242      | -            |
| Lease incentive obligation                  | -          | 1,416        |
| <b>Total current liabilities</b>            | 96,653     | 46,658       |

|   |                   |                   |
|---|-------------------|-------------------|
| Deferred rent                                     | -                 | 4,110             |
| Unearned revenue, non-current                     | 89,934            | 6,667             |
| Notes payable, non-current                        | 586               | 633               |
| Operating lease liabilities, non-current          | 47,763            | -                 |
| Lease incentive obligation, non-current           | -                 | 9,339             |
| <b>Total liabilities</b>                          | <b>234,936</b>    | <b>67,407</b>     |
| Commitments and contingencies                     |                   |                   |
| <b>Stockholders' equity</b>                       |                   |                   |
| Common stock (Class A and B)                      | 2                 | 2                 |
| Additional paid-in capital                        | 959,393           | 943,142           |
| Accumulated deficit                               | (521,619)         | (400,080)         |
| Accumulated other comprehensive loss              | (197)             | (126)             |
| <b>Total stockholder's equity</b>                 | <b>437,579</b>    | <b>542,938</b>    |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 672,515</b> | <b>\$ 610,345</b> |

### Forward-Looking Statements

This document contains information that includes or is based upon "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995, including, without limitation, those regarding early and late stage discovery, preclinical, and clinical programs; licenses and collaborations; prospective products and their potential future indications and market opportunities; Recursion OS and other technologies; business and financial plans and performance; and all other statements that are not historical facts. Forward-looking statements may or may not include identifying words such as "plan," "will," "expect," "anticipate," "intend," "believe," "potential," "continue," and similar terms. These statements are subject to known or unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statements, including but not limited to: challenges inherent in pharmaceutical research and development, including the timing and results of preclinical and clinical programs, where the risk of failure is high and failure can occur at any stage prior to or after regulatory approval due to lack of sufficient efficacy, safety considerations, or other factors; our ability to leverage and enhance our drug discovery platform; our ability to obtain financing for development activities and other corporate purposes; the success of our collaboration activities; our ability to obtain regulatory approval of, and ultimately commercialize, drug candidates; the impact of the COVID-19 pandemic and force majeure events; our ability to obtain, maintain, and enforce intellectual property protections; cyberattacks or other disruptions to our technology systems; our ability to attract, motivate, and retain key employees and manage our growth; inflation and other macroeconomic issues; and other risks and uncertainties such as those described under the heading "Risk Factors" in our filings with the U.S. Securities and Exchange Commission, including our most recent Quarterly Report on Form 10-Q and our Annual Report on Form 10-K. All forward-looking statements are based on management's current estimates, projections, and assumptions, and Recursion undertakes no obligation to correct or update any such statements, whether as a result of new information, future developments, or otherwise, except to the extent required by applicable law.

SOURCE Recursion

Additional assets available online:  [Photos \(1\)](#)

<https://ir.recursion.com/2022-08-09-Recursion-Provides-Business-Updates-and-Reports-Second-Quarter-2022-Financial-Results>